

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2004

	Note	2004 HK\$ Million	(Restated) 2003 HK\$ Million
Turnover	3	7,115.9	9,868.0
Other net income/(loss)	4	17.3	(84.0)
		7,133.2	9,784.0
Direct costs and operating expenses		(5,427.0)	(7,913.9)
Selling and distribution expenses		(216.7)	(819.2)
Administrative expenses		(66.1)	(261.4)
Gain on disposal of a discontinued operation	5	–	31.5
Operating profit	3	1,423.4	821.0
Borrowing costs	6	(137.0)	(254.8)
Net operating profit before property provision		1,286.4	566.2
Write back of provision/(provision) for properties		40.0	(2,428.5)
Share of profits less losses of associates	2	2,047.3	1,671.0
Profit/(loss) before taxation		3,373.7	(191.3)
Income tax	7	(536.8)	(349.8)
Profit/(loss) after taxation		2,836.9	(541.1)
Minority interests		(534.3)	575.8
Group profit attributable to shareholders	8	2,302.6	34.7
Dividends attributable to the year	9		
Interim dividend declared during the year		50.8	50.8
Final dividend proposed after the balance sheet date		132.1	101.6
		182.9	152.4
Earnings per share	10	113.3 cents	1.7 cents

The notes on pages 39 to 74 form part of these accounts.

CONSOLIDATED BALANCE SHEET

At 31 March 2004

	Note	2004 HK\$ Million	(Restated) 2003 HK\$ Million
Non-current assets			
Fixed assets	12	4,010.8	3,885.9
Associates	14	24,528.3	20,487.5
Long-term investments	15	1,166.5	753.2
Deferred debtors	16	496.3	385.1
		30,201.9	25,511.7
Current assets			
Properties under development for sale	17	5,205.3	7,830.7
Properties held for sale	17	2,045.6	2,769.4
Short-term investments	18	79.8	102.0
Trade and other receivables	19	1,328.8	2,604.7
Bank balances and deposits		2,017.2	3,182.7
		10,676.7	16,489.5
Current liabilities			
Bank loans and overdrafts	20	2,267.6	1,945.0
Trade and other payables	21	1,443.5	1,555.7
Deposits from sale of properties		–	1,418.0
Current tax		118.5	272.9
		3,829.6	5,191.6
Net current assets		6,847.1	11,297.9
Total assets less current liabilities		37,049.0	36,809.6
Capital and reserves			
Share capital	22	1,015.9	1,015.9
Reserves	23	25,528.3	21,774.4
		26,544.2	22,790.3
Minority interests		4,093.4	3,412.9
Non-current liabilities			
Long-term bank loans	24	5,864.1	10,035.7
Deferred tax	25	71.7	54.2
Deferred items	26	475.6	516.5
		6,411.4	10,606.4
Total equity and non-current liabilities		37,049.0	36,809.6

The notes on pages 39 to 74 form part of these accounts.

Peter K C Woo
Chairman

Paul Y C Tsui
Executive Director

COMPANY BALANCE SHEET

At 31 March 2004

	Note	2004 HK\$ Million	2003 HK\$ Million
Non-current assets			
Subsidiaries	13	4,475.8	4,958.4
Current assets			
Trade and other receivables		0.4	0.5
Current liabilities			
Bank loans and overdrafts	20	–	475.0
Trade and other payables		4.8	5.9
		4.8	480.9
Net current liabilities		(4.4)	(480.4)
Total assets less current liabilities		4,471.4	4,478.0
Capital and reserves			
Share capital	22	1,015.9	1,015.9
Reserves	23	3,455.5	3,462.1
Total equity		4,471.4	4,478.0

The notes on pages 39 to 74 form part of these accounts.

Peter K C Woo
Chairman

Paul Y C Tsui
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2004

	2004	(Restated)
	HK\$ Million	2003 HK\$ Million
Total equity at 1 April		
As previously reported	23,293.9	26,485.1
Prior year adjustments in respect of deferred tax (Note 11)	(503.6)	(451.2)
As restated	22,790.3	26,033.9
Company and subsidiaries		
Surplus/(deficit) on revaluation of non-trading securities	287.5	(218.3)
Deficit on revaluation of investment properties	–	(1.9)
Provision for impairment of other properties	–	(41.3)
Exchange difference on translation of financial statements of foreign entities	121.7	101.1
Associates		
Surplus/(deficit) on revaluation of investment properties	1,010.6	(2,826.9)
Surplus/(deficit) on revaluation of other properties	32.7	(104.8)
Impairment of properties under or held for redevelopment	(151.6)	–
Surplus/(deficit) on revaluation of non-trading securities	209.6	(188.5)
Others	14.4	(8.7)
Net gain/(loss) not recognised in the profit and loss account	1,524.9	(3,289.3)
Company and subsidiaries		
Group profit attributable to shareholders	2,302.6	34.7
Final dividend approved in respect of the previous year	(101.6)	(101.6)
Interim dividend declared in respect of the current year	(50.8)	(50.8)
Reserves transferred to the profit and loss account on:		
Disposal of non-trading securities	29.8	166.0
Disposal of properties	(0.3)	–
Impairment of non-trading securities	30.8	–
Negative goodwill realised on disposal of a discontinued operation	–	(34.3)
Exercise of share options	–	0.6
Associates		
Reserves transferred to the profit and loss account on:		
Disposal of non-trading securities	2.6	3.3
Impairment of non-trading securities	15.9	27.8
	2,229.0	45.7
Total equity at 31 March	26,544.2	22,790.3

The notes on pages 39 to 74 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2004

	2004 HK\$ Million	2003 HK\$ Million
Cash generated from operations (Note a)	4,416.1	3,483.4
Interest received	120.9	79.7
Interest paid	(153.2)	(381.1)
Dividends received from associates	511.3	983.4
Dividends received from investments	38.4	87.7
Hong Kong profits tax paid	(75.9)	(18.9)
Overseas tax paid	(169.0)	(820.8)
Net cash inflow from operating activities	4,688.6	3,413.4
Investing activities		
Increase in interest in a subsidiary	(7.8)	(951.9)
Purchase of non-trading securities	(197.1)	(207.9)
Purchase of fixed assets	(6.0)	(49.9)
Disposal of subsidiaries (Note b)	–	220.6
Proceeds from disposal of associates	–	10.8
Proceeds from disposal of non-trading securities	261.7	2,822.1
Proceeds from disposal of fixed assets	10.7	11.4
Increase in deferred debtors	(111.2)	(341.2)
Decrease in net advances from associates	(1,738.5)	(411.4)
Net cash (outflow)/inflow from investing activities	(1,788.2)	1,102.6
Financing activities		
Drawdown of long-term bank loans	3,005.3	6,648.4
Repayment of long-term bank loans	(5,294.3)	(5,969.4)
Net repayment of short-term bank loans	(1,607.4)	(5,351.9)
Dividends paid to shareholders	(152.4)	(152.4)
Dividends paid to minority shareholders	(170.0)	(86.3)
Issue of ordinary shares	–	0.6
Net cash outflow from financing activities	(4,218.8)	(4,911.0)
Net decrease in cash and cash equivalents	(1,318.4)	(395.0)
Cash and cash equivalents at 1 April	3,182.7	3,451.1
Effect of foreign exchange rate	152.9	126.6
Cash and cash equivalents at 31 March	2,017.2	3,182.7
Analysis of the balances of cash and cash equivalents		
Bank balances and deposits	2,017.2	3,182.7

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2004

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

a) Reconciliation of profit/(loss) before taxation to cash generated from operations

