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## WINSOR PROPERTIES HOLDINGS LIMITED

(Incorporated under the laws of the Cayman Islands with limited liability)

# Corporate Information

## Board of Directors

CHENG Wai Chee, Christopher, GBS, OBE, JP <sup>\*\*</sup> *Chairman*  
CHOW Wai Wai, John *Managing Director*  
Lord SANDBERG, Michael Graham Ruddock, CBE <sup>\*</sup>  
Christopher Patrick LANGLEY, OBE <sup>\*</sup>  
HO Fook Hong, Ferdinand <sup>\*</sup>  
LO Ka Shui, GBS, JP <sup>\*</sup>  
Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP <sup>\*</sup>  
CHENG Wai Sun, Edward, JP <sup>\*\*</sup>  
TANG Ming Chien, Manning <sup>\*</sup>  
LAM Woon Bun  
CHEN CHOU Mei Mei, Vivien  
CHUNG Hon Sing, John  
CHOW Wei Lin

<sup>\*</sup> *Independent Non-Executive Director*

<sup>\*</sup> *Non-Executive Director*

<sup>\*\*</sup> *Alternate: AU Hing Lun, Dennis*

## Audit Committee

Christopher Patrick LANGLEY, OBE *Chairman*  
CHENG Wai Chee, Christopher, GBS, OBE, JP <sup>\*</sup>  
HO Fook Hong, Ferdinand

<sup>\*</sup> *Alternate: AU Hing Lun, Dennis*

## Remuneration Committee

Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP *Chairman*  
Christopher Patrick LANGLEY, OBE  
CHOW Wai Wai, John

## Company Secretary and Group Legal Counsel

WONG Hau Yan, Helvin

## Auditors

PricewaterhouseCoopers

## Solicitors

Knight & Ho

## Bankers

The Hongkong and Shanghai Banking Corporation Limited

## Registered Office

P. O. Box 309, Ugland House, South Church Street,  
George Town, Grand Cayman, Cayman Islands.

## Principal Place of Business

2nd Floor, East Ocean Centre, 98 Granville Road,  
Tsimshatsui East, Kowloon, Hong Kong.

Telephone: (852) 2731 1777

Fax: (852) 2810 1199

Website: <http://www.winsorprop.com>

## Hong Kong Share Registrars and Transfer Office

Computershare Hong Kong Investor Services Limited,  
46th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong.

Telephone: (852) 2862 8628

Fax: (852) 2529 6087

Website: <http://www.computershare.com>

## Directors' Profile

### Executive Directors:

**Mr. CHOW Wai Wai, John**, aged 56, was appointed Director of the Company in October 1996 and appointed Managing Director of the Company in August 2001. He is also a member of the Remuneration Committee of the Board of Directors of the Company. He graduated with a Bachelor of Arts (Economics) degree from the University of British Columbia. He is also the Deputy Managing Director of Winsor Industrial Corporation, Limited and a director of Dah Sing Financial Holdings Limited. He has over 20 years of experience in the property, textile and clothing businesses, and has served as Chairman of the Hong Kong Garment Manufacturers Association and a member of the Textile Advisory Board of the Hong Kong Government. He is the brother of Mr. Chow Wei Lin.

**Mr. LAM Woon Bun**, aged 54, was appointed Director of the Company in September 1996. He is also a director of Winsor Industrial Corporation, Limited. He graduated with a Bachelor of Social Sciences degree from the University of Hong Kong and is a fellow of the Hong Kong Institute of Company Secretaries and of the Institute of Chartered Secretaries and Administrators. He has about 30 years of experience in accounting and finance.

**Mrs. CHEN CHOU Mei Mei, Vivien**, aged 56, was appointed Director of the Company in October 1996. She graduated with a Bachelor of Arts degree from the University of Colorado in the US and has over 20 years' experience in investments, in particular, property related investments. She is also a director of a number of companies in Hong Kong and abroad. She is a sister-in-law of Mr. Paul Francis Giles.

**Mr. CHUNG Hon Sing, John**, aged 64, was appointed Director of the Company in October 1996. He graduated from the University of Hong Kong with a Bachelor of Arts degree and later from the Michigan State University in the US with a Master degree in Business Administration. Mr. Chung has been involved in property development in both Hong Kong and Mainland China since the 1970's.

