

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The ultimate holding company of the Company is Charron Holdings Limited, a limited liability company incorporated in the British Virgin Islands.

The Company is an investment holding company. The principal activities of the Group are property development and investment, provision of securities brokerage and margin financing services, printing and publishing services, consultancy and advisory services, sales of furniture and marine products and hotel and restaurant operations.

### 2. POTENTIAL IMPACT ARISING FROM AND ADOPTION OF THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of new or revised Hong Kong Financial Reporting Standards ("HKFRS"s) and Hong Kong Accounting Standards ("HKAS"s) which are effective for accounting periods beginning on or after 1st January, 2005. The Group has not applied these new or revised HKFRSs and HKASs in the financial statements for the year ended 31st March, 2005 except for the HKFRS 3 "Business combinations" ("HKFRS 3") to business combinations for which the agreement date is on or after 1st January, 2005 and HKAS 36 "Impairment of assets" ("HKAS 36") and HKAS 38 "Intangible assets" ("HKAS 38"). In addition, the Group has elected to adopt Hong Kong Interpretation 3 "Revenue – Pre-completion contracts for the sale of development properties" ("HK-Int 3") for pre-completion contracts for sale of development properties entered into on or after 1st January, 2005 prospectively. As the Group has not entered into any pre-completion contracts during the three months ended 31st March, 2005, HK-Int 3 did not have any impact on the Group.

In the current year, the Group applied, for the first time, HKFRS 3 to business combinations for which the agreement date is on or after 1st January, 2005 and applied, for the first time, HKAS 36 and HKAS 38. For business combinations which the agreement date was before 1st January, 2005, goodwill arising is accounted for in accordance with the Statement of Standard Accounting Practice 30 "Business combinations" ("SSAP 30") issued by the HKICPA. Under SSAP 30, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair value of identifiable assets and liabilities of a subsidiary at the date of acquisition and is stated at cost less accumulated amortisation and accumulated impairment losses. HKFRS 3 requires goodwill arising from acquisitions to be determined as the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities on the date of acquisition. After initial recognition, HKFRS 3 requires goodwill to be carried at cost less accumulated impairment losses. HKFRS 3 prohibits the amortisation of goodwill. Under HKAS 36, impairment reviews are required annually, or more frequently if there are indications that goodwill might be impaired. The application of HKFRS 3 has resulted in the recognition of goodwill of approximately HK\$48,862,000 which is not subject to amortisation but, impairment reviews are required. The application of HKAS 36, HKAS 38 and HK-Int 3 have no material effect to the Group for the current year.

**NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31ST MARCH, 2005**2. POTENTIAL IMPACT ARISING FROM AND ADOPTION OF THE RECENTLY ISSUED ACCOUNTING STANDARDS** (continued)

The Group has commenced considering the potential impact of the other new or revised HKFRSs and HKASs but is not yet in a position to determine whether these new standards would have a significant impact on how its results of operation and financial position are prepared and presented. These new standards may result in changes in the future as to how the results and financial position are prepared and presented and has so concluded that the adoption of these new or revised HKFRSs and HKASs may have impact to its consolidated financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities, and in accordance with accounting principles generally accepted in Hong Kong.

The principal accounting policies adopted are as follows:

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective dates of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

**Goodwill**

For business combinations with the agreement date before 1st January, 2005, goodwill arising on consolidation which represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition, is recognised as an asset and amortised on a straight line basis over its estimated useful life.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Goodwill (continued)

For business combinations with agreement date on or after 1st January, 2005, goodwill arising on consolidation, which represents the excess of the cost of acquisition over the Group's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition, is recognised as an asset and reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or an associate, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under "Investments in associates" below.

#### Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition over the cost of acquisition. For business combinations which the agreement date was before 1st January, 2005, negative goodwill is released to income based on an analysis of the circumstances from which the balance resulted.

To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately. To the extent that negative goodwill does not relate to expectations of future losses and expenses that have been identified in the acquirer's plan for the acquisition and can be measured reliably, negative goodwill is a gain which is recognised as income when the future economic benefits embodied in the identifiable depreciable assets acquired are consumed. In the case of monetary assets, the gain is recognised as income immediately.

Negative goodwill arising on acquisition of an associate is deducted from the carrying value of that associate.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable during the year.

#### Investments in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates, less any identified impairment loss.

Any excess of the cost of acquisition over the Group's share of the net fair values of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included with the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair values of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

#### Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in reserves, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in net profit or loss for the period.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on professional valuations at the balance sheet date. Any surplus or deficit arising on the valuation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a deficit on a portfolio basis, in which case the excess of the deficit over the balance of the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where unexpired terms of the relevant leases are 20 years or less.

#### Property, plant and equipment

Property, plant and equipment, other than hotel properties, are stated at cost less depreciation and impairment losses.

Depreciation is provided to write off the cost of the assets, other than hotel properties, over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land	Over the unexpired terms of the relevant leases
Buildings	Over the estimated useful lives of 40 years or the unexpired terms of the relevant leases, whichever is shorter
Leasehold improvements	10 – 20%
Machinery and equipment	10 – 20%
Others	10 – 33 $\frac{1}{3}$ %

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Hotel properties

Hotel properties represent interests in land and buildings and their integral fixed plant and machinery which are used collectively for hotel operations and which are stated at cost or carrying value at the time when the properties were reclassified from investment properties.

Depreciation is provided to write off the carrying value of leasehold land over the unexpired term of the lease. No depreciation is provided in respect of hotel buildings erected on leasehold land with an unexpired term of more than 20 years. It is the Group's policy to maintain the hotel buildings (including integral plant and machinery) in such condition that their value is not diminished by the passage of time. Accordingly, the directors consider that the lives of these assets and their residual values are such that any depreciation would be insignificant. The related maintenance and repairs expenditure is charged to the income statement when incurred. All hotel buildings erected on leasehold land with an unexpired term of less than 20 years are depreciated over their estimated useful lives or the term of the relevant lease, whichever is shorter.

#### Properties under development

Properties under development are stated at cost, less any identified impairment losses. Cost comprises the cost of acquisition of the properties under development together with direct costs attributable to the development of the properties and borrowing costs capitalised during the period of development.

Properties under development which are sold in advance of completion or are due for completion within one year from the balance sheet date and with the intention for sale when completed are included in the balance sheet as current assets. All other properties under development are included in the balance sheet as non-current assets.

#### Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost, which comprises direct purchase cost or expenditure incurred for the construction and, where applicable, other incidental expenses that have been incurred in bringing the properties to their present location and condition, is calculated using the weighted average method. Net realisable value represents the actual or estimated selling price in the ordinary course of business less all related selling and marketing costs.

**NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31ST MARCH, 2005**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Intangible assets**

The trading rights held in the Stock Exchange and the Hong Kong Futures Exchange Limited (the "Futures Exchange") and the copyright, trademarks and intellectual rights attaching to magazines are stated at cost less amortisation and impairment losses, and are amortised on a straight line basis over a period of 10 years.

**Other assets**

Other assets, other than publishing library, are stated at cost less any impairment losses recognised.

Publishing library are stated at cost less amortisation and any impairment loss recognised. The publishing library is amortised over a period of 10 years.

**Impairment of assets excluding goodwill**

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

#### Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance lease are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the rentals are charged to the income statement on a straight line basis over the relevant lease term.

#### Revenue recognition

Sales of properties are recognised when unconditional sale and purchase agreements have been signed during the year and legal completion takes place prior to the approval of the financial statements.