	2004 HK\$ Million	2003 HK\$ Million
Profit/(loss) before taxation	3,373.7	(191.3)
Adjustments for:		
Share of profits less losses of associates	(2,047.3)	(1,671.0)
Interest income	(118.9)	(67.6)
Interest expense	116.7	231.8
Dividend income from investments	(32.6)	(59.6)
Depreciation	3.0	60.9
(Write back of provision)/provision for properties	(40.0)	2,428.5
Impairment of non-trading securities	41.4	–
Net (profit)/loss on disposal of non-trading securities	(19.8)	192.6
Amortisation of negative goodwill	(45.5)	–
Profit on disposal of fixed assets	(1.4)	(4.6)
Gain on disposal of a discontinued operation	–	(31.5)
Deferred profits realised	–	(30.8)
Exchange differences	51.2	66.0
Operating profit before working capital changes	1,280.5	923.4
Increase in properties under development for sale	(1,898.0)	(2,338.8)
Decrease in properties held for sale	5,269.4	7,117.2
Decrease/(increase) in short-term investments	22.2	(102.0)
Decrease/(increase) in trade and other receivables	1,263.8	(1,167.6)
Decrease in deposits from sale of properties	(1,418.0)	(1,527.9)
(Decrease)/increase in trade and other payables	(103.8)	571.8
Decrease in inventories	–	7.3
Cash generated from operations	4,416.1	3,483.4

b) Disposal of subsidiaries

	2004 HK\$ Million	2003 HK\$ Million
Net assets disposal of:		
Non-current assets	–	178.6
Current assets	–	853.0
Current liabilities	–	(309.3)
Minority interests	–	(143.3)
Satisfied in cash	–	579.0
Cash of subsidiaries disposed of	–	(358.4)
Net cash inflow in respect of the disposal of subsidiaries	–	220.6

1. PRINCIPAL ACCOUNTING POLICIES

a) *Statement of compliance*

These accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which include all applicable Statements of Standard Accounting Practice (“SSAPs”) and Interpretations) issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the principal accounting policies adopted by the Group is set out below.

b) *Basis of preparation of accounts*

The measurement basis used in the preparation of the accounts is historical cost modified by the revaluation of investment properties and the marking to market of certain investments in securities as explained in the accounting policies set out below.

c) *Basis of consolidation*

(i) *Subsidiaries and controlled companies*

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated accounts, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the balance sheet at fair value with changes in fair value recognised in the same way as for investments in securities.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated accounts. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits, but only to the extent that there is no evidence of impairment.

In the Company’s balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1 (f)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case, it is stated at fair value with changes in fair value recognised in the same way as for investments in securities.

(ii) Associates

An associate is a company in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated accounts under the equity method and is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associate's net assets, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the Group, in which case, it is stated at fair value with changes in fair value recognised in the same way as for investments in securities. The profit and loss account reflects the Group's share of the post-acquisition results of the associates for the year, including any amortisation of positive or negative goodwill charged or credited during the year in accordance with note 1(c)(iii).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated and deferred to the extent of the Group's interest in the associates until the concerned assets are on-sold to third parties. If there is evidence of impairment in value of the assets transferred, the unrealised losses will be recognised immediately in the profit and loss account.

(iii) Goodwill/negative goodwill

The Group has adopted SSAP 30 "Business combinations" issued by the Hong Kong Society of Accountants with effect from 1 April 2001. The Group has relied upon the transitional provisions set out in SSAP 30 such that goodwill/negative goodwill arising on acquisition of a subsidiary or an associate by the Group prior to 1 April 2001, representing the excess/shortfall of the cost of investment over the appropriate share of the fair value of the identifiable assets and liabilities acquired, has been written off against/taken to capital reserves in the period in which it arose and has not been restated.

For acquisitions after 1 April 2001, goodwill is recognised as an asset and is amortised to the profit and loss account on a straight-line basis over its estimated useful life. Negative goodwill which relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

On disposal of a controlled subsidiary or an associate, any attributable amount of purchased goodwill not previously amortised through the profit and loss account or which has previously been dealt with as a movement on Group reserves is included in the calculation of the profit and loss on disposal.

The carrying amount of goodwill is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists an impairment loss is recognised as an expense in the profit and loss account.

d) Properties

(i) Investment properties

Investment properties are defined as properties which are income producing and intended to be held for the long-term, and such properties are included in the balance sheet at their open market value, on the basis of an annual professional valuation, less depreciation where the investment properties are held on leases with unexpired periods of 20 years or less. Changes in the value of investment properties are dealt with as movements in the investment property revaluation reserves. If the total of these reserves is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. When a surplus arises on subsequent revaluation on a portfolio basis, it will be credited to the profit and loss account if and to the extent that a deficit on revaluation had previously been charged to the profit and loss account.

On disposal of investment properties, the revaluation surplus or deficit previously taken to investment property revaluation reserves is included in calculating the profit or loss on disposal.

(ii) Properties under development for sale

Properties under development for sale are classified under current assets and stated at the lower of cost, including capitalised borrowing costs, and net realisable value. Net realisable value is determined by management, based on prevailing market conditions.

The amount of any write down or provision for properties under development for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the profit and loss account in the period in which the reversal occurs.

Profit on pre-sale of properties under development for sale is recognised over the course of the development and is calculated each year as a proportion of the total estimated profit to completion, the proportion used being the lower of the proportion of construction costs incurred at the balance sheet date to estimated total construction costs and the proportion of sales proceeds received and receivable at the balance sheet date to total sales proceeds in respect of the units sold.

Borrowing costs on loans relating to properties under development for sale are capitalised up to the date of practical completion of development.

(iii) Properties held for sale

Properties held for sale are classified under current assets and stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total development costs for that development, including borrowing costs capitalised, attributable to unsold units. Net realisable value is determined by management, based on prevailing market conditions.

The amount of any write down or provision for properties held for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the profit and loss account in the period in which the reversal occurs.

e) Depreciation of fixed assets

(i) Investment properties

No depreciation is provided in respect of investment properties with an unexpired lease term of more than 20 years since the valuation takes into account the state of each property at the date of valuation. Investment properties held on leases with unexpired period of 20 years or less are depreciated over the remaining portion of the leases.

(ii) Other fixed assets

Depreciation is provided on a straight line basis on the cost of other fixed assets at rates determined by the estimated useful lives of the assets of between 3 to 10 years.

f) Impairment of assets

The carrying amounts of assets, other than investment properties carried at revalued amounts, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses are recognised as an expense in the profit and loss account.

(i) Recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use.

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the profit and loss account in the period in which the reversals are recognised.

g) Investments in securities

- (i) Held-to-maturity securities are stated in the balance sheet at amortised cost less any provisions for diminution in value.

The carrying amounts of held-to-maturity securities are reviewed as at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised as an expense in the profit and loss account for each security individually.

- (ii) Non-trading securities are classified as long-term investments and stated in the balance sheet at fair value. Changes in fair value are recognised in the investment revaluation reserves until the security is sold, collected or otherwise disposed of or until there is objective evidence that the security is impaired, at which time the relevant cumulative surplus or deficit is transferred from the investment revaluation reserves to the profit and loss account.

Transfers from the investment revaluation reserves to the profit and loss account as a result of impairments are reversed when the circumstances and events that led to the impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Profits or losses on disposal of non-trading securities are determined as the difference between the net disposal proceeds and the carrying amount of the securities and are recognised in the profit and loss account as they arise. On disposal of non-trading securities, the relevant revaluation surplus or deficit previously taken to the investment revaluation reserves is also transferred to the profit and loss account for the year.

- (iii) Trading securities are classified as short-term investment under current assets and stated in the balance sheet at fair value. Changes in fair value are recognised in the profit and loss account as they arise.

h) Cash and cash equivalent

The Group defines cash and cash equivalents as cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, which were within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

i) Foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at exchange rates ruling at the transaction dates. Monetary foreign currency balances and the balance sheets of overseas subsidiaries and associates are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The profit and loss accounts of overseas subsidiaries are translated into Hong Kong dollars at the average exchange rate for the year. Differences on foreign currency translation are dealt with in the profit and loss account with the exception of those arising on the translation of the accounts of overseas subsidiaries and associates which are dealt with in the capital reserves. On disposal of an overseas subsidiary or associate, the cumulative amount of the exchange difference which related to that overseas subsidiary or associate is included in the calculation of the profit and loss on disposal.