**Mr. CHOW Wei Lin**, aged 40, joined the Group in 1996 and was appointed Director of the Company in August 2001. He is responsible for the Group's leasing and estate management operations in Hong Kong. He has over 10 years of experience in the property, garment and electronics businesses. He is the brother of Mr. Chow Wai Wai, John.

### Independent Non-Executive Directors:

**Lord SANDBERG**, CBE, aged 78, was appointed Independent Non-Executive Director of the Company in October 1996. He also served as independent non-executive director of Winsor Industrial Corporation, Limited from 1969 to 1977 and was re-appointed in January 1987. Lord Sandberg is a former Chairman of The Hongkong and Shanghai Banking Corporation Limited and has served as a member of the Executive Council of the Hong Kong Government and on various public bodies in Hong Kong. He holds directorships in a number of listed and public companies in Hong Kong and the US.

**Mr. Christopher Patrick LANGLEY**, OBE, aged 60, was appointed Independent Non-Executive Director of the Company in October 1996. He is also the Chairman of the Audit Committee of the Board of Directors of the Company and a member of the Remuneration Committee of the Board of Directors of the Company. Mr. Langley was an Executive Director of The Hongkong and Shanghai Banking Corporation Limited and holds directorships in several listed companies in Hong Kong. He also serves as an independent non-executive director of Wing Tai Holdings Limited.

**Mr. HO Fook Hong, Ferdinand**, aged 57, was appointed Independent Non-Executive Director of the Company in December 1998. He is also a member of the Audit Committee of the Board of Directors of the Company. He holds a Bachelor of Science degree and a Master of Business Administration degree from the University of Hong Kong and has been admitted as a solicitor in Hong Kong, England and Wales and Singapore. He also serves as an independent non-executive director of Winsor Industrial Corporation, Limited and Tonic Industries Holdings Limited.

**Dr. LO Ka Shui**, GBS, JP, aged 58, was appointed Independent Non-Executive Director of the Company in January 2003. He is also the Deputy Chairman and Managing Director of Great Eagle Holdings Limited. He is a non-executive director of The Hongkong and Shanghai Banking Corporation Limited, Shanghai Industrial Holdings Limited, Phoenix Satellite Television Holdings Limited and China Mobile (Hong Kong) Limited. He is also a director of Hong Kong Exchanges and Clearing Limited and a past chairman of its Listing Committees of the Main Board and the Growth Enterprises Market, a Vice President of the Real Estate Developers Association of Hong Kong, a Trustee of the Hong Kong Centre for Economic Research and a Board Member of the Airport Authority. Dr. Lo graduated with a Bachelor of Science degree from McGill University and a M.D. from Cornell University. He is certified in cardiology. He has more than 25 years' experience in property and hotel development and investment both in Hong Kong and overseas.

## **Directors' Profile** *(continued)*

**Mr. Haider Hatam Tyebjee BARMA**, GBS, CBE, ISO, JP, aged 61, was appointed Independent Non-Executive Director of the Company in May 2005. He is also the Chairman of the Remuneration Committee of the Board of Directors of the Company. He graduated with a Bachelor of Arts degree from the University of Hong Kong and worked in the Government of Hong Kong for 30 years. After retiring from the civil service in 1996, he has served as Chairman of the Public Service Commission from August 1996 to April 2005.

### **Non-Executive Director:**

**Mr. CHENG Wai Chee, Christopher**, GBS, OBE, JP, aged 57, was appointed Non-Executive Director in May 1997 and appointed Chairman in August 2001. He is also a member of the Audit Committee of the Board of Directors of the Company. He is the Chairman of USI Holdings Limited and an independent non-executive director of several listed and unlisted companies in Hong Kong including NWS Holdings Limited, New World China Land Limited, PICC Property and Casualty Company Limited, and DBS Bank (Hong Kong) Limited. Mr. Cheng plays an active role in public service, particularly noteworthy are his efforts in promoting the development of Hong Kong as an international trade, commercial and financial center. He currently serves as member of the Board of the Hong Kong Securities and Futures Commission, the Hong Kong Trade Development Council and the Hong Kong Monetary Authority. He is also the Chairman of the Competition Policy Review Committee and a former Chairman of the Hong Kong General Chamber of Commerce. Mr. Cheng also has a keen interest in management of the public service. He is the Chairman of the Standing Committee on Judicial Salaries and Conditions of Service. As a long-serving former member of the Public Service Commission, he provided advice to the Government on the formulation of human resources management policies and practices for the civil service. Mr. Cheng is also a Steward of the Hong Kong Jockey Club and serves on the Council of the University of Hong Kong. Mr. Cheng holds a BBA from the University of Notre Dame, Indiana, USA, and an MBA from Columbia University, New York. Mr. Cheng is a brother of Mr. Cheng Wai Sun, Edward.