Before 1st January, 2005, when properties under development are sold in advance of completion, income is recognised over the course of the development only when income can be anticipated with reasonable certainty and is computed as a proportion of the total estimated income to completion or the sale deposits received from the pre-sale, whichever is the lower; the proportion used being that of the construction costs incurred at the balance sheet date to estimated total construction costs.

From 1st January, 2005, when properties under development are sold, income is recognised when the property is completed and the relevant occupation permit is issued by the Authorities. Payments received from the purchasers prior to this stage are recorded as customers' deposits received.

Rental income from properties under operating leases is recognised on a straight line basis over the period of the relevant leases.

Sales of furniture and marine products are recognised when goods are delivered and title has passed.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue recognition (continued)

Revenue from sale of newspapers and other publications is recognised when the products are delivered and title has passed to distributors or dealers and the Group retains no significant obligation. Allowances for subsequent returns and exchanges are recorded in the period in which the related revenue is recognised.

Advertising income is recognised on the publication date.

Income from provision of printing services is recognised when the services are rendered.

Service income is recognised when the management, consultancy and advisory services are rendered.

Commission and brokerage and advisory service income is recognised when the service is rendered, the revenue can be reliably estimated and it is probable that the revenue will be received.

Sales of investments in securities are recognised when the related bought and sold note is executed.

Dividend income from investments is recognised when the Group's rights to receive dividend payment have been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Income arising from the hotel and restaurant operations is recognised when the services are rendered.

#### Foreign currencies

Transactions in foreign currencies are translated at the approximate rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the assets and liabilities of the Group's operations outside Hong Kong are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable and deductible.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences, and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred taxation is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

#### Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 4. TURNOVER

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Turnover for the year comprises:		
Proceeds from sales of properties	141,933	533,901
Income from printing and publishing	422,141	352,809
Sales of furniture	137,946	97,975
Rental income from investment properties	104,684	76,191
Sales of marine products	158,869	44,329
Income from hotel and restaurant operations	78,303	41,515
Commission from the provision of securities and futures brokerage services and related advisory services	43,659	41,083
Interest income from margin financing and other loan receivables	29,372	34,726
Consultancy and advisory service income	30,309	31,262
Proceeds from sale of securities held for trading purposes	–	26,192
	<u>1,147,216</u>	<u>1,279,983</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Group is currently organised into eight operating divisions, namely, lease of properties, sales of properties, printing and publishing, securities brokerage services, wholesaling and retailing of furniture, hotel and restaurant operations, sales of marine products, and consultancy and advisory services. These divisions are the basis on which the Group reports its primary segment information.

The Group's turnover and contribution to profit before taxation have been derived from activities which are substantially carried out in Hong Kong. In addition, a substantial portion of the Group's assets are located in Hong Kong.

Segment information about these business activities for the year ended 31st March, 2005 is presented below.

	Lease of properties HK\$'000	Sales of properties HK\$'000	Printing and publishing HK\$'000	Securities brokerage services HK\$'000	Wholesaling and retailing of furniture HK\$'000	Hotel and restaurant operations HK\$'000	Sales of marine products HK\$'000	Consultancy and advisory services HK\$'000	Others HK\$'000	Consolidated HK\$'000
INCOME STATEMENT										
Turnover										
External sales	104,684	141,933	422,141	73,031	137,946	78,303	158,869	30,309	-	1,147,216
Result										
Segment results	450,442	31,389	(11,542)	46,694	1,907	(1,933)	3,314	24,389	83	544,743
Interest income										1,176
Unallocated corporate expenses										(52,855)
Profit from operations										493,064
Finance costs										(19,129)
Share of results of associates										6,329
Gain on deemed partial disposal of interest in an associate										3,632
Profit before taxation										483,896
Taxation										(12,757)
Profit before minority interests										471,139

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

	Lease of properties HK\$'000	Sales of properties HK\$'000	Printing and publishing HK\$'000	Securities brokerage services HK\$'000	Wholesaling and retailing of furniture HK\$'000	Hotel and restaurant operations HK\$'000	Sales of marine products HK\$'000	Consultancy and advisory services HK\$'000	Others HK\$'000	Consolidated HK\$'000
OTHER INFORMATION										
Capital additions	770,526	28,766	5,417	1,735	4,830	449	8	-	1,843	813,574
Depreciation and amortisation	1,929	-	24,235	1,853	9,577	10,070	65	-	4,277	52,006
Impairment losses reversed in income statement	8,467	2,673	-	-	-	-	-	-	-	11,140
Goodwill additions	1,940	-	-	-	-	-	-	-	46,922	48,862
Allowance for doubtful debts made (written back)	9	-	2,496	(10,359)	23	-	(13)	-	-	(7,844)
BALANCE SHEET										
Assets										
Segment assets	3,046,211	111,295	162,392	220,193	137,409	510,013	3,901	1,197	2,913	4,195,524
Interests in associates										406,569
Unallocated corporate assets										364,165
Consolidated total assets										<u>4,966,258</u>
Liabilities										
Segment liabilities	(46,785)	(9,133)	(63,805)	(118,353)	(24,939)	(6,071)	(1,877)	(52,465)	-	(323,428)
Unallocated corporate liabilities										(1,215,598)
Consolidated total liabilities										<u>(1,539,026)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Segment information about these business activities for the year ended 31st March, 2004 is presented below.

	Lease of properties HK\$'000	Sales of properties HK\$'000	Printing and publishing HK\$'000	Securities brokerage services HK\$'000	Wholesaling and retailing of furniture HK\$'000	Hotel and restaurant operations HK\$'000	Sales of marine products HK\$'000	Consultancy and advisory services HK\$'000	Others HK\$'000	Consolidated HK\$'000
INCOME STATEMENT										
Turnover										
External sales	76,191	533,901	352,809	75,809	97,975	41,515	44,329	31,262	26,192	1,279,983
Result										
Segment results	329,033	18,963	(8,012)	23,341	(7,611)	(5,881)	1,788	26,360	4,441	382,422
Interest income										1,327
Unallocated corporate expenses										(44,119)
Profit from operations										339,630
Finance costs										(20,106)
Share of results of associates	-	30,775	-	-	-	-	-	-	-	30,775
Profit before taxation										350,299
Taxation										(15,964)
Profit before minority interests										334,335

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

	Lease of properties HK\$'000	Sales of properties HK\$'000	Printing and publishing HK\$'000	Securities brokerage services HK\$'000	Wholesaling and retailing of furniture HK\$'000	Hotel and restaurant operations HK\$'000	Sales of marine products HK\$'000	Consultancy and advisory services HK\$'000	Others HK\$'000	Consolidated HK\$'000
OTHER INFORMATION										
Capital additions	108,256	53,280	5,785	390	4,250	9,184	-	-	2,617	183,762
Depreciation and amortisation	6,119	-	22,518	3,405	8,740	9,081	6	-	4,909	54,778
Impairment losses recognised in income statement	6,517	23,970	-	8,000	-	-	-	-	1,300	39,787
Negative goodwill released	-	-	-	-	-	-	-	-	878	878
Allowance for doubtful debts made (written back)	753	187	1,446	4,782	-	-	(46)	-	-	7,122
BALANCE SHEET										
Assets										
Segment assets	1,745,926	117,736	176,332	239,572	131,027	520,262	2,590	1,148	2,062	2,936,655
Interests in associates	-	128,774	-	-	-	-	-	-	-	128,774
Unallocated corporate assets										355,106
Consolidated total assets										3,420,535
Liabilities										
Segment liabilities	(33,557)	(22,456)	(61,093)	(85,226)	(14,867)	(8,021)	(2,121)	(76,354)	-	(303,695)
Unallocated corporate liabilities										(748,538)
Consolidated total liabilities										(1,052,233)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 6. OTHER OPERATING INCOME – NET