Gains or losses on outstanding speculative forward contracts computed by reference to the forward rates at the balance sheet date are dealt with in the profit and loss account. Forward contracts are entered into as hedges against net investments in overseas subsidiaries and associates, gains or losses on the forward contracts are offset as reserve movements against exchange difference arising on the retranslation of the net investments.

j) Assets held for use in operating leases

Where the group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 1(e) above. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 1(k)(i) below.

k) Recognition of revenue

- (i)** Rental income under operating leases is recognised in the profit and loss account in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the profit and loss account as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.
- (ii)** Income from sale of completed property is recognised upon signing of the sale and purchase agreement and income from pre-sale of property under development is recognised over the course of development (see note 1(d)(ii)).
- (iii)** Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

- (iv) Interest income from dated debt securities intended to be held to maturity is recognised as it accrues, as adjusted by the amortisation of the premium or discount on acquisition, so as to achieve a constant rate of return over the period from the date of purchase to the date of maturity.
- (v) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and at the rate applicable.
- (vi) Income from management services is recognised upon provision of services.
- (vii) Income from sale of goods is recognised when the title of the goods is transferred to the customers.

l) Income taxes

- (i) Income tax for the year comprises current tax and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax is provided, using the balance sheet liability method, in respect of all temporary differences arising between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profits, with limited exceptions. Deferred tax liabilities are provided in full on all temporary differences while deferred tax assets relating to carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

m) Borrowing costs

Borrowing costs are expensed in the profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

n) Related parties

For the purposes of these accounts, a party is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

o) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Company or the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

p) Segment reporting

A segment is distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group companies within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing borrowings, corporate and financing expenses.

q) Employee benefits

(i) Defined contribution retirement schemes

Contributions to the schemes are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the Group in independently administered funds.

(ii) Mandatory Provident Funds

Contributions to the Mandatory Provident Fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to the profit and loss account when incurred.

(iii) Central Provident Fund in Singapore

Contributions to the Central Provident Fund in Singapore as required under the Central Provident Fund Act are charged to the profit and loss account when incurred.

(iv) Equity compensation benefits

When the Group grants employees options to acquire shares of the Company, the option exercise price must be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and no employee benefit cost or obligation is recognised at that time. When the options are exercised, shareholders' equity is increased by the amount of the proceeds received.

(v) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

r) Discontinued operations

A discontinued operation is a clearly distinguishable component of the Group's business that is disposed of or abandoned pursuant to a single plan, and which represents a separate major line of business or geographical area of operations.

2. SEGMENT INFORMATION

a) Business segments

(i) Revenue and results

	Segment Revenue		Segment Results	
	2004 HK\$ Million	2003 HK\$ Million	2004 HK\$ Million	(Restated) 2003 HK\$ Million
Property investment	330.7	350.2	235.8	253.1
Property development	6,522.4	7,441.9	980.3	562.8
Investment and others	375.7	286.5	215.0	38.0
Retail and distribution (disposed)	–	1,912.2	–	(49.8)
	7,228.8	9,990.8	1,431.1	804.1
Inter-segment revenue (Note i)	(112.9)	(122.8)	–	–
	7,115.9	9,868.0	1,431.1	804.1
Gain on disposal of a discontinued operation			–	31.5
Unallocated expenses			(7.7)	(14.6)
Operating profit			1,423.4	821.0
Borrowing costs			(137.0)	(254.8)
Write back of provision/(provision) for properties				
Property investment			44.6	(662.8)
Property development			(4.6)	(1,765.7)
Share of results of associates (Note ii)			2,047.3	1,671.0
Profit/(loss) before taxation			3,373.7	(191.3)
Income tax			(536.8)	(349.8)
Minority interests			(534.3)	575.8
Group profit attributable to shareholders			2,302.6	34.7

Notes:

(i) Inter-segment revenue eliminated on consolidation includes:

	2004	2003
	HK\$ Million	HK\$ Million
Investment and others	112.9	74.4
Property investment	–	48.4
	112.9	122.8

(ii) Share of results of associates

	Segment Results	
	2004	2003
	HK\$ Million	HK\$ Million
Property investment	1,448.5	1,560.4
Property development	367.3	(7.3)
Communications, media and entertainment	215.8	214.3
Pay television	221.7	165.8
Internet and multimedia	(42.4)	4.5
Telecommunications	17.5	26.5
Others	19.0	17.5
Logistics	912.2	917.8
Terminals	866.3	844.4
Other logistics business	45.9	73.4
Investment and others	132.4	127.3
Provision for telecommunications	(42.4)	–
Provision for properties	(145.8)	(228.6)
Provision for investment and others	(29.0)	(74.4)
Unallocated expenses and other items	(572.0)	(461.5)
Borrowing costs	(239.7)	(377.0)
	2,047.3	1,671.0

(ii) *Assets and liabilities*

	Assets		Liabilities	
	2004 HK\$ Million	(Restated) 2003 HK\$ Million	2004 HK\$ Million	(Restated) 2003 HK\$ Million
Property investment	4,015.7	3,890.2	98.6	113.9
Property development	8,060.9	11,030.5	1,182.9	2,692.1
Investment and others	1,814.9	1,338.9	15.0	13.5
Segment assets and liabilities	13,891.5	16,259.6	1,296.5	2,819.5
Associates (Note)	24,528.3	20,487.5	–	–
Unallocated items	2,458.8	5,254.1	8,944.5	12,978.5
Total assets and liabilities	40,878.6	42,001.2	10,241.0	15,798.0
Note: Share of net segment assets less liabilities of associates				
Property investment	29,198.5	25,985.8		
Property development	1,490.9	1,316.1		
Communications, media and entertainment	2,438.9	2,200.7		
Logistics	2,024.4	2,075.1		
Unallocated and other items	(10,624.4)	(11,090.2)		
	24,528.3	20,487.5		

Unallocated and other items mainly comprise financial and corporate assets, interest-bearing borrowings and corporate and financing expenses.

The Group has no significant capital expenditure and depreciation and amortisation.

b) Geographical segments*(i) Revenue and results*

	Segment Revenue		Segment Results (Operating Profit)	
	2004 HK\$ Million	2003 HK\$ Million	2004 HK\$ Million	2003 HK\$ Million
Hong Kong	6,077.2	8,709.8	1,158.6	310.1
Singapore	1,038.7	1,081.6	264.8	484.3
Others	–	76.6	–	26.6
	7,115.9	9,868.0	1,423.4	821.0

(ii) Assets

	Assets	
	2004 HK\$ Million	2003 HK\$ Million
Hong Kong	7,443.5	12,167.2
Singapore	6,448.0	4,085.8
Others	–	6.6
	13,891.5	16,259.6

3. TURNOVER AND OPERATING PROFIT

a) Turnover

The principal activities of the Group are property investment, property development and investment holding. Analysis of the Group's turnover is as follows:

	2004 HK\$ Million	2003 HK\$ Million
Property investment	330.7	301.8
Property development	6,522.4	7,441.9
Investment and others	262.8	212.1
Retail and distribution (disposed)	–	1,912.2
	7,115.9	9,868.0

b) Operating profit

	2004 HK\$ Million	2003 HK\$ Million
Operating profit is arrived at:		
after charging:		
Staff costs	133.3	357.2
– including contributions to defined contribution retirement schemes of HK\$8.5 million (2003: HK\$20.6 million)		
Cost of properties sold	5,192.2	6,609.6
Cost of inventories sold	–	1,146.4
Depreciation	3.0	60.9
Auditors' remuneration		
Audit services	3.3	4.4
Other services	0.2	2.2
Operating lease rentals – land and buildings	1.6	219.6
and after crediting:		
Rental income from operating leases less outgoings	240.6	229.8
– including gross rental income from investment properties of HK\$299.8 million (2003: HK\$280.8 million) of which HK\$3.9 million (2003: HK\$1.4 million) is contingent rentals		
Dividend income from listed investments	32.6	59.6

Staff costs of HK\$10.3 million (2003: HK\$7.2 million) were capitalised in costs of properties under development for sale.

c) Directors' emoluments

	2004 HK\$ Million	2003 HK\$ Million
Fees	0.3	0.4
Basic salaries, housing allowances, other allowances and benefits in kind	4.0	4.0
Deemed profit on share option exercise	–	–
Retirement scheme contributions	–	–
Discretionary bonuses and/or performance-related bonuses	–	0.7
Compensation for loss of office	–	–
Inducement for joining the Group	–	–
	4.3	5.1

For the year under review, total emoluments (including any reimbursement) amounting to HK\$168,096 (2003: HK\$144,890), being wholly in the form of Directors' fees, were paid or payable to Independent Non-executive Directors of the Company.