**Mr. CHENG Wai Sun, Edward**, JP, aged 50, was appointed Non-executive Director in December 1999. He is the Chief Executive of USI Holdings Limited, a listed company in Hong Kong. Mr. Cheng has a master degree from Oxford University. He was qualified as a solicitor in England and Wales as well as in Hong Kong. Mr. Cheng is the Chairman of the Urban Renewal Authority, a member of the Hong Kong SAR Government's Steering Committee on Innovation and Technology, the Advisory Committee on Corruption of the Independent Commission Against Corruption, the Council of City University of Hong Kong, and the Council of the Hong Kong Institute of Certified Public Accountants. Mr. Cheng is a brother of Mr. Cheng Wai Chee, Christopher.

**Mr. AU Hing Lun, Dennis**, aged 45, was appointed alternate to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward in December 1998 and December 1999 respectively. He is an Executive Director of USI Holdings Limited, a listed company in Hong Kong. He also serves as its Chief Financial Officer and Company Secretary. Mr. Au holds a Master of Business Administration and a Bachelor of Science degrees. He is also a fellow of The Association of Chartered Certified Accountants.

**Mr. TANG Ming Chien, Manning**, aged 54, was appointed Non-Executive Director of the Company in August 2001. He also serves as an executive director of Winsor Industrial Corporation, Limited since December 1996. He graduated with a Master degree in Fibre Science and Technology from Leeds University in U. K. and has over 20 years of experience in the woollen knitwear business.

**Mr. Paul Francis GILES**, aged 58, was appointed Non-Executive Director of the Company in August 2001. He is a member of the National Institute of Accountants (Australia). He is the Chairman of Crosby Wealth Management with over 20 years experience in investments and securities. He is a brother-in-law of Mrs. Chen Chou Mei Mei, Vivien. Mr. Giles resigned as a Director of the Company with effect from 13 December 2004.

## **Chairman's Statement**

On top of strong sales of properties and improvement in leasing in Hong Kong, the Group also realised a substantial profit from its investment in Suntec City in Singapore during the year ended 31 March 2005. The results of the year were a record for the Group in terms of both turnover and profit.

### **RESULTS**

The Group's audited turnover for the year ended 31 March 2005 was HK\$508.9 million, an increase of 130.5% compared to HK\$220.8 million for the previous year. The overall increase was attributed to the sale of properties whereas rental income reported a small decline due to the loss of rental of the sold properties.

Audited Group profit attributable to shareholders for the year ended 31 March 2005 was HK\$459.8 million, more than quadrupled from HK\$99.3 million for the previous year. Earnings per share for the year under review was HK\$1.77, compared to HK\$0.38 for the previous year.

### **BUSINESS REVIEW**

#### **Sale of Properties**

The entire Fibres and Fabrics Industrial Centre in Kwun Tong with a gross floor area of about 305,000 sq.ft. was sold in June 2004. Three whole floors and 5 other units of the Regent Centre in Kwai Chung with a combined gross floor area of about 73,000 sq.ft. were sold in the second half of the year under review. Turnover generated by these sales of investment properties amounted to HK\$312.3 million. In the previous year, spaces totalling only about 22,000 sq.ft. in Global Gateway (Hong Kong) in Tsuen Wan and the Regent Centre were sold with a turnover of HK\$16.4 million. Together with a write-back of prior year provision for the stock of properties for sale in the amount of HK\$1.7 million, total profit of this segment for the year ended 31 March 2005 was HK\$282.2 million before tax, compared to HK\$1.3 million for the previous year.