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
The amount for the year includes:		
Gain on disposal of intangible assets	–	2,988
Gain on disposal of non-trading securities	490	79
Gain (loss) on winding up of subsidiaries	275	(259)
Interest income from:		
– bank deposits and other receivables	667	648
– loan receivable from an associate	509	679
Management fees received	3,272	2,330
Release of negative goodwill arising from acquisition of subsidiaries during the year	–	878
Unrealised holding (loss) gain on trading securities	<u>(493)</u>	<u>2,445</u>

### 7. IMPAIRMENT LOSSES REVERSED (RECOGNISED)

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Impairment losses reversed (recognised) in respect of:		
Properties under development	8,467	(25,577)
Intangible assets	–	(8,000)
Properties held for sale ( <i>note</i> )	2,673	(4,910)
Motor vehicle registration marks	–	(1,300)
	<u>11,140</u>	<u>(39,787)</u>

*Note:*

The amount in the current year represents the reversal of impairment loss of properties held for sale which was previously recognised in the income statement in previous years when those properties were in construction stage. The amount of reversal was made by the directors with reference to professional valuations prepared on an open market value basis.

The impairment loss of approximately HK\$4,910,000 in the prior year was recognised by reference to professional valuations prepared on an open market value basis.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 8. PROFIT FROM OPERATIONS

	2005 HK\$'000	2004 HK\$'000
Profit from operations has been arrived at after charging:		
Amortisation of intangible assets	1,348	2,948
Amortisation of publishing library	555	330
Auditors' remuneration	2,947	2,607
Depreciation		
– owned assets	50,064	51,462
– assets held under finance leases	39	38
Loss on disposal of property, plant and equipment	241	798
Loss on disposal of properties under development	–	1,880
Operating lease rentals in respect of:		
– rented premises	22,032	20,681
– equipment	1,534	1,513
Staff costs, including directors' remuneration and retirement benefit scheme contributions ( <i>note 9</i> )	287,053	237,801
and after crediting:		
Gain on disposal of investment properties	26,636	–
Gross rental income less outgoings of approximately HK\$7,112,000 (2004: HK\$9,080,000)	<u>97,572</u>	<u>67,111</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

#### (i) Directors' emoluments

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Directors' fees		
Executive	500	600
Independent non-executive	200	100
	<u>700</u>	<u>700</u>
Other emoluments		
Executive		
Salaries and benefits	10,040	5,379
Retirement benefit scheme contributions	332	306
	<u>10,372</u>	<u>5,685</u>
Total directors' emoluments	<u><u>11,072</u></u>	<u><u>6,385</u></u>

The emoluments of the directors fall within the following bands:

	Number of directors	
	2005	2004
Nil to HK\$1,000,000	5	5
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	1	1
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$4,500,001 to HK\$5,000,000	1	–
	<u>9</u>	<u>8</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

#### (ii) Employees' emoluments:

Of the five individuals with the highest emoluments in the Group in 2005, three (2004: three) were directors of the Company whose emoluments are set out above. The emoluments of the remaining two highest paid individuals in 2005 (2004: two) are as follows:

	<b>2005</b> <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Salaries and other benefits	<b>4,989</b>	4,621
Retirement benefit scheme contributions	<b>24</b>	24
	<u>5,013</u>	<u>4,645</u>

The emoluments of the individuals fall within the following bands:

	<b>Number of employees</b>	
	<b>2005</b>	2004
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$2,000,001 to HK\$2,500,000	<b>1</b>	–
HK\$2,500,001 to HK\$3,000,000	<b>1</b>	–
HK\$3,000,001 to HK\$3,500,000	–	1
	<u>2</u>	<u>2</u>

#### (iii) Retirement benefit scheme contributions

	<b>2005</b> <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Retirement benefit scheme contributions to the Group's defined contribution scheme	<b>2,494</b>	3,071
Less: Forfeited contributions	<b>(354)</b>	(1,178)
	<u>2,140</u>	<u>1,893</u>
Contributions to mandatory provident fund scheme ("MPF Scheme")	<b>7,586</b>	6,523
	<u>9,726</u>	<u>8,416</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

#### (iii) Retirement benefit scheme contributions

The Group participates in both a defined contribution scheme which is registered under the Hong Kong Occupational Retirement Scheme Ordinance (the "ORSO" Scheme) and the MPF Scheme established under the Hong Kong Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

The retirement benefit cost charged to the income statement represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, forfeited contributions of approximately HK\$288,000 (2004: HK\$301,000), which arose upon employees leaving the ORSO Scheme, are available to reduce the contributions payable in future years.

### 10. FINANCE COSTS

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Interest on:		
– bank borrowings wholly repayable within five years	(10,060)	(11,590)
– bank borrowings not wholly repayable within five years	(6,501)	(5,746)
– other borrowings wholly repayable within five years	(1,643)	(1,964)
	<u>(18,204)</u>	<u>(19,300)</u>
Interest on finance leases	(17)	(26)
	<u>(18,221)</u>	<u>(19,326)</u>
Bank charges	(908)	(780)
	<u>(19,129)</u>	<u>(20,106)</u>
Amount charged to income statement	<u>(19,129)</u>	<u>(20,106)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 11. TAXATION

	<b>2005</b> <b>HK\$'000</b>	2004 <i>HK\$'000</i>
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	(9,595)	(7,523)
PRC enterprise income tax	(117)	(269)
	<u>(9,712)</u>	<u>(7,792)</u>
Over(under)provision in prior years		
Hong Kong Profits Tax	363	362
PRC enterprise income tax	–	(57)
	<u>363</u>	<u>305</u>
Deferred taxation ( <i>note 27</i> )		
Current year	(3,224)	(5,748)
Attributable to an increase in tax rate	–	(301)
	<u>(3,224)</u>	<u>(6,049)</u>
Share of net taxation charge of associates	(184)	(2,428)
	<u>(12,757)</u>	<u>(15,964)</u>

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profit for the year.

The PRC enterprise income tax is calculated at the rates prevailing in the PRC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 11. TAXATION (continued)

The taxation charge for the year can be reconciled to the profit before taxation per consolidated income statement as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Profit before taxation	<u>483,896</u>	<u>350,299</u>
Tax charge at Hong Kong Profits Tax of 17.5% (2004: 17.5%)	(84,682)	(61,302)
Tax effect of income that is not taxable for tax purposes	73,374	56,594
Tax effect of expenses that are not deductible for tax purposes	(1,373)	(9,358)
Utilisation of tax losses previously not recognised	7,026	5,995
Tax effect of tax losses not recognised	(7,025)	(9,079)
Tax effect of deductible temporary differences not recognised	–	(859)
Effect of different tax rates of subsidiaries operating in other jurisdictions	19	54
Increase in opening deferred taxation resulting from a change in tax rate	–	(301)
Overprovision in prior years	363	305
Effect of share of taxation of associates	924	2,958
Others	<u>(1,383)</u>	<u>(971)</u>
Taxation charge for the year	<u>(12,757)</u>	<u>(15,964)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 12. DIVIDENDS

	<b>2005</b> <b>HK\$'000</b>	2004 HK\$'000
Interim dividend paid during the year: HK\$0.33 cents (HK\$0.033 after adjusting for the effect of the 1 to 10 share sub-division) (2004: nil) per share	<b>28,489</b>	–
Final dividend proposed after the balance sheet date: HK\$0.068 (2004: HK\$0.38; HK\$0.038 after adjusting for the effect of the 1 to 10 share sub-division) per share	<b>76,342</b>	32,805
	<b>104,831</b>	32,805

The final dividend has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

### 13. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's consolidated profit attributable to shareholders of approximately HK\$471,221,000 (2004: HK\$334,869,000) and on 890,258,038 (2004: 863,293,520 weighted average ordinary shares after adjusting for the effect of the 1 to 10 share subdivision effective on 4th January, 2005) weighted average ordinary shares in issue during the year.