The emoluments in respect of the year ended 31 March 2004 of all the Directors of the Company in office during the year were in the following ranges:

Bands (in HK\$)	2004 Number	2003 Number
Not more than \$1,000,000	11	13
\$4,000,001 – \$4,500,000	1	1
	12	14

d) Five highest paid employees

Set out below are analyses of the emoluments (excluding amounts paid or payable by way of commissions on sales generated by the employees concerned) for the year ended 31 March 2004 of which four employees (2003: four) of the Group who, not being Directors of the Company, are among the top five highest paid individuals (including persons who held the office of Directors of the Company at any time during the year as well as other employees of the Group) employed by the Group.

(i) *Aggregate emoluments*

	2004 HK\$ Million	2003 HK\$ Million
Basic salaries, housing allowances, other allowances and benefits in kind	5.6	8.9
Deemed profit on share option exercise	–	–
Pension scheme contributions	0.2	0.2
Discretionary bonuses and/or performance-related bonuses	1.2	3.2
Compensation for loss of office	–	–
Inducement for joining the Group	–	–
	7.0	12.3

(ii) *Bandings*

Bands (in HK\$)	2004 Number	2003 Number
\$1,500,001 – \$2,000,000	3	–
\$2,000,001 – \$2,500,000	1	–
\$2,500,001 – \$3,000,000	–	2
\$3,000,001 – \$3,500,000	–	2
	4	4

4. OTHER NET INCOME/(LOSS)

	2004 HK\$ Million	2003 HK\$ Million
Net profit/(loss) on disposal of non-trading securities	19.8	(192.6)
Impairment of non-trading securities	(41.4)	–
Amortisation of negative goodwill	45.5	–
Deferred profits realised	–	30.8
Others	(6.6)	77.8
	17.3	(84.0)

Included in the net profit/(loss) on disposal of non-trading securities is a net deficit, before deduction of minority interests, of HK\$37.4 million (2003: HK\$173.7 million) transferred from the investment revaluation reserves.

5. GAIN ON DISPOSAL OF A DISCONTINUED OPERATION

In the financial year ended 31 March 2003, the Group disposed of its retail businesses portfolio, comprising 100% interest in the Lane Crawford group, 52% interest in the Joyce Boutique group and 39% interest in City'Super to certain related parties. The total consideration of the above sales was HK\$589.8 million and a net gain of HK\$31.5 million was recognised in the consolidated profit and loss account for the year ended 31 March 2003.

The aggregate results of the disposed discontinued operation for the previous year was as follows:

	2003 HK\$ Million
Turnover	1,912.2
Other net loss	(8.8)
	1,903.4
Direct costs and operating expenses	(1,146.4)
Selling and distribution expenses	(599.2)
Administrative expenses	(207.6)
Operating loss	(49.8)
Borrowing costs	(2.5)
Share of profits less losses of associates	(1.1)
Loss before taxation	(53.4)
Income tax	(0.4)
Loss after taxation	(53.8)

6. BORROWING COSTS

	2004 HK\$ Million	2003 HK\$ Million
Interest payable on		
Bank loans and overdrafts	129.9	312.0
Other loans repayable within 5 years	17.1	55.8
Other borrowing costs	28.7	32.7
	175.7	400.5
Less: Amount capitalised	(38.7)	(145.7)
	137.0	254.8

The Group's effective borrowing rate for the year was 1.8% (2003: 2.5%) per annum.

7. INCOME TAX

- a) The provision for Hong Kong profits tax is based on the profit for the year as adjusted for tax purposes at the rate of 17.5% (2003: 16%). Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax. The taxation charge is made up as follows:

	2004	(Restated) 2003
	HK\$ Million	HK\$ Million
Company and subsidiaries		
<i>Current tax</i>		
Hong Kong profits tax for the year	76.9	39.9
Overseas taxation for the year	17.9	165.2
Overprovision in prior years (Note ii)	(7.7)	(61.1)
	87.1	144.0
<i>Deferred tax (Note 25)</i>		
Origination and reversal of temporary differences	9.5	(62.9)
Overprovision in prior years	–	(20.5)
Effect of change in tax rates	(4.1)	(17.5)
	92.5	43.1
Associates		
<i>Current tax</i>		
Hong Kong profits tax for the year	353.7	216.4
Overseas taxation for the year	15.7	8.6
Underprovision in prior years	32.0	53.9
	401.4	278.9
<i>Deferred tax</i>		
Origination and reversal of temporary differences	1.4	27.8
Effect of change in tax rates	41.5	–
	444.3	306.7
	536.8	349.8

b) Reconciliation between the actual total tax charge and accounting profit/(loss) at applicable tax rates

	2004	2003
	HK\$ Million	HK\$ Million
Profit/(loss) before taxation	3,373.7	(191.3)
Notional tax on accounting profit/(loss) calculated at applicable tax rates	591.5	(29.7)
Tax effect of non-deductible expenses	91.0	363.2
Tax effect of non-taxable revenue	(105.4)	(108.4)
Tax effect of unused tax losses not recognised	71.6	256.4
Tax effect of prior year's tax losses utilised this year	(179.4)	(86.5)
Tax effect of timing differences not recognised	5.8	–
Underprovision/(overprovision) in prior years	24.3	(27.7)
Effect of change in tax rates	37.4	(17.5)
Actual total tax charge	536.8	349.8

Notes:

- (i) In March 2003, the Hong Kong Government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/04. In February 2004, the Singapore Government enacted a change in the income tax rate from 22% to 20% for the fiscal year 2004 (2003: change from 24.5% to 22%).
- (ii) The overprovision for the year ended 31 March 2003 mainly represented the write-back of a tax provision resulting from the reduction of the Singapore income tax rate as mentioned above.

8. GROUP PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The group profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$145.8 million (2003: HK\$10.3 million).

9. DIVIDENDS

a) Dividends attributable to the year

	2004	2003
	HK\$ Million	HK\$ Million
Interim dividend declared and paid of 2.5 cents (2003: 2.5 cents) per share	50.8	50.8
Final dividend of 6.5 cents proposed after the balance sheet date (2003: 5.0 cents) per share	132.1	101.6
	182.9	152.4

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

b) Dividends attributable to the previous financial year, approved and paid during the year

	2004	2003
	HK\$ Million	HK\$ Million
Final dividend in respect of the previous financial year, approved and paid during the year, of 5.0 cents (2003: 5.0 cents) per share	101.6	101.6

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on earnings for the year of HK\$2,302.6 million (2003: HK\$34.7 million) and on the weighted average of 2,031.8 million (2003: 2,031.8 million) ordinary shares in issue during the year. No figure for diluted earnings per share is shown as there was no outstanding share options (note 22) as at 31 March 2004.

11. CHANGE IN ACCOUNTING POLICY

SSAP 12 (revised) "Income taxes"

In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt.

With effect from 1 April 2003, in order to comply with SSAP 12 (revised) "Income taxes" issued by the Hong Kong Society of Accountants, the Group adopted a new policy for deferred tax as set out in note 1(l) to the accounts. The new accounting policy has been adopted retrospectively. In adjusting prior years' figures, investment property revaluation reserves and revenue reserves as at 1 April 2003 were restated and decreased by HK\$139.1 million and HK\$365.0 million (1 April 2002: HK\$115.5 million and HK\$335.7 million) respectively, whilst investment revaluation reserves at 1 April 2003 were increased by HK\$0.5 million (1 April 2002: HK\$Nil). The adjustments mainly represented the Group's share of the deferred tax liabilities recognised by its associates in respect of temporary differences relating to fixed assets net of deferred tax assets in respect of tax losses recognised to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. In addition, the Group's profit attributable to shareholders for the year ended 31 March 2004 has decreased by HK\$80.3 million (2003: HK\$29.3 million).