On 22 December 2004 the Group announced that it had entered into agreement with the Australia based Macquarie Goodman Group for the disposal of the unsold portion of Global Gateway (Hong Kong) (the "Sale Property") with a total gross floor area of 579,960 sq.ft. at a consideration of HK\$750 million. Deposits totaling HK\$150 million have been received in a stakeholders' account. The Group has exercised its option to extend the completion date of the sale from 28 February 2005 to the end of August 2005. Pursuant to the terms of the said option, the Group is required to pay to the purchaser on a monthly basis 10% of the net property income before tax derived from the Sale Property for the period from 1 March 2005 to the final date of completion. The purchaser has also granted, and shall procure its associates to grant, other options and

rights exercisable by the Group upon the occurrence of certain contingent future events. The Group will consider the exercise of these options and rights at the time the same become exercisable in light of the circumstances then obtaining.

Part of the Sale Property is classified as investment properties and the rest is classified as properties for sale in the Group's accounts. At the time the sale and purchase agreement was entered into, the book value of the Sale Property was about HK\$481 million. Had the sale been completed on the original completion date of 28 February 2005, the Group would have reported a pre-tax profit of about HK\$361 million on the sale, after deducting expenses and including the realization of investment properties revaluation reserve of about HK\$101 million as at that date. A sum of about HK\$35 million would also have been transferred from land and buildings revaluation reserve to retained earnings. After the extension of the completion date, the Sale Property was revalued on 31 March 2005. As at that date, the book value of the Sale Property was about HK\$661 million, the investment properties revaluation reserve associated therewith was increased to about HK\$278 million and prior year provision of about HK\$1.7 million in respect of the relevant properties for sale has been credited to the Group's profit and loss account for the year ended 31 March 2005.

On 1 April 2005 the Group changed its accounting policy on investment properties by adopting the new Hong Kong Accounting Standard 40, and transferred the entire balance of the Group's investment properties revaluation reserve to retained earnings. As a result of this change in accounting policy, only the excess of the net sale proceeds over the most recent book value of the Sale Properties will be recognised as profit on completion. Accordingly, the net pre-tax profit arising from the sale is estimated to be about HK\$81 million. The transfer of the aforesaid sum of about HK\$35 million from land and buildings revaluation reserve to retained earnings will also be effected on completion.

#### **Rental and Property Management**

Although the Group's rental income base has become smaller as a result of disposals, rental income of the Group's other properties has benefited from higher unit rental and improved occupancy. The Group has been retained by the purchaser of the Fibres and Fabrics Industrial Centre as the estate manager, and has been appointed estate manager of two other properties owned by outside owners during the year. All factors included, turnover of the rental and property management operations for the year ended 31 March 2005 was HK\$168.8 million, reporting a net decrease of HK\$8.6 million compared to HK\$177.4 million for the previous year. The profit before tax of this segment was also slightly reduced from HK\$126.8 million to HK\$119.0 million. As at 31 March 2005, total floor spaces leased out by the Group aggregated about 1.9 million sq.ft., representing an overall occupancy rate of 92%.

## **Warehousing**

The 95% owned cold storage operation in Shekou reported further improvement in both turnover and profit. The warehousing operation in Zhangjiagang, Jiangsu was sold in June 2004 at a profit. The 70% owned warehousing operation in Hong Kong has had another difficult year but managed to maintain its turnover and improved its profit slightly through cost reduction. Overall profit of this segment for the year ended 31 March 2005 was HK\$2.3 million before tax, compared to a loss of HK\$4.9 million for the previous year which included an impairment loss of HK\$5.6 million.

## **Investments**

The Group holds a 5.14% interest in Suntec City Development Pte. Ltd., Singapore ("SCD"). On 9 December 2004, SCD completed the sale of all its remaining office and retail spaces in Suntec City, Singapore to Suntec Real Estate Investment Trust ("Suntec REIT"). The total consideration of S\$2,107 million was payable as to S\$1,443.3 million in cash and S\$456.7 million in 456.7 million Suntec REIT units issued at par on completion, with the balance of S\$207 million payable in 207 million Suntec REIT units in 6 equal semi-annual installments starting from June 2008.