No disclosure of diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue in both years.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 14. INVESTMENT PROPERTIES

	THE GROUP	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
VALUATION		
At the beginning of the year	<b>1,580,950</b>	1,224,445
Additions	<b>743,190</b>	83,252
Disposals	<b>(114,844)</b>	–
Surplus arising on revaluation	<b>606,360</b>	273,253
	<hr/>	<hr/>
At the end of the year	<b><u>2,815,656</u></b>	<b><u>1,580,950</u></b>

The net book value of investment properties at the balance sheet date comprises:

	THE GROUP	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Situated in Hong Kong:		
– long leases	<b>1,452,066</b>	418,800
– medium-term leases	<b>1,363,590</b>	1,162,150
	<hr/>	<hr/>
	<b><u>2,815,656</u></b>	<b><u>1,580,950</u></b>

The investment properties were valued at 31st March, 2005 by an employee of the Group, who is a professional qualified surveyor, on an open market value basis. All the investment properties are held for rental under operating leases.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Hotel properties <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Machinery and equipment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP						
COST OR DEEMED COST						
At 1st April, 2004	265,377	523,202	108,670	60,898	97,849	1,055,996
Additions	–	–	6,150	1,518	7,417	15,085
Disposals	–	–	(398)	(94)	(2,660)	(3,152)
<b>At 31st March, 2005</b>	<b>265,377</b>	<b>523,202</b>	<b>114,422</b>	<b>62,322</b>	<b>102,606</b>	<b>1,067,929</b>
Comprising:						
At cost	48,202	88,202	114,422	62,322	102,606	415,754
At deemed cost	217,175	435,000	–	–	–	652,175
	<u>265,377</u>	<u>523,202</u>	<u>114,422</u>	<u>62,322</u>	<u>102,606</u>	<u>1,067,929</u>
DEPRECIATION						
At 1st April, 2004	18,202	35,096	49,029	24,977	72,631	199,935
Provided for the year	6,727	4,387	13,239	16,294	9,456	50,103
Eliminated on disposals	–	–	(172)	(32)	(2,452)	(2,656)
<b>At 31st March, 2005</b>	<b>24,929</b>	<b>39,483</b>	<b>62,096</b>	<b>41,239</b>	<b>79,635</b>	<b>247,382</b>
NET BOOK VALUES						
<b>At 31st March, 2005</b>	<b>240,448</b>	<b>483,719</b>	<b>52,326</b>	<b>21,083</b>	<b>22,971</b>	<b>820,547</b>
At 31st March, 2004	<u>247,175</u>	<u>488,106</u>	<u>59,641</u>	<u>35,921</u>	<u>25,218</u>	<u>856,061</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 15. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of properties shown above comprises:

	Leasehold land and buildings		Hotel properties	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Situated in Hong Kong:				
– long leases	143,709	148,026	483,719	488,106
– medium-term leases	96,739	99,149	–	–
	<u>240,448</u>	<u>247,175</u>	<u>483,719</u>	<u>488,106</u>

Certain hotel properties were transferred from investment properties in 1997 based on a valuation as at 31st March, 1996 carried out by Mr. Tse Wai Chuen, FRICS, FHKIS, (“Mr. Tse”), a former director of the Company, on an open market value basis.

Certain leasehold land and buildings were transferred from investment properties in 2001 based on valuations as at 31st March, 2000 carried out by Chesterton Petty Limited, a firm of international property consultants, on an open market value basis.

Certain leasehold land and buildings were transferred from investment properties in 2003 based on valuations as at 31st March, 2002 carried out by Mr. Tse on an open market value basis.

The net book value of the Group’s machinery and equipment includes an amount of approximately HK\$102,000 (2004: HK\$141,000) in respect of assets held under finance leases.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 16. PROPERTIES UNDER DEVELOPMENT

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
At the beginning of the year	197,660	197,100
Additions	55,299	76,797
Exchange realignment	26	(24)
Disposals	–	(50,636)
Impairment loss reversed (recognised)	8,467	(25,577)
	<u>261,452</u>	<u>197,660</u>
At the end of the year	<u>261,452</u>	<u>197,660</u>

The properties under development at the balance sheet date comprise:

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Situated in Hong Kong:		
– long leases	184,000	149,000
– medium-term leases	29,550	1,200
Situated in the PRC and held under land use rights for:		
– terms not less than 50 years	3,000	2,400
– terms expiring within 50 years	44,902	45,060
	<u>261,452</u>	<u>197,660</u>

The carrying amounts of certain properties under development were increased by an amount of approximately HK\$8,467,000 (2004: reduced by HK\$25,577,000) to their net recoverable amount estimated by the Company's directors, with reference to professional valuations prepared on an open market value basis.

Included in the properties under development at the balance sheet date is net interest capitalised of approximately HK\$4,527,000 (2004: HK\$4,527,000). No interest was capitalised during the current year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 17. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Unlisted shares	<u>893,236</u>	<u>893,236</u>

Included in the balance is the cost of unlisted shares of Emperor Investment Limited ("EIL") amounting to approximately HK\$893,234,000 (2004: HK\$893,234,000) which represents the underlying net assets of EIL and its subsidiaries at 17th December, 1991, the date on which the group reorganisation became effective and the Company became the holding company of the Group, after adjusting for dividend received of HK\$4,555,000 from EIL which was treated as a reduction in the cost of the Company's investment. The other subsidiaries held directly by the Company are stated at cost.

Particulars of the principal subsidiaries of the Company as at 31st March, 2005 are set out in note 47.

### 18. AMOUNTS DUE FROM SUBSIDIARIES

The amounts are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, no demand for repayment will be made by the Company in the next twelve months. Accordingly, the amounts are shown as non-current assets.

### 19. INTERESTS IN ASSOCIATES

	THE GROUP	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Share of net assets	<b>353,233</b>	110,538
Goodwill on acquisition of additional interests in an associate	<u>46,922</u>	–
	<u><b>400,155</b></u>	<u>110,538</u>
Market value of those shares listed on the Stock Exchange as at 31st March	<u><b>521,031</b></u>	<u>17,057</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 19. INTERESTS IN ASSOCIATES (continued)

At 31st March, 2005, the carrying amount of goodwill of HK\$46,922,000 in relation to business combination with agreement date on or after 1st January, 2005 had been allocated to the investment in an associate.

The recoverable amount of the investment in an associate is determined from value in use calculations. The value in use calculations use cash flow projections based on financial budgets prepared by the management. The key assumptions for the value in use calculations are those regarding the discount rates, growth in revenue and direct costs during the period. The management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the investment in an associate.

Particulars of the principal associate of the Group as at 31st March, 2005 are set out in note 48.