12. FIXED ASSETS

Group	Investment properties HK\$ Million	Other fixed assets HK\$ Million	Total HK\$ Million
Cost or valuation			
At 1 April 2003	3,878.9	35.1	3,914.0
Exchange differences	86.5	0.4	86.9
Additions	3.8	2.2	6.0
Disposals	(8.2)	(5.7)	(13.9)
Revaluation surplus	44.6	–	44.6
At 31 March 2004	4,005.6	32.0	4,037.6
Accumulated depreciation			
At 1 April 2003	–	28.1	28.1
Exchange differences	–	0.3	0.3
Charge for the year	–	3.0	3.0
Written back on disposals	–	(4.6)	(4.6)
At 31 March 2004	–	26.8	26.8
Net Book Value			
At 31 March 2004	4,005.6	5.2	4,010.8
At 31 March 2003	3,878.9	7.0	3,885.9
a) The analysis of cost or valuation of the above assets is as follows:			
At valuation in 2004	4,005.6	–	4,005.6
At cost	–	32.0	32.0
	4,005.6	32.0	4,037.6
b) Tenure of title to properties:			
Held in Hong Kong			
Long lease	2,341.4	–	2,341.4
Held outside Hong Kong			
Long lease	1,658.9	–	1,658.9
Medium lease	5.3	–	5.3
	4,005.6	–	4,005.6

c) Properties revaluation

The Group's investment properties in Hong Kong and Singapore have been revalued as at 31 March 2004 by Wharf Estates Development Limited, an associated company engaged in professional valuation, and CB Richard Ellis (Pte) Ltd, an independent firm of property consultants, respectively, on an open market value basis, after taking into consideration the net rental income allowing for reversionary potential and the redevelopment potential of the properties, where appropriate.

The surplus arising on revaluation less minority interests, where appropriate, is dealt with in the consolidated profit and loss account in accordance with the Group's accounting policies.

d) The gross amounts of investment properties of the Group held for use in operating leases were HK\$4,005.6 million (2003: HK\$3,878.9 million).

e) The Group leases out properties under operating leases, which generally run for an initial period of one to six years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease income may be varied periodically to reflect market rentals and may contain a contingent rental element which is based on various percentages of tenants's sales receipts.

f) The Group's total future minimum lease income under non-cancellable operating leases is receivable as follows:

	Group	
	2004 HK\$ Million	2003 HK\$ Million
Within 1 year	221.2	219.0
After 1 year but within 5 years	184.2	216.5
After 5 years	0.1	4.7
	405.5	440.2

13. SUBSIDIARIES

	Company	
	2004 HK\$ Million	2003 HK\$ Million
Unlisted shares, at cost	3,495.0	3,495.0
Amounts due from subsidiaries	5,513.8	6,980.0
Amounts due to subsidiaries	(4,533.0)	(5,516.6)
	4,475.8	4,958.4

Details of principal subsidiaries at 31 March 2004 are shown on pages 73 and 74.

14. ASSOCIATES

	Group	
	2004 HK\$ Million	(Restated) 2003 HK\$ Million
Share of net assets	26,317.2	24,015.1
Amounts due from associates	263.5	560.3
Loans from associates (Note b)	(215.6)	(1,617.0)
Amounts due to associates (Note c)	(1,836.8)	(2,470.9)
	24,528.3	20,487.5
a) Analysis of the cost of investments of the above:		
Shares listed in Hong Kong	11,483.8	11,402.2
Unlisted shares	78.0	77.6
	11,561.8	11,479.8
Market value of listed shares	28,897.6	18,942.0

- b)** Loans from associates of HK\$215.6 million (2003: HK\$1,617.0 million) are contributed by associates in proportion to their equity interests in the Sorrento property development project. The loans from associates are interest bearing at rates as determined with reference to prevailing market rates. Interest expenses in respect of loans from associates for the year ended 31 March 2004 amounted to HK\$17.0 million (2003: HK\$55.8 million). The loans are unsecured and have no fixed terms of repayment.
- c)** Included in the amounts due to associates is an advance of HK\$1,773.6 million (2003: HK\$2,447.9 million) contributed by an associate in proportion to its equity interest in the Bellagio property development project. The advance bears interest at such rate as may from time to time be agreed by the shareholders of the property holding company. For the current financial year, the advance is unsecured and interest free.
- d)** The Group equity accounted for the results and net assets of The Wharf (Holdings) Limited (“Wharf”), the Group’s significant listed associate, based on its audited financial statements for the year ended 31 December 2003. Extracts of Wharf’s audited consolidated profit and loss account and balance sheet are shown on page 78.
- e)** Details of principal associates at 31 March 2004 are shown on page 74.

15. LONG-TERM INVESTMENTS

	Group	
	2004 HK\$ Million	2003 HK\$ Million
Non-trading equity securities, at market value		
Listed in Hong Kong	122.6	188.4
Listed outside Hong Kong	981.8	557.9
	1,104.4	746.3
Unlisted investments	62.1	6.9
	1,166.5	753.2

16. DEFERRED DEBTORS

Deferred debtors represent receivables due after more than one year.

17. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD FOR SALE

- a) The amounts of properties under development for sale and properties held for sale carried at net realisable value is HK\$4,204.6 million (2003: HK\$9,464.4 million).
- b) Properties under development for sale with a carrying value of HK\$1,827.1 million (2003: HK\$5,349.3 million) are pledged as security for banking facilities made available to the Group.

18. SHORT-TERM INVESTMENTS

	Group	
	2004 HK\$ Million	2003 HK\$ Million
Held-to-maturity securities listed outside Hong Kong	–	23.0
Unlisted investments	79.8	79.0
	79.8	102.0
Market value of the above listed held-to-maturity securities	–	23.5

19. TRADE AND OTHER RECEIVABLES

The Group maintains defined credit policies for the respective businesses and trade debtors are closely monitored in order to control credit risk associated with trade receivables.

Included in trade and other receivables are stakeholders' deposits in the amount of HK\$435.6 million (2003: HK\$2,077.8 million) in respect of pre-sale of properties and trade debtors of HK\$732.1 million (2003: HK\$370.1 million). The ageing analysis of the Group's trade debtors as at 31 March 2003 and 2004 is as follows:

	Group	
	2004 HK\$ Million	2003 HK\$ Million
Current	526.7	92.9
31 – 60 days	82.5	16.1
61 – 90 days	17.0	1.2
Over 90 days	105.9	259.9
	732.1	370.1

20. BANK LOANS AND OVERDRAFTS

	Group		Company	
	2004 HK\$ Million	2003 HK\$ Million	2004 HK\$ Million	2003 HK\$ Million
Unsecured bank loans and overdrafts	337.6	1,645.0	–	475.0
Current portion of unsecured long-term bank loans	1,930.0	300.0	–	–
	2,267.6	1,945.0	–	475.0

21. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with an ageing analysis as at 31 March 2003 and 2004 as follows:

	Group	
	2004 HK\$ Million	2003 HK\$ Million
Amounts payable in the next:		
0 – 30 days	216.9	243.2
31 – 60 days	125.3	4.1
61 – 90 days	303.0	383.7
Over 90 days	497.2	625.1
	1,142.4	1,256.1

22. SHARE CAPITAL

	2004 No. of shares Million	2003 No. of shares Million	2004 HK\$ Million	2003 HK\$ Million
Authorised				
Ordinary shares of HK\$0.50 each	2,800.0	2,800.0	1,400.0	1,400.0
Issued and fully paid				
Balance at 1 April	2,031.8	2,031.7	1,015.9	1,015.8
Exercise of share options granted under the Executive Share Incentive Scheme	–	0.1	–	0.1
Balance at 31 March	2,031.8	2,031.8	1,015.9	1,015.9

Executive share incentive scheme

The Company has a share option scheme, whereby the Directors of the Company are authorised, at their discretion, to grant employees, including directors, of the Company and/or any of its subsidiaries to take up options to subscribe for shares of the Company (the "Shares"). The exercise price of the options must be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. Options under the share option scheme are exercisable during such period as determined by the Directors prior to the grant of the option provided that no option may be granted which is exercisable earlier than 1 year from the date of grant or later than 10 years after such date.