All the Suntec REIT units received by SCD were distributed to SCD shareholders on 9 December 2004 by way of a special dividend in specie, and the Group's entitlement thereof is 23.48 million units. In addition to its normal annual dividend, SCD also distributed a special cash dividend in December 2004 out of the cash proceeds. After deducting the Group's investment cost attributable to SCD's special distributions, dividend income aggregating HK\$101.9 million was recognized by the Group for the year ended 31 March 2005. The comparative amount for the previous year was HK\$11.9 million.

Trading of Suntec REIT units commenced on 9 December 2004, and the units have been actively traded. The Suntec REIT units held by the Group are carried in the accounts at market value which was HK\$142.1 million as at 31 March 2005. A revaluation surplus of HK\$31.1 million was recognized and credited to the Group's investment revaluation reserve. The Group's interest in SCD and a 10.60% interest in Suntec Investments Pte. Ltd., Singapore are carried in the accounts at Directors' valuation. Due to the downsized operation and assets of SCD, a net revaluation deficit of HK\$72.8 million was recognized at 31 March 2005 and debited to the Group's investment revaluation reserve.

## **Interest income and finance costs**

Interest income during the year aggregated HK\$8.4 million, mainly accruing on loans advanced by the Group to investee companies in

respect of joint property development projects in Hong Kong and Singapore. The comparative amount in the previous year was HK\$7.0 million. Since the Group's bank borrowings have been reduced substantially during the year, finance costs have also been reduced by HK\$2.6 million to HK\$14.8 million, inclusive of the costs of interest rate hedges, despite repeated increases in interest rate in the latter half of the year under review.

## **Associated Companies**

For the year under review, the combined net results of the Group's associated companies was a profit of HK\$0.6 million before tax, compared to a loss of HK\$0.2 million for the previous year. Their carrying value in the Group's balance sheet has been reduced by about HK\$87.3 million to HK\$19.6 million. The reason for this is that the associated company participating in The Grandville project, in addition to repaying all previous amounts advanced to it by the Group, has made advances to the Group in a total sum of about HK\$54 million using its pre-sale proceeds after repaying all its bank borrowings and after setting aside a full amount for all outstanding construction costs.

## **Change in Group Structure**

The wholly-owned subsidiary in Zhangjiagang, Jiangsu engaged in warehousing business was sold in June 2004 at a profit. At the end of March 2005, the equity ownership in respect of the unsold portions of the Regent Centre was restructured. Before the restructuring, the Group's equity ownership therein was 80%. As a result of the restructuring, units in the Regent Centre with a total gross floor area of about 72,000 sq.ft. were distributed to three of the minority shareholders and the Group's equity interest in the remaining units of the Regent Centre with a total gross floor area of about 716,000 sq.ft. has become 95.24%.

## **Valuation of Properties**

The aggregate professional valuation of the Group's investment properties at 31 March 2005 was about HK\$1,628 million, reporting a valuation increase of about HK\$238 million. After adjusting for minority interests, the valuation increase attributable to the Group in the sum of about HK\$228 million has been credited to the Group's investment properties revaluation reserve. Due to the adoption of Hong Kong Accounting Standard 40 on 1 April 2005, the entire balance of about HK\$551 million in the Group's investment properties revaluation reserve has been transferred to retained earnings on that date.

The professional valuation of the 102 How Ming Street site at 31 March 2005 was HK\$2,200 million, resulting in a valuation increase of about HK\$1,310 million which has been credited to the Group's land and buildings revaluation reserve.

## Chairman's Statement *(continued)*

Certain units in Global Gateway (Hong Kong) are classified under current assets as properties for sale. Their professional valuation at 31 March 2005 was higher than their cost. Prior year provision in the sum of about HK\$1.7 million has been written back to the Group's profit and loss account for the year under review.

### Property held for Development

Use of the site at 102 How Ming Street, Kwun Tong as an open space car park was stopped by the Group in January 2005 to facilitate site investigation. Negotiation in respect of the lease modification for changing the use of part of the gross floor area from office to hotel has been protracted, and the Government has not yet made an offer of the modification premium. While the modification premium will be considered when an offer is received, the Group's present plan is to develop the site into two office towers for rental income.