The financial information in respect of the Group's significant associate which has been extracted from the audited financial statements for the year ended 31st March, 2005 of Emperor Entertainment Hotel Limited (formerly known as Emperor (China Concept) Investments Limited), is as follows:

#### Income statement

	<b>2005</b> <b>HK\$'000</b>	2004 HK\$'000
Turnover	<u>18,236</u>	<u>–</u>
Net profit for the year	<u>17,596</u>	<u>86,382</u>
Profit attributable to the Group	<u>5,279</u>	<u>26,770</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 19. INTERESTS IN ASSOCIATES (continued)

#### Balance sheet

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Non-current assets	740,904	360,122
Current assets	533,298	40,821
Current liabilities	(14,085)	(1,475)
Non-current liabilities	(203,538)	(48,964)
Minority interests	451	(1,925)
	<u>1,057,030</u>	<u>348,579</u>
Net assets		
	<u>352,942</u>	<u>108,025</u>
Share of net assets		

### 20. AMOUNTS DUE FROM ASSOCIATES THE GROUP

The amounts are interest-free, unsecured and have no fixed terms of repayment. At 31st March, 2004, except for an amount of approximately HK\$8,320,000 which was interest-free, the remaining balance bore interest at the prevailing market rates. In the opinion of the directors, no demand for repayment will be made by the Group in the next twelve months. Accordingly, the amounts are shown as non-current assets.

### 21. LOANS RECEIVABLE THE GROUP

The loans were advanced to purchasers for financing the acquisition of the properties sold by the Group. The amounts are interest-free for the first 24 months from the drawdown date and bear interest at prevailing market rates thereafter and are secured by second mortgages over the properties acquired by the purchasers. According to the loan agreements, no demand for repayment will be made in the next twelve months. Accordingly, the amounts are shown as non-current assets.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 22. INTANGIBLE ASSETS

	THE GROUP			Total HK\$'000
	7 trading rights at the Stock Exchange HK\$'000	2 trading rights at the Futures Exchange HK\$'000	Copyright, trademarks and intellectual rights HK\$'000	
Balance at 1st April, 2003	14,668	599	6,442	21,709
Amortisation for the year	(2,444)	(100)	(404)	(2,948)
Disposals	–	–	(3,012)	(3,012)
Impairment loss recognised in the year	(8,000)	–	–	(8,000)
Balance at 31st March, 2004 and 1st April, 2004	4,224	499	3,026	7,749
Amortisation for the year	(844)	(100)	(404)	(1,348)
<b>Balance at 31st March, 2005</b>	<b>3,380</b>	<b>399</b>	<b>2,622</b>	<b>6,401</b>

In the prior year, the directors of the Company had assessed the value of the trading rights at the Stock Exchange by reference to the current economic conditions, the changes in the business environment of the securities industry in Hong Kong and the net selling price of the underlying assets, and had identified an impairment loss of HK\$8,000,000 which was charged to the income statement for that year.

### 23. GOODWILL

#### THE GROUP

At 31st March, 2005, the carrying amount of goodwill of approximately HK\$1,940,000 in relation to business combination with agreement date on or after 1st January, 2005 had been allocated to the cash generating unit (“CGU”) for the lease of properties.

The recoverable amounts of the CGU is determined from value in use calculations. The value in use calculations use cash flow projections based on financial budgets prepared by the management. The key assumptions for the value in use calculations are those regarding the discount rates, growth in revenue and direct costs during the period. The management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 24. NEGATIVE GOODWILL

HK\$'000

#### THE GROUP

NET BOOK VALUE

At 31st March, 2004 and 31st March, 2005

(12,135)

The negative goodwill of approximately HK\$12,135,000 in relation to business combination with agreement date before 1st January, 2005 will be recognised as income when the future economic benefits embodied in the identifiable assets acquired are consumed.

### 25. INVESTMENTS IN SECURITIES

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Non-trading securities shown under non-current assets:		
Shares listed in Hong Kong, at market value	<u>393</u>	<u>644</u>
Trading securities shown under current assets:		
Shares listed in Hong Kong, at market value	<u>2,913</u>	<u>2,062</u>

### 26. OTHER ASSETS

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Club debentures and membership, at cost	4,444	4,444
Deposits	4,660	4,856
Publishing library, at cost less amortisation and impairment loss	<u>4,285</u>	<u>4,840</u>
	<u>13,389</u>	<u>14,140</u>

The publishing library mainly comprises past issues of Oriental Sunday Magazine and Fashion & Beauty Magazine and the related published and non-published negatives, prints and articles as well as reference books and materials. Amortisation of approximately HK\$555,000 (2004: HK\$330,000) was charged to the consolidated income statement for the year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 27. DEFERRED TAXATION

The major deferred taxation (liabilities) assets recognised and movements thereon during the year are as follows:

	THE GROUP			
	Accelerated tax depreciation <i>HK\$'000</i>	Revaluation of properties <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2003	(40,543)	(11,676)	37,326	(14,893)
Effect of a change in tax rate				
– (charge) credit to consolidated income statement	(3,801)	–	3,500	(301)
– charge to equity	–	(1,095)	–	(1,095)
Charge to consolidated income statement	(790)	–	(4,958)	(5,748)
Credit to equity	–	231	–	231
At 31st March, 2004	(45,134)	(12,540)	35,868	(21,806)
Charge to consolidated income statement	(2,114)	–	(1,110)	(3,224)
Credit to equity	–	231	–	231
At 31st March, 2005	<u>(47,248)</u>	<u>(12,309)</u>	<u>34,758</u>	<u>(24,799)</u>

For the purposes of balance sheet presentation, certain deferred taxation assets and liabilities have been offset. The following is an analysis of the deferred taxation balances for financial reporting purposes:

	THE GROUP	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Deferred taxation assets	8,051	9,368
Deferred taxation liabilities	<u>(32,850)</u>	<u>(31,174)</u>
	<u>(24,799)</u>	<u>(21,806)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 27. DEFERRED TAXATION (continued)

At 31st March, 2005, the Group had unused tax losses of approximately HK\$1,502,028,000 (2004: HK\$1,509,098,000) available for offset against future profits. A deferred taxation asset has been recognised in respect of HK\$198,622,000 (2004: HK\$204,960,000) of such losses. No deferred taxation asset has been recognised in respect of the remaining HK\$1,303,406,000 (2004: HK\$1,304,138,000) due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

At 31st March, 2005, the Group had deductible temporary differences of approximately HK\$4,096,000 (2004: HK\$6,768,000) arising from the impairment of the property under development and properties held for sales. No deferred taxation asset was recognised in respect of such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

There were no other significant temporary differences arising during the year or at the balance sheet date.

### 28. INVENTORIES

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Furniture	29,629	21,805
Newsprint papers	2,035	2,033
Catering goods	1,478	1,368
Others	832	679
	<u>33,974</u>	<u>25,885</u>

At 31st March, 2005, inventories of furniture amounting to approximately HK\$4,554,000 (2004: HK\$8,915,000) were carried at net realisable value.

The cost of inventories recognised as an expense during the year amounted to approximately HK\$275,261,000 (2004: HK\$129,015,000).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 29. PROPERTIES HELD FOR SALE

At 31st March, 2005, the properties held for sale comprise:

	<b>THE GROUP</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Situated in Hong Kong and held under medium-term leases	<b>2,918</b>	3,283
Situated in the PRC and held under land use rights with terms expiring within 50 years	<b>11,000</b>	8,460
	<b>13,918</b>	11,743

At 31st March, 2005, properties of approximately HK\$11,000,000 (2004: HK\$8,460,000) were carried at net realisable value.

The cost of properties recognised as an expense during the year amounted to approximately HK\$498,000 (2004: HK\$467,722,000).

### 30. DEBTORS, DEPOSITS AND PREPAYMENTS

In general, the Group allows credit periods ranging from 30 days to 180 days to its customers in its trading business and printing and publishing business.