Movement in share options:

	2004 No. of options	2003 No. of options
At 1 April	–	92,000
Exercised	–	(92,000)
At 31 March	–	–

23. RESERVES

	Share premium HK\$ Million	Capital redemption reserve HK\$ Million	Investment property revaluation reserves HK\$ Million	Investment revaluation reserves HK\$ Million	Other capital reserves HK\$ Million	Revenue reserves HK\$ Million	Total HK\$ Million
a) Group							
Company and subsidiaries							
Balance at 1 April 2003							
As previously reported	1,913.6	19.5	–	(316.8)	156.6	7,549.8	9,322.7
Prior year adjustments in respect of deferred tax (Note 11)	–	–	–	0.5	–	(33.0)	(32.5)
As restated	1,913.6	19.5	–	(316.3)	156.6	7,516.8	9,290.2
Final dividend approved in respect of the previous year (Note 9b)	–	–	–	–	–	(101.6)	(101.6)
Revaluation surplus	–	–	–	287.5	–	–	287.5
Transferred to the profit and loss account on							
Disposal of non-trading securities	–	–	–	29.8	–	–	29.8
Disposal of other property	–	–	–	–	(0.3)	–	(0.3)
Impairment of non-trading securities	–	–	–	30.8	–	–	30.8
Exchange differences	–	–	–	–	121.7	–	121.7
Profit for the year retained	–	–	–	–	–	1,367.9	1,367.9
Interim dividend declared in respect of the current year (Note 9a)	–	–	–	–	–	(50.8)	(50.8)
Balance at 31 March 2004	1,913.6	19.5	–	31.8	278.0	8,732.3	10,975.2
Associates							
Balance at 1 April 2003							
As previously reported	–	–	9,799.5	(105.5)	(205.2)	3,466.5	12,955.3
Prior year adjustments in respect of deferred tax (Note 11)	–	–	(139.1)	–	–	(332.0)	(471.1)
As restated	–	–	9,660.4	(105.5)	(205.2)	3,134.5	12,484.2
Revaluation surplus	–	–	1,026.5	209.6	–	–	1,236.1
Revaluation surplus of other properties	–	–	–	–	32.7	–	32.7
Impairment of properties under or held for redevelopment	–	–	–	–	(151.6)	–	(151.6)
Transferred to the profit and loss account on							
Disposal of non-trading securities	–	–	–	2.6	–	–	2.6
Impairment of non-trading securities	–	–	–	15.9	–	–	15.9
Deferred tax liability							
Investment properties	–	–	(15.9)	–	–	–	(15.9)
Others	–	–	–	–	23.0	(8.6)	14.4
Profit for the year retained	–	–	–	–	–	934.7	934.7
Balance at 31 March 2004	–	–	10,671.0	122.6	(301.1)	4,060.6	14,553.1
Total reserves at 31 March 2004	1,913.6	19.5	10,671.0	154.4	(23.1)	12,792.9	25,528.3

NOTES TO THE ACCOUNTS

	Share premium HK\$ Million	Capital redemption reserve HK\$ Million	Investment property revaluation reserves HK\$ Million	Investment revaluation reserves HK\$ Million	Other capital reserves HK\$ Million	Revenue reserves HK\$ Million	Total HK\$ Million
a) Group							
Company and subsidiaries							
Balance at 1 April 2002							
As previously reported	1,913.1	19.5	1.9	(264.0)	134.1	8,111.0	9,915.6
Prior year adjustments in respect of deferred tax (Note 11)	–	–	–	–	–	(24.8)	(24.8)
As restated	1,913.1	19.5	1.9	(264.0)	134.1	8,086.2	9,890.8
Final dividend approved in respect of the previous year (Note 9b)	–	–	–	–	–	(101.6)	(101.6)
Premium on shares issued	0.5	–	–	–	–	–	0.5
Revaluation deficit	–	–	(1.9)	(218.3)	–	–	(220.2)
Impairment provision for other properties	–	–	–	–	(41.3)	–	(41.3)
Transferred to the profit and loss account on disposal of non-trading securities	–	–	–	166.0	–	–	166.0
Exchange differences	–	–	–	–	101.1	–	101.1
Realised on disposal of a discontinued operation	–	–	–	–	(37.3)	–	(37.3)
Loss for the year absorbed	–	–	–	–	–	(417.0)	(417.0)
Interim dividend declared in respect of the current year (Note 9a)	–	–	–	–	–	(50.8)	(50.8)
Balance at 31 March 2003	1,913.6	19.5	–	(316.3)	156.6	7,516.8	9,290.2
Associates							
Balance at 1 April 2002							
As previously reported	–	–	12,602.8	51.9	(94.7)	2,993.7	15,553.7
Prior year adjustments in respect of deferred tax (Note 11)	–	–	(115.5)	–	–	(310.9)	(426.4)
As restated	–	–	12,487.3	51.9	(94.7)	2,682.8	15,127.3
Revaluation deficit	–	–	(2,826.9)	(188.5)	–	–	(3,015.4)
Revaluation deficit of other properties	–	–	–	–	(104.8)	–	(104.8)
Transferred to the profit and loss account on							
Disposal of non-trading securities	–	–	–	3.3	–	–	3.3
Impairment of non-trading securities	–	–	–	27.8	–	–	27.8
Realised on disposal of a discontinued operation	–	–	–	–	3.0	–	3.0
Others	–	–	–	–	(8.7)	–	(8.7)
Profit for the year retained	–	–	–	–	–	451.7	451.7
Balance at 31 March 2003	–	–	9,660.4	(105.5)	(205.2)	3,134.5	12,484.2
Total reserves at 31 March 2003	1,913.6	19.5	9,660.4	(421.8)	(48.6)	10,651.3	21,774.4

Included in the other capital reserves is negative goodwill of HK\$112.5 million (2003: HK\$112.5 million).

	Share premium HK\$ Million	Capital redemption reserve HK\$ Million	Other capital reserves HK\$ Million	Revenue reserves HK\$ Million	Total HK\$ Million
b) Company					
Balance at 1 April 2003	1,913.6	19.5	77.2	1,451.8	3,462.1
Final dividend approved in respect of the previous year (Note 9b)	–	–	–	(101.6)	(101.6)
Profit for the year	–	–	–	145.8	145.8
Interim dividend declared in respect of the current year (Note 9a)	–	–	–	(50.8)	(50.8)
Balance at 31 March 2004	1,913.6	19.5	77.2	1,445.2	3,455.5
Balance at 1 April 2002	1,913.1	19.5	77.2	1,593.9	3,603.7
Final dividend approved in respect of the previous year (Note 9b)	–	–	–	(101.6)	(101.6)
Premium on shares issued	0.5	–	–	–	0.5
Profit for the year	–	–	–	10.3	10.3
Interim dividend declared in respect of the current year (Note 9a)	–	–	–	(50.8)	(50.8)
Balance at 31 March 2003	1,913.6	19.5	77.2	1,451.8	3,462.1

Reserves of the Company available for distribution to shareholders at 31 March 2004 amounted to HK\$1,445.2 million (2003: HK\$1,451.8 million).

24. LONG-TERM BANK LOANS

	Group	
	2004 HK\$ Million	2003 HK\$ Million
Secured bank loans		
Repayable after 2 years, but within 5 years	1,817.4	1,635.7
Unsecured bank loans		
Repayable after 1 year, but within 2 years	700.0	5,200.0
Repayable after 2 years, but within 5 years	3,346.7	3,200.0
	4,046.7	8,400.0
	5,864.1	10,035.7

25. DEFERRED TAX

- a) *The components of deferred tax assets and liabilities and the movements during the year are as follows:*

	Depreciation allowances in excess of the related depreciation HK\$ Million	Unremitted profits of certain overseas subsidiaries HK\$ Million	Revaluation of non-trading equity securities HK\$ Million	Profit on pre-sale of properties HK\$ Million	Future benefits of tax losses HK\$ Million	Total HK\$ Million
Group						
Balance at 1 April 2002						
As previously reported	–	–	–	110.4	–	110.4
Prior year adjustment in respect of deferred tax	42.6	–	–	–	(1.3)	41.3
As restated	42.6	–	–	110.4	(1.3)	151.7
Exchange differences	–	–	–	4.4	–	4.4
Charged/(credited) to the profit and loss account	7.0	7.6	–	(114.8)	(0.7)	(100.9)
Charged to reserves	–	–	(1.0)	–	–	(1.0)
At 31 March/1 April 2003 (restated)	49.6	7.6	(1.0)	–	(2.0)	54.2
Exchange differences	2.2	0.5	–	–	–	2.7
Charged/(credited) to the profit and loss account	4.1	1.6	–	–	(0.3)	5.4
Charged to reserves	–	–	9.4	–	–	9.4
Balance at 31 March 2004	55.9	9.7	8.4	–	(2.3)	71.7

- b) *Deferred tax assets unrecognised*

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2004 HK\$ Million	2003 HK\$ Million
Deductible temporary differences	16.2	9.9
Future benefits of tax losses	537.1	645.9
	553.3	655.8

Deferred tax assets have not been recognised as the Directors consider it is not probable that taxable profits will be available against which the tax losses and the deductible temporary differences can be utilised. The deductible temporary differences and tax losses do not expire under current tax legislation.