### PROJECT PROGRESS

#### "The Grandville", Hong Kong

The Group has a 10% indirect interest in this luxurious residential development at No. 2 Lok Kwai Path, Sha Tin. Over 90% of the development was sold within about one month with an average price of about HK\$7,500 per sq.ft. when pre-sale was launched at the end of 2004. The Grandville has generated about HK\$3.4 billion of revenue. The revenues and profits pertaining to The Grandville project will be recognized by the Group after completion of the development, which is scheduled for the first half year of 2006.

#### "Draycott Eight", Singapore

The Group has a 15% interest in Winworth Investment Pte Ltd, the developer of this prime residential development with a gross floor area of about 340,000 sq.ft. upon completion. This development will be completed in the second half year of 2005. Sale has not yet been launched.

#### "Kovan Melody", Singapore

The Group has a 12% indirect interest in this condominium apartment development with a gross floor area of about 952,000 sq.ft., completion of which is scheduled for the second half year of 2006. Pre-sale commenced in August 2004 and about 54% of the development has been sold by the end of June 2005.

### EMPLOYEES

As at 31 March 2005, the Group employed a total of 194 employees of which 67 were based in Mainland China. Most of the employees in Hong Kong are engaged in estate management. The increase of 14 in the overall headcount was mainly due to the additional manpower required to discharge the duties under the external estate management contracts obtained by the Group during the year. All eligible employees in Hong Kong are enrolled to a defined contribution mandatory provident fund scheme. Other benefits are awarded at the discretion of the Group. Staff training is provided as and when required.

### FINANCIAL REVIEW

The Group's cash and bank balances as at 31 March 2005 amounted to HK\$76.2 million, compared to HK\$126.2 million as at 31 March 2004. After repayment via cash generated from operations, sale proceeds and investment activities, the Group's total bank borrowings were HK\$254.2 million as at 31 March 2005, representing a net decrease of HK\$561.6 million during the year. Bank borrowings net of cash and bank balances have also been reduced by HK\$511.6 million to HK\$178.0 million. The bank loans are secured by certain investment properties and properties for sale with a total book value of HK\$1,588.8 million as at 31 March 2005. Computed as the ratio of total bank borrowings to shareholders' funds, which amounted to HK\$4,174.1 million at 31 March 2005, the Group's gearing was 6.1% as at that date.

As at 31 March 2005 the Group's total bank borrowings comprised long term loans only and the borrowing costs were all calculated on a floating rate basis. The equivalents of HK\$94.2 million were denominated in Singapore dollars and were backed up by the Group's assets in Singapore. 32.0% or HK\$81.4 million of the long term loans would fall due before 31 March 2006. The repayment has been and will be met by the funds generated from the Group's operations and by the proceeds from the disposal of Global Gateway (Hong Kong) reported above.

Interest rate hedge instruments for an aggregate notional principal amount of HK\$380 million were in effect throughout the year. The net settlement position of these instruments are presently in the Group's favour.

At 31 March 2005 the Group also carried other long term loans amounting to HK\$35.4 million, being unsecured interest-free loans with no fixed terms of repayment from minority shareholders of two subsidiaries. Such loans have been reduced by HK\$110.1 million during the year by repayment and via the restructuring of the equity ownership of the unsold portions of the Regent Centre.



The Group's capital commitments in the aggregate sum of HK\$36.6 million as at 31 March 2005 were all in relation to the engagement of professional consultants for the purpose of the 102 How Ming Street development.

Other than a small increase of HK\$1.9 million due to exchange fluctuation during the year, there were no other changes to the Group's contingent liabilities in respect of guarantees and indemnity provided to secure banking facilities granted to The Grandville and Kovan Melody projects. The balance of such contingent liabilities was HK\$213.5 million as at 31 March 2005. Since all the amounts outstanding under the banking facilities granted to The Grandville project have been repaid in full, documentation is in progress to cancel the relevant banking facilities as well as the guarantees for HK\$100 million provided by the Group in connection therewith.