The Group does not grant credit to the majority of its customers in other business. Loans to share margin clients are secured by clients' pledged securities and are repayable on demand. No aged analysis is disclosed in respect of loans to share margin clients as, in the opinion of the directors, the aged analysis does not give relevant information in view of the nature of the business of share margin financing.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 30. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

An aged analysis of trade debtors at the balance sheet date is set out as follows:

	<b>THE GROUP</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	<i>HK\$'000</i>
0 – 30 days	<b>121,017</b>	120,011
31 – 90 days	<b>22,124</b>	19,377
91 – 180 days	<b>32,070</b>	39,710
Over 180 days	<b>16,369</b>	79,415
	<hr/>	<hr/>
	<b>191,580</b>	258,513
Loans to share margin clients	<b>74,960</b>	64,686
Other receivables, deposits and prepayments	<b>51,945</b>	39,148
	<hr/>	<hr/>
	<b>318,485</b>	362,347
	<hr/> <hr/>	<hr/> <hr/>

Included in the balance of over 180 days at 31st March, 2005 are term loans of approximately HK\$14,728,000 (2004: HK\$74,290,000).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 31. CREDITORS, CUSTOMERS' DEPOSITS AND ACCRUED CHARGES

An aged analysis of trade payables at the balance sheet date is set out as follows:

	THE GROUP	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	162,167	130,681
91 – 180 days	3,385	1,358
Over 180 days	5,907	15,770
	<hr/>	<hr/>
Other payables, customers' deposits and accrued charges	171,459	147,809
	<hr/>	<hr/>
	<b>155,366</b>	173,436
	<hr/>	<hr/>
	<b>326,825</b>	321,245
	<hr/> <hr/>	<hr/> <hr/>

### 32. AMOUNT DUE TO A SHAREHOLDER

#### THE GROUP

The amount is unsecured, bears interest at prevailing market rates and is repayable on demand.

### 33. SECURED BANK BORROWINGS – DUE WITHIN ONE YEAR

	THE GROUP	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans – amount due within one year	444,214	268,440
Bank overdrafts	1,337	38,084
Trust receipts and import loans	22,836	20,532
	<hr/>	<hr/>
	<b>468,387</b>	327,056
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 34. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Amounts payable under finance leases:				
Within one year	65	65	48	48
In the second to fifth year inclusive	88	116	32	80
	<u>153</u>	<u>181</u>	<u>80</u>	<u>128</u>
Less: Future finance charges	(73)	(53)	–	–
Present value of lease obligations	<u>80</u>	<u>128</u>	<u>80</u>	<u>128</u>
Less: Amount due for settlement within one year			(48)	(48)
Amount due for settlement after one year			<u>32</u>	<u>80</u>

The lease term is 5 years (2004: 5 years). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 35. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each at 1st April, 2003 and 31st March, 2004	50,000,000,000	5,000,000
Increase in shares upon share Subdivision (note (a))	<u>450,000,000,000</u>	<u>–</u>
Ordinary shares of HK\$0.01 each at 31st March, 2005	<u>500,000,000,000</u>	<u>5,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 1st April, 2003 and 31st March, 2004	86,329,352	8,633
Increase in shares upon share Subdivision (note (a))	776,964,168	–
Increase in shares upon the Placing (note (b))	129,490,000	1,295
Increase in shares upon the Allotment of Shares (note (c))	<u>129,894,661</u>	<u>1,299</u>
Ordinary shares of HK\$0.01 each at 31st March, 2005	<u>1,122,678,181</u>	<u>11,227</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 35. SHARE CAPITAL (continued)

*Notes:*

- (a) On 3rd January, 2005, an ordinary resolution was passed at the special general meeting of the Company pursuant to which each issued and unissued share of HK\$0.10 each in the Company was subdivided into 10 shares of HK\$0.01 each ("Share Subdivision") effective on 4th January, 2005. The subdivided shares rank pari passu in all respects with each other.
- (b) Pursuant to a placing agreement dated 5th January, 2005 made between Charron Holdings Limited ("Charron"), a substantial shareholder of the Company and an independent placing agent ("Placing Agent"), the Placing Agent agreed to place 129,490,000 shares in the Company held by Charron at a placing price of HK\$1.80 per share.

Pursuant to a subscription agreement also dated 5th January, 2005 made between the Company and Charron, Charron agreed to subscribe for 129,490,000 shares in the Company and the Company agreed to issue 129,400,000 shares in the share capital of the Company to Charron at a subscription price of HK\$1.80 per share ("Subscription").

On completion of the Subscription on 17th January, 2005, 129,400,000 shares of HK\$0.01 each were issued and allotted to Charron at a consideration of HK\$1.80 per share. The Company planned to use the proceeds for general working capital and future business development of the Group. The shares issued rank pari passu in all respects with the then existing shares of the Company.

- (c) On 30th March, 2005, the Company allotted 129,894,661 new subdivided shares of HK\$0.01 each of the Company at the price of HK\$1.27 per share to Pleasure Road Profits Limited as consideration for the acquisition of 104,409,000 ordinary shares of HK\$0.0001 each of in Emperor Entertainment Hotel Limited. The shares issued rank pari passu in all respects with the then existing shares of the Company.

### 36. SHARE OPTION

The Company adopted a share option scheme (the "Share Option Scheme") which became effective on 9th September, 2003 (the "Adoption Date"). The primary purpose of the Share Option Scheme is to provide incentives or rewards to participants thereunder ("Participant(s)") including the directors and eligible employees of the Group, for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that were valuable to the Group or any entity in which the Group held an equity interest.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 36. SHARE OPTION (continued)

Under the Share Option Scheme, the directors of the Company are authorised, at any time within ten years after the Adoption Date, to grant options to any Participant to subscribe for shares in the Company at a price not less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Company's share. The total number of shares in respect of which options may be granted under the Share Option Scheme cannot exceed 10% of the total number of shares in issue on the Adoption Date. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company, if any, cannot exceed 30% of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any Participant shall not exceed 1% of the total number of shares in issue in any 12-month period. An option may be exercised at any time within ten years from the date of issue of the relevant options, where the acceptance date should not be later than 28 days from the date of the offer. A nominal consideration of HK\$1 is payable on acceptance of the grant of options.

No options have been granted since the adoption of the Share Option Scheme.

### 37. RESERVES

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated profits (losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>THE COMPANY</b>				
Balance at 1st April, 2003	1,133,259	1,132,396	(250,515)	2,015,140
Loss for the year	–	–	(202)	(202)
<hr/>				
Balance at 31st March, 2004 and 1st April, 2004	1,133,259	1,132,396	(250,717)	2,014,938
Issue of shares net of expenses	389,896	–	–	389,896
Net profit for the year	–	–	361,092	361,092
Dividends paid	–	(61,294)	–	(61,294)
<hr/>				
<b>Balance at 31st March, 2005</b>	<b>1,523,155</b>	<b>1,071,102</b>	<b>110,375</b>	<b>2,704,632</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 37. RESERVES (continued)

The contributed surplus of the Company represents the aggregate of the difference between the consolidated net assets of the Company's subsidiaries and the nominal value of the Company's shares issued pursuant to the group reorganisation effective in December 1991, less subsequent dividends paid and bonus issues by way of capitalisation of contributed surplus, and the surplus arising on reduction of share capital effective in March 2003.