26. DEFERRED ITEMS

Included in deferred items are deferred profits of HK\$356.4 million (2003: HK\$356.4 million) and negative goodwill of HK\$119.2 million (2003: HK\$160.1 million).

a) *Deferred profits*

Deferred profits represent unrealised profits resulting from transactions between the Group and its associates. The deferred profits will be released to the profit and loss account when the relevant assets are sold to third parties.

b) *Negative goodwill*

	Group	
	2004 HK\$ Million	2003 HK\$ Million
Cost		
Balance at 1 April	160.1	–
Realised on disposal of the relevant assets acquired	(45.5)	–
Addition through increase interests in subsidiaries	4.6	160.1
Balance at 31 March	119.2	160.1

Negative goodwill, principally arising from the privatisation of Realty Development Corporation Limited in 2002/03 by a listed subsidiary of the Group, New Asia Realty and Trust Company, Limited, represents the fair values of the net assets acquired over the cost of the acquisition. The assets acquired mainly comprise investment properties, interests in associates, long-term investments and properties under development/held for sale. Negative goodwill will be released to the profit and loss account, on a proportional basis, when the relevant assets acquired are sold or otherwise realised.

The negative goodwill realised for the year was credited to other net income.

27. CONTINGENT LIABILITIES

At 31 March 2004

- a)** There were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to banking facilities up to HK\$8,570.0 million (2003: HK\$10,987.2 million).
- b)** Guarantees given by the Group in respect of banking facilities available to associates amounted to HK\$63.2 million (2003: HK\$560.9 million) of which HK\$55.8 million (2003: HK\$349.9 million) had been drawn at the balance sheet date.
- c)** The Company together with two non wholly-owned subsidiaries and two associates have jointly and severally guaranteed the performance and observance of the terms by another subsidiary under an agreement for the development of the Sorrento project.

28. COMMITMENTS**a) Commitments in respect of property developments and capital expenditures**

	Group	
	2004 HK\$ Million	2003 HK\$ Million
Contracted but not provided for	1,103.5	1,757.6
Authorised but not contracted for	–	31.1

b) Forward exchange contracts

	Group	
	2004 HK\$ Million	2003 HK\$ Million
Forward exchange contracts outstanding	1,421.3	4,868.7

29. RELATED PARTY TRANSACTIONS

Except for the transactions noted below, the Group has not been a party to any material related party transactions during the year ended 31 March 2004:

- a)** Included in interest in associates are loans of HK\$215.6 million (2003: HK\$1,617.0 million) contributed by associates in proportion to their equity interests in the Sorrento property development project. The loans from associates are interest bearing at rates as determined with reference to prevailing market rates. Interest expenses in respect of loans from associates for the year ended 31 March 2004 amounted to HK\$17.0 million (2003: HK\$55.8 million). The loans are unsecured and have no fixed terms of repayment.
- b)** Included in interest in associates is an advance of HK\$1,773.6 million (2003: HK\$2,447.9 million) contributed by an associate in proportion to its equity interest in the Bellagio property development project. The advance bears interest at such rate as may from time to time be agreed by the shareholders of the property holding company. For the current financial year, the advance is unsecured and interest free.
- c)** As disclosed in note 27(c) to the accounts, the Company together with two non wholly-owned subsidiaries and two associates have jointly and severally guaranteed the performance and observance of the terms by another subsidiary under an agreement for the development of the Sorrento project.
- d)** In respect of the year ended 31 March 2004, the Group earned rental income totalling HK\$37.0 million from the Lane Crawford group, which are wholly owned by a trust of which the chairman of the Company is the settlor, in respect of the leasing of the Group's certain retail premises at Shop C, Wheelock House and the Basement, Ground Floor to Fourth Floor, a portion of the Sixth floor and Rooms 706-8A of Lane Crawford House. These transactions are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules.

30. POST BALANCE SHEET EVENTS

- a)** On 7 June 2004, Marco Polo Developments Limited ("MPDL"), a Singapore listed subsidiary, entered into a sale and purchase agreement to acquire a property known as No. 6 Scotts Road, Singapore at a total consideration of S\$345.0 million (equal to about HK\$1,576.7 million). A 10% deposit of the purchase price or S\$34.5 million was paid. The property is proposed to be redeveloped into a new residential and commercial development. The residential segment of the new development will be for sale while the commercial segment will be held by MPDL as an investment property for leasing. The acquisition is expected to complete by September 2004.
- b)** After the balance sheet date the Directors proposed a final dividend. Further details are disclosed in note 9 to the accounts.

31. COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of the change in accounting policy for income taxes, in order to comply with SSAP 12 (revised), details of which are set out in note 11.

32. APPROVAL OF ACCOUNTS

The accounts were approved and authorised for issue by the Board of Directors on 14 June 2004.

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

At 31 March 2004

Subsidiaries	Place of incorporation/operation	Issued & fully paid up share capital (all being ordinary shares except otherwise stated)	Percentage of equity attributable to the Group	Principal activities
Actbilt Pte Limited	Singapore	1,000,000 S\$1 shares	56	Property
Belgravia Properties Pte. Ltd.	Singapore	1,000,000 S\$1 shares	56	Property
Delightful Assets Limited	British Virgin Islands/ International	2 US\$1 shares	56	Investment
Everbilt Developers Pte Ltd	Singapore	160,000,000 S\$1 shares	56	Property
* Glegg Company Limited	Hong Kong	2 HK\$1 shares	100	Finance
Grannis Limited	Hong Kong	2 HK\$10 shares	74	Property
* Harriman Property Management Limited (formerly Office Buildings Management Limited)	Hong Kong	198 HK\$100 shares	100	Property management
Harriman Leasing Limited	Hong Kong	100,049 HK\$10 shares 50 non-voting HK\$10 shares	50 100	Letting agent
* Harriman Realty Company, Limited	Hong Kong	100,000 HK\$10 "A" shares 102,000 HK\$0.1 "B" shares	100 2	Property management
Janeworth Company Limited	Hong Kong	550,000,000 HK\$1 shares	74	Property
Keevil Company Limited	Hong Kong	2 HK\$1 shares	74	Property
Kowloon Properties Company Limited	Hong Kong	10,000 HK\$1 shares	66	Property
Marco Polo Developments Limited	Singapore	398,853,292 S\$1 shares	56	Property
Marnav Holdings Limited	Hong Kong	1,000,000 HK\$1 shares	74	Property
Mer Vue Developments Pte. Ltd.	Singapore	1,000,000 S\$1 shares	56	Property
NART Finance Limited (formerly Harriman Designs and Engineering Limited)	Hong Kong	3 HK\$10 shares	74	Finance
New Asia Realty and Trust Company, Limited	Hong Kong	2,069,637,125 HK\$0.2 shares	74	Holding company
Pizzicato Limited	Hong Kong	2 HK\$10 shares	74	Property
Realty Development Corporation Limited	Hong Kong	1,151,389,640 HK\$0.2 shares	74	Holding company
* Ridge Limited	Hong Kong	2 HK\$1 shares	100	Property

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

At 31 March 2004

Subsidiaries	Place of incorporation/operation	Issued & fully paid up share capital (all being ordinary shares except otherwise stated)	Percentage of equity attributable to the Group	Principal activities
Salisbury Company Limited	Hong Kong	2 HK\$1 shares	74	Property
Titano Limited	Hong Kong	2 HK\$1 shares	74	Property
Wavatah Company Limited	Hong Kong	2 HK\$1 shares	74	Property
* Wheelock Pacific Limited (held directly)	Hong Kong	10 HK\$100 shares	100	Commercial services
* Wheelock Properties (China) Limited (held directly)	Hong Kong/China	2 HK\$10 shares	100	Property development in China
* Wheelock Corporate Services Limited (formerly Wheelock Properties Limited) (held directly)	Hong Kong	10,000,000 HK\$1 shares	100	Commercial services
* Wheelock Travel Limited	Hong Kong	50,000 HK\$10 shares	100	Travel agency
Zarow Limited	Hong Kong	2 HK\$10 shares	74	Property
Associates	Place of incorporation/operation	Percentage of share capital (of the class of shares stated below) held by subsidiary(ies) of the Company	Percentage of equity attributable to the Group	Principal activities
Dramstar Company Limited	Hong Kong	100 ("B" shares)	33	Property
Grace Sign Limited	Hong Kong	20 (ordinary shares)	15	Property
Hamptons Group Limited	United Kingdom	32 (ordinary shares)	18	Property agency
The Wharf (Holdings) Limited	Hong Kong	49.9 (ordinary shares)	48	Holding company

Notes:

- * The accounts of these companies have been audited by PricewaterhouseCoopers.
- Unless otherwise stated, the subsidiaries and associates were held indirectly by the Company.
- The above list gives the principal subsidiaries and associates of the Group which, in the opinion of the Directors, principally affect the profit and assets of the Group.
- All associates are corporate entities.