#### **NEW INVESTMENT**

Subsequent to 31 March 2005 the Group acquired 20% of the issued share capital and shareholders' loans of Pangold Development Ltd. ("Pangold") from the USI Group for a consideration of HK\$53,057,000, prior independent shareholders' approval of this connected transaction having been obtained on 21 April 2005. Pangold's sole asset is the property known as No. 157 Argyle Street, Kowloon which it acquired by way of public tender in January 2005 at a tender purchase price of HK\$250.1 million. The said property has a site area of approximately 18,000 sq.ft. and Pangold is presently holding it for investment purpose. The property may be redeveloped into residential units for sale if the market condition, the cost involved (including the land premium for increasing its buildable gross floor area to the permissible maximum) and the risk levels associated therewith are considered suitable, justifiable and acceptable respectively.

#### **OUTLOOK**

The gearing, liquidity, assets mix and overall financial position of the Group have all been strengthened very considerably by the results of the year under review. SCD has paid another special cash dividend in May 2005. The Group's share thereof is about HK\$79.8 million and about HK\$60 million will be recognized as income for the current financial year after deducting the attributable investment cost. Completion of the disposal of the unsold portion of Global Gateway (Hong Kong) by the end of August 2005 will place the Group in a cash surplus position. The income base of the Group, however, has been reduced by reason of the disposals reported herein and it will be about 4 years before the rental income from the 102 How Ming Street development begins to flow. The Group is actively seeking investment opportunities both in and outside Hong Kong to enhance the Group's earnings base. Barring

unforeseen circumstances and given the progress of the projects in the pipeline, the Directors are cautiously optimistic of the Group's prospects.

#### **DIVIDEND**

The Directors have recommended a final dividend of HK\$0.18 per share for the year ended 31 March 2005. Subject to approval of the Annual General Meeting to be held on 25 August 2005, total dividend for the year ended 31 March 2005 will amount to HK\$0.25 per share and the total amount distributed will be HK\$64,921,000. The final dividend will be payable on 7 September 2005 to all shareholders on register as at 25 August 2005.

#### **TRIBUTE**

On behalf of the Board of Directors, I would like to thank the management and staff for their continuing efforts and the record results for the year under review.

**CHENG Wai Chee, Christopher**  
*Chairman*

Hong Kong, 14 July 2005.

# Report of the Directors

The Directors have pleasure in submitting their report and the audited accounts for the year ended 31 March 2005.

## Principal activities

The principal activity of the Company is investment holding. The names, particulars and activities of its subsidiaries and associated companies are set out on pages 44 to 45.

## Results and appropriations

The results of the Group for the year are set out in the consolidated profit and loss account on page 16.

An analysis of the Group's turnover and profit for the year by business and geographical segments is set out in note 2 to the accounts.

A summary of the results and assets and liabilities of the Group for the last 5 years is set out on page 48.

An interim dividend of 7 cents per share, totalling HK\$18,178,000, was paid on 3 February 2005. The Directors have recommended a final dividend of 18 cents per share, totalling HK\$46,743,000, payable on 7 September 2005.

## Pre-emptive rights

No pre-emptive rights exist in the Cayman Islands being the jurisdiction in which the Company was incorporated.

## Share capital

There were no movements in the share capital of the Company during the year.

## Reserves

Details of the movements in the reserves of the Group and the Company during the year are set out in note 22 to the accounts.

## Distributable reserves

Under the Cayman Islands Companies Law, contributed surplus is distributable. Accordingly, total distributable reserves of the Company as at 31 March 2005 amounted to HK\$2,649,674,000 (2004: HK\$2,724,848,000).

## Donations

Charitable donations made by the Group during the year amounted to HK\$100,000 (2004: HK\$60,000).

## Fixed assets

Details of the movements in fixed assets during the year are set out in note 12 to the accounts.

## Principal properties

Details of the principal properties held for development, for sale and for investment purposes are set out on page 46.

## Bank and other borrowings and interest capitalised

Details of bank and other borrowings are set out in notes 20, 23 and 24 to the accounts. No interest has been capitalised during the year.

## Management contracts

No contracts concerning the management and administration of the Company were entered into or existed during the year.

## Directors

The Board of Directors as now constituted is listed on page 2. The brief biographical details of the Directors are set out on pages 3 to 5.

Mr. Paul Francis Giles served as Director until 13 December 2004.