Under the Companies Act in 1981 of Bermuda, the contributed surplus of the Company is available for distribution to shareholders. However, a company cannot declare or pay a dividend or make a distribution out of contributed surplus if there are reasonable grounds for believing that:

- (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution to shareholders are as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Contributed surplus	1,071,102	1,132,396
Accumulated profits (losses)	110,375	(250,717)
	<u>1,181,477</u>	<u>881,679</u>

### THE GROUP

The contributed surplus of the Group represents the aggregate of the difference between the sum of the nominal amount of the share capital and share premium of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition, as reduced by the dividends paid and bonus issues by way of capitalisation of contributed surplus, and the surplus arising on reduction of share capital effective in March 2003.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 38. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES THE GROUP

The amounts are unsecured, interest free and have no fixed repayment terms.

The amounts advanced to the subsidiaries by the respective minority shareholders are considered as part of their contributions, together with paid up capital, made to finance the operations of these subsidiaries. The minority shareholders have therefore agreed that these advances can be used to make good their respective share of the losses incurred by these subsidiaries to the extent of the amounts advanced to them, if requested by the Group to do so. Accordingly, these advances are shown as non-current liabilities.

### 39. SECURED BANK BORROWINGS

The repayment schedule for bank borrowings is as follows:

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Within one year or on demand	468,387	327,056
Between one to two years	62,066	79,458
Between two to five years	188,898	112,248
Over five years	220,131	145,930
	<u>939,482</u>	<u>664,692</u>
Less: Amount due within one year included under current liabilities ( <i>note 33</i> )	<u>(468,387)</u>	<u>(327,056)</u>
Amount due after one year	<u><u>471,095</u></u>	<u><u>337,636</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 39. SECURED BANK BORROWINGS (continued)

The bank borrowings carry interest at prevailing market rates and are secured by certain of the Group's assets. The carrying values of these assets at the balance sheet date were as follows:

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Investment properties	2,748,266	1,574,350
Leasehold land and buildings	213,369	247,094
Hotel properties	483,719	488,106
Bank deposits	9,375	23,313
	<u>3,454,729</u>	<u>2,332,863</u>

### 40. ACQUISITION OF SUBSIDIARIES

	2005 HK\$'000	2004 HK\$'000
Net assets of the subsidiaries acquired:		
Debtors, deposits and prepayments	–	298
Pledged bank deposits	–	25,220
Bank balances and cash	–	1,878
Creditors and accrued charges	–	(26,418)
Intercompany debts	–	(332,004)
		<u>(331,026)</u>
Assignment of intercompany indebtedness	–	332,004
Negative goodwill	–	(878)
		<u>100</u>
Total cash consideration	–	100
Analysis of net cash outflow of cash and cash equivalents in connection with the acquisition of subsidiaries:		
Cash consideration	–	(100)
Bank balances and cash acquired	–	1,878
	–	<u>1,778</u>

The subsidiaries acquired during the year ended 31st March, 2004 did not have significant contribution to the Group's turnover and operating results for that year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 41. WINDING UP OF SUBSIDIARIES

	<b>2005</b> <b>HK\$'000</b>	2004 HK\$'000
Net liabilities of subsidiaries wound up comprise:		
Debtors, deposits and prepayments	21	11
Creditors and accrued charges	(43)	(14)
Amounts due to minority shareholders of subsidiaries	–	(3,708)
Contributed surplus	(253)	–
Minority interests	–	3,970
Intercompany debts	–	(44,495)
	<hr/>	<hr/>
	(275)	(44,236)
Waiver of intercompany indebtedness	–	44,495
Gain (loss) on winding up of subsidiaries	275	(259)
	<hr/>	<hr/>
	–	–
	<hr/> <hr/>	<hr/> <hr/>

The subsidiaries wound up during both years did not have significant contribution to the Group's turnover and operating results for both years.

### 42. MAJOR NON-CASH TRANSACTION

On 30th March, 2005, the Company allotted 129,894,661 new subdivided shares of HK\$0.01 each of the Company at a price of HK\$1.27 per share totalling HK\$164,966,000 to Pleasure Road Profits Limited as consideration for the acquisition of 104,409,000 ordinary shares of HK\$0.0001 each of Emperor Entertainment Hotel Limited.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 43. COMMITMENTS

	THE GROUP	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Authorised but not contracted for in respect of:		
– property investment and development projects	432,959	360,435
– property, plant and equipment	–	2,147
Contracted for but not provided in the financial statements, net of deposits paid, in respect of:		
– property investment and development projects	28,757	57,991
– investment properties	180,200	–
– property, plant and equipment	–	214
	<b>641,916</b>	<b>420,787</b>

The Company had no significant commitments at the balance sheet date.

### 44. OPERATING LEASE COMMITMENTS

#### The Group as lessee

At the balance sheet date, the Group had future minimum lease commitments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Within one year	19,027	17,213
In the second to fifth year inclusive	16,059	22,676
	<b>35,086</b>	<b>39,889</b>

Leases are negotiated for terms ranging from 1 to 3 years and the minimum rentals are pre-determined and fixed. The operating lease rentals of certain retail outlets are based on the higher of a minimum guaranteed rental or a sales level based rental. The minimum guaranteed rental has been used to arrive at the above commitments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 44. OPERATING LEASE COMMITMENTS (continued)

#### The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>106,196</b>	58,233
In the second to fifth year inclusive	<b>67,843</b>	34,252
	<b>174,039</b>	92,485

The properties held have committed tenants for the tenancy ranging from 1 to 3 years and the rentals are pre-determined and fixed.

The Company had no significant operating lease commitments either as lessee or lessor at the balance sheet date.

### 45. CONTINGENT LIABILITIES THE GROUP

- (a) The Group has given guarantee to banks in respect of mortgage loans granted to the purchasers of properties sold in the PRC of approximately HK\$4,244,000 (2004: HK\$8,812,000). The amount utilised as at 31st March, 2005 is approximately HK\$4,244,000 (2004: HK\$8,812,000).
- (b) On 5th March, 2004, the owners of a property known as Tower 1, South Bay Palace, No. 25 South Bay Close, Hong Kong ("South Bay Palace"), collectively act as plaintiffs ("Plaintiffs") issued a writ against Hafa Adai Limited ("Hafa Adai"), a subsidiary of the Company, claiming a sum of approximately HK\$14,665,000 being loss and damages suffered by the Plaintiffs allegedly due to flooring defects and roof leakage in the South Bay Palace. The Plaintiffs' claim is based on an agreement dated 23rd September, 1999 entered into between the Plaintiffs as purchasers and Hafa Adai as vendor for the sale and purchase of the South Bay Palace. The legal advisors of Hafa Adai are handling the legal proceedings. The directors of the Company, after taking into account of the legal advices, considered that no provision is required to be made for the legal proceedings in these financial statements.
- (c) Certain subsidiaries of the Company were involved in legal proceedings or claims against them in the ordinary course of their business activities during both years. In the opinion of the directors of the Company, resolution of such litigation and claims will not have a material adverse effect on the Group's financial position and accordingly no provision for any potential liability in the Group's financial statements is considered necessary.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 45. CONTINGENT LIABILITIES (continued) THE COMPANY

The Company has given guarantee to banks in respect of credit facilities granted to subsidiaries of approximately HK\$1,546,873,000 (2004: HK\$1,161,013,000). Bank loan facilities utilised as at 31st March, 2005 is approximately HK\$948,963,000 (2004: HK\$674,690,000).