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF WHELOCK AND COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 33 to 74 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Hong Kong Companies Ordinance requires the Directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on the accounts and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2004 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 June 2004

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 March 2004

Investment properties	Lot number	Lease expiry	Approx. gross floor area (sq.ft.)	Attributable % owned	Year of completion	Type/usage
Lane Crawford House, 70 Queen's Road Central, Central	IL7 R.P. & IL45 Sec. A R.P.	2842	181,400	100	1977	Office & shop
Shop C, G/F & 3/F-24/F, Wheelock House, 20 Pedder Street, Central	ML99 Sec. A,C, R.P. & ML 100 Sec. A,B, R.P.	2854	214,400	74	1984	Office & shop
Fitfort, Basement-3/F, Healthy Gardens Podium, 560 King's Road, North Point	IL 3546	2086	125,343 & 353 carparks	74	1979	Shopping arcade & car parks
Shops & godown spaces, 100-142 Belcher's Street, Kennedy Town	IL 906 Sec. E-M & R.P.	2882	123,900	74	1960s & 70s	Shopping arcade & godown
Wheelock Place, 501 Orchard Road, Singapore	—	2089	464,900	56	1993	Office & shopping arcade

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 March 2004

Properties under development/ completed properties for sale	Lot number	Site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Attributable % owned	Expected year of completion	Type/usage	Stage of completion
Bellagio – Phases I & II – Phases III & IV 33 Castle Peak Road, Sham Tseng	Lot No. 269 R.P. in DD 390	566,090	23,900 1,571,400	74 74	– 2006	Residential Residential	Completed Superstructure in progress
The Sea View, 26 Amber Close, Singapore	–	326,589	685,800	56	2007	Residential	Planning
Times House site, 390 Kim Seng Road, Singapore	–	112,862	316,000	56	2007	Residential	Planning
Ardmore View, 2B Ardmore Park Road, Singapore	–	44,117	92,200	56	2008	Residential	Planning
Various units of Sorrento, MTRC Kowloon Station Package Two, 1 Austin Road West, Tsimshatsui	KIL 11080	184,926	53,600	66	–	Residential	Completed
Various units of Metro Loft, 38 Kwai Hei Street, Kwai Chung	KCTL 448	25,489	147,800	74	–	Industrial/ office	Completed
Various units of World Tech Centre, 95 How Ming Street, Kwun Tong	KTIL 195 R.P.	37,341	71,600	74	–	Industrial	Completed
Various units of My Loft, 9 Hoi Wing Road, Tuen Mun	TMTL 379	40,946	57,100	74	–	Godown	Completed
Various units of Palm Cove, 168 Castle Peak Road, Castle Peak Bay, Tuen Mun	TMTL 386	174,226	14,300	74	–	Residential	Completed
Various units of Grange Residences, 247 Tanglin Road, Singapore	–	167,008	237,000	56	–	Residential	Completed
Various units of Parc Palais 18 Wylie Road, King's Park, Homantin	KIL 11118	387,569	343,000	15	–	Residential	Completed

Notes:

- a) All the above properties are in Hong Kong except otherwise stated.
- b) The gross floor area of completed properties for sale represents unsold area of the respective properties.

THE WHARF (HOLDINGS) LIMITED

EXTRACTS FROM THE PUBLISHED ACCOUNTS

THE WHARF (HOLDINGS) LIMITED

Accounts for the year ended 31 December 2003

	Year ended 31/12/2003 HK\$ Million	(Restated) Year ended 31/12/2002 HK\$ Million
Consolidated Profit and Loss Account		
Turnover	11,253	11,333
Group profit attributable to shareholders	3,043	2,259
Dividends attributable to the year	1,487	1,370

	31/12/2003 HK\$ Million	(Restated) 31/12/2002 HK\$ Million
Consolidated Balance Sheet		
Fixed assets	71,120	69,044
Goodwill	347	397
Long-term deposits	156	156
Associates	2,075	3,367
Long-term investments	1,392	1,178
Deferred debtors	439	459
Deferred items	432	468
Deferred tax assets	112	108
Current assets	5,089	5,945
Current liabilities	(11,160)	(11,420)
	70,002	69,702
Share capital	2,447	2,447
Reserves	49,181	45,287
Shareholders' equity	51,628	47,734
Minority interests	4,021	3,681
Long-term loans	12,345	16,381
Deferred tax liabilities	1,748	1,614
Other deferred liabilities	260	292
	70,002	69,702

FIVE-YEAR FINANCIAL SUMMARY

HK\$ Million	(Restated)	(Restated)	(Restated)	(Restated)	
Financial year ended 31 March	2000	2001	2002	2003	2004
Consolidated Profit and Loss Account					
Turnover	4,551.0	3,761.5	7,164.7	9,868.0	7,115.9
Group profit attributable to shareholders	723.0	516.6	546.6	64.0	2,302.6
Prior year adjustments (Note a, c & d)	141.4	6.7	–	(29.3)	–
Restated amount	864.4	523.3	546.6	34.7	2,302.6
Dividends attributable to the year	152.3	152.3	152.4	152.4	182.9
Consolidated Balance Sheet					
Fixed assets	5,764.9	5,351.5	4,934.6	3,885.9	4,010.8
Associates (Note a, c & d)	23,570.9	24,733.4	23,379.4	20,487.5	24,528.3
Long-term investments	3,613.1	3,335.5	3,727.7	753.2	1,166.5
Deferred debtors	91.0	57.4	43.9	385.1	496.3
Current assets	24,260.6	24,998.7	22,581.6	16,489.5	10,676.7
Current liabilities (Note b)	(9,952.4)	(10,330.6)	(12,629.6)	(5,191.6)	(3,829.6)
	47,348.1	48,145.9	42,037.6	36,809.6	37,049.0
Share capital	1,015.4	1,015.4	1,015.8	1,015.9	1,015.9
Reserves (Note a to d)	26,227.0	27,403.9	25,469.3	21,774.4	25,528.3
Shareholders' funds	27,242.4	28,419.3	26,485.1	22,790.3	26,544.2
Minority interests (Note a, c & d)	6,217.6	6,118.0	5,730.3	3,412.9	4,093.4
Long-term loans	12,704.9	12,398.9	9,315.9	10,035.7	5,864.1
Deferred tax (Note d)	734.9	790.8	110.4	54.2	71.7
Deferred items	448.3	418.9	395.9	516.5	475.6
	47,348.1	48,145.9	42,037.6	36,809.6	37,049.0

Notes:

Pursuant to the adoption of the following new or revised Statements of Standard Accounting Practice ("SSAPs") and Interpretation,

- SSAP 9 (revised) : Events after the balance sheet date
- SSAP 12 (revised) : Income taxes
- SSAP 28 : Provisions, contingent liabilities and contingent assets
- Interpretation 9 : Accounting for pre-operating costs

Certain figures have been reclassified or restated as set out below:

- a) These figures for the year 2000 have been restated pursuant to the adoption of Interpretation 9 as explained in note 11 to the 2001 accounts.
- b) These figures for the year 2001 have been restated pursuant to the adoption of SSAP 9 (revised) as explained in note 10(c) to the 2002 accounts. Figures for 2000 have not been restated as it would involve delay and expenses out of proportion to the benefit to shareholders.
- c) These figures for the year 2001 have been restated pursuant to the adoption of SSAP 28 as explained in note 10(b) to the 2002 accounts. Figures for 2000 have not been restated as it would involve delay and expenses out of proportion to the benefit to shareholders.
- d) These figures for the year 2003 have been restated pursuant to the adoption of SSAP 12 (revised) as explained in note 11 to the accounts. Figures for 2002 and prior years have not been restated as it would involve delay and expenses out of proportion to the benefit to shareholders.