### 46. RELATED PARTY TRANSACTIONS

(a) During the year, the Group had the following significant transactions with related parties:

	2005 HK\$'000	2004 HK\$'000
Advertising and promotion expenses paid to related companies ( <i>notes (i) and (ii)</i> )	999	–
Advertising income received from an associate and related companies ( <i>notes (i) and (ii)</i> )	1,968	1,027
Interest paid to a shareholder ( <i>note (iii)</i> )	1,643	1,964
Interest received from an associate ( <i>note (iii)</i> )	509	679
Management fees received from an associate and related companies ( <i>notes (i) and (iv)</i> )	2,323	1,520
Professional and service fees received from an associate and related companies ( <i>notes (i) and (ii)</i> )	3,133	2,247
Rental received from related companies ( <i>notes (i) and (ii)</i> )	7,730	7,085
	<u>7,730</u>	<u>7,085</u>



**NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31ST MARCH, 2005**46. RELATED PARTY TRANSACTIONS (continued)**

(a) (continued)

*Notes:*

- (i) Certain directors and substantial shareholders of the Company have beneficial interests in the related companies.
  - (ii) These transactions were carried out after negotiations between the Group and the related parties and on basis of estimated market value as determined by the directors of the Company.
  - (iii) The interest received or paid by the Group is calculated by reference to the principal outstanding and the prevailing market interest rates.
  - (iv) The management fee is charged by reference to the actual cost incurred.
- (b) Details of the amount due to a shareholder and amounts due to minority shareholders of subsidiaries are set out in notes 32 and 38 respectively.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 47. SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st March, 2005, are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
<b>Directly held</b>				
Emperor Investment Limited	Hong Kong	1,000	100.00	Investment holding and securities trading
<b>Indirectly held</b>				
A-Hing Limited	Hong Kong	2	100.00	Property investment
Active Pace Investment Limited	Hong Kong	100	100.00	Property investment
Actmore Estate Limited	Hong Kong	1,000,000	100.00	Property holding
Bo Shing Real Estate Limited	Hong Kong	1,002	100.00	Investment holding and property investment
Board Pace Investment Limited	Hong Kong	100	100.00	Property holding
Bonus Result Limited	British Virgin Islands	US\$1	100.00	Provision of consultancy services
Chance Yield Development Limited	Hong Kong	2	100.00	Property investment
Circle World Limited	Hong Kong	1,000	90.10	Property development
Civilink Investment Limited	Hong Kong	2	100.00	Property holding
Corpfair Trading Limited	Hong Kong	100	100.00	Property investment
Crown Source Development Limited	Hong Kong	2	100.00	Property development
Diamond Faith Company Limited	Hong Kong/PRC	2	100.00	Glass eel trading
Distinct Rich Limited	Hong Kong	1,002	100.00	Investment holding and property holding

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 47. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
<b>Indirectly held</b> (continued)				
EIL Property Management Limited	Hong Kong	100	100.00	Provision of property management services
Economic Digest Publications Limited	Hong Kong	800,000	100.00	Magazine publishing
Elegant Hero Enterprise Limited	Hong Kong	100	65.00	Restaurant operation
Emperor Capital Limited	Hong Kong	5,000,000	100.00	Investment adviser
Emperor Finance Limited	Hong Kong	100	100.00	Provision of money lending services
Emperor Futures Limited	Hong Kong	10,000,000	100.00	Provision of commodities brokerage services
Emperor Hotel Limited	Hong Kong	2	100.00	Hotel operations
Emperor Investment (Management) Limited	Hong Kong	100	100.00	Provision of management services
Emperor Project Management (Hong Kong) Limited	Hong Kong	100	100.00	Provision of project management services
Emperor Property Agency Limited	Hong Kong	100	100.00	Provision of property agency services
Emperor Securities Limited	Hong Kong	70,000,000	100.00	Provision of securities brokerage services
Emperor Securities Nominees Limited	Hong Kong	2	100.00	Provision of nominee services
Emperor (Xiamen) Real Estate Investments Limited	PRC (note a)	US\$5,000,000	95.00	Property development

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 47. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
<b>Indirectly held</b> (continued)				
Forever Crown Limited	Hong Kong	2	100.00	Property investment
Frontgoal Development Limited	Hong Kong	2	100.00	Property holding
Gallan Limited	Hong Kong	2	100.00	Property investment
Gold Shine Investment Limited	Hong Kong	2	96.29	Property investment
Golden Pegasus Investment Limited	Hong Kong	100,000	100.00	Property holding
Headwise Investment Limited	Hong Kong	2	100.00	Property investment
Hong Kong Daily News, Limited	Hong Kong	100,000	100.00	Newspaper publishing
Hong Kong Daily Offset Printing Company Limited	Hong Kong	2	100.00	Provision of printing services
Jade Palace Properties Limited	Hong Kong	10,000	100.00	Property investment
Mark Pleasure Investment Limited	Hong Kong	2	100.00	Property holding
Marvellous Pacific Limited	Hong Kong	100	100.00	Property investment
New Publications Company Limited	Hong Kong	2	100.00	Magazine publishing

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 47. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
<b>Indirectly held</b> (continued)				
Pacific Globe Limited	Hong Kong	2	100.00	Magazine publishing and holding copyright, trademarks, intellectual rights and publishing library
Planwing Limited	Hong Kong	2	100.00	Property investment
Pleasure View Investment Limited	Hong Kong	2	100.00	Property investment
Prestige Gold Investment Limited	Hong Kong	100	100.00	Property holding
Rich Gallant Investment Limited	Hong Kong	2	100.00	Property investment
Roseley Limited	Hong Kong	10	100.00	Property investment
Royal Arcardia Limited	Hong Kong	2	100.00	Restaurant operation
Sellwell Inc.	British Virgin Islands/ Hong Kong	US\$100	100.00	Property investment
Sharp View Investment Limited	Hong Kong	2	100.00	Property holding
Smart Ideal Limited	Hong Kong	100	75.00	Magazine publishing
South Mark Investment Limited	Hong Kong	2	100.00	Property investment

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 47. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
<b>Indirectly held</b> (continued)				
Time Year Limited	Hong Kong	2	100.00	Holding copyright, trademarks, intellectual rights and publishing library
Ulferts of Sweden (Far East) Limited	Hong Kong	350,000	100.00	Wholesaling and retailing of furniture
Very Sound Investments Limited	Hong Kong	10,000,000	100.00	Property investment
Webster Investment Company Limited	Hong Kong	100,000	100.00	Property development
Wide Connection Limited	Hong Kong	2	100.00	Magazine publishing
World Fortune Corporation Limited	Hong Kong	2	100.00	Property investment
World Sources Limited	Hong Kong	2	100.00	Magazine publishing
Worthy Strong Investment Limited	Hong Kong	100	100.00	Investment holding
Xinhui Emperor Property Development Company Limited	PRC (note b)	24,000,000	100.00	Property development
Ying Wong Property Limited	Hong Kong	100	100.00	Property investment
Yorkshore Corporation Limited	Hong Kong	10,000,000	100.00	Property investment
Young Health Investments Limited	Hong Kong	2	100.00	Property investment

\* All amounts are in Hong Kong dollars except stated otherwise.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

### 47. SUBSIDIARIES (continued)

Notes:

- (a) A Sino-foreign corporative joint venture established in the PRC.
- (b) A wholly foreign owned enterprise established in the PRC.

All subsidiaries, except for those companies incorporated outside Hong Kong, carry on their businesses in Hong Kong unless stated otherwise.

None of the subsidiaries had issued any debt securities at 31st March, 2005.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

### 48. ASSOCIATE

Particulars of the Group's principal associate as at 31st March, 2005, are as follows:

Name of associate	Place of incorporation	Effective proportion of issued share capital held by the Group	Principal activities
Emperor Entertainment Hotel Limited	Bermuda	33.39%	Property development and cruise and hotel operations

The above table lists the associate of the Group which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.