Mr. Haider Hatam Tyebjee Barma was appointed independent non-executive Director of the Company on 17 May 2005. He retires under the provisions of Article 99 of the Company's Articles of Association at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

Mr. Cheng Wai Sun, Edward, Mrs. Chen Chou Mei Mei, Vivien, Mr. Tang Ming Chien, Manning and Mr. Chung Hon Sing, John retire by rotation under the provisions of Article 116 of the Company's Articles of Association at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company.

## Compliance with the Code of Best Practice

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") which were then in force.

Pursuant to the Code of Best Practice, an Audit Committee with written terms of reference was appointed on 18 December 1998. The present Audit Committee comprises two independent non-executive Directors, namely Mr. Christopher Patrick Langley and Mr. Ho Fook Hong, Ferdinand and one non-executive Director, Mr. Cheng Wai Chee, Christopher. The Audit Committee's principal duties include the review of the Group's financial reports, the effectiveness of both the external and internal audits and of internal controls and risk evaluation. Four meetings of the Audit Committee were held during the year.

The Code of Best Practice was replaced by the Code on Corporate Governance Practices ("CCGP") which has become effective for accounting periods commencing on or after 1 January 2005. Appropriate actions have been and are being taken by the Company for complying with the CCGP.

## Directors' interests in contracts and in equity or debt securities

Save and except for the transactions disclosed in note 11 to the accounts, no contracts of significance in relation to the Group's businesses to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The interests of the Directors at 31 March 2005 in the issued share capital of the Company as recorded in the register kept under section 352 of the Securities and Futures Ordinance ("SFO") are set out below :-

Name of Director	Nature of interests and capacity in which interests are held				Total number of ordinary shares held	Percentage of issued share capital
	Interests held as beneficial owner	Interests held by spouse	Interests held by controlled corporation	Other interests (Notes 1 & 2)		
Mr. Cheng Wai Chee, Christopher	—	27,000	—	108,831,887	108,858,887	41.91%
Mr. Chow Wai Wai, John	2,555,000	—	—	—	2,555,000	0.98%
Mr. Cheng Wai Sun, Edward	—	—	—	71,790,500	71,790,500	27.65%
Mr. Tang Ming Chien, Manning	600,000	—	—	—	600,000	0.23%
Mr. Lam Woon Bun	50,000	10,000	—	—	60,000	0.02%
Mrs. Chen Chou Mei Mei, Vivien	70,000	—	—	—	70,000	0.03%
Mr. Chow Wei Lin	—	—	189,215	—	189,215	0.07%
Notes:						
(1) Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward are both beneficiaries of a family trust, the assets of which included indirect interests in 71,790,500 shares in the Company in which Wing Tai Holdings Limited ("Wing Tai") is deemed to be interested, as set out in Note 1 to the section "Substantial shareholders".						
(2) The Company has been notified by Mr. Cheng Wai Chee, Christopher of the following : —						
He has a personal interest in 0.39% and a corporate interest in 28.57% of the issued share capital of USI Holdings Ltd. ("USI"). Wing Tai is also interested in 21.02% of the issued share capital of USI. USI, through its wholly owned subsidiaries (Twin Dragon Investments Ltd. and Shui Hing Textiles International Ltd.), is deemed to be interested in 37,041,387 ordinary shares in the Company as from 15 March 2004. Despite the legal advice obtained by him that USI's interest in the ordinary shares in the Company is not, to him, a notifiable interest, he nonetheless decided to disclose the same for transparency.						

## **Report of the Directors** *(continued)*

Save as disclosed herein, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) at 31 March 2005.

### **Directors' interest in competing businesses**

Set out below is information disclosed pursuant to rule 8.10(2) of the Listing Rules:-

Three executive Directors, namely Messrs. Chow Wai Wai, John, Lam Woon Bun and Chow Wei Lin, and a non-executive Director, namely Mr. Tang Ming Chien, Manning, being also directors of Winsor Industrial Corporation, Limited ("WICL") and/or its subsidiaries, are considered as interested in WICL under rule 8.10(2). WICL is a company listed in Hong Kong.

Ownership of certain carparking spaces in Hong Kong for letting by a subsidiary of WICL constitutes competing business to the Group. In view of the Group's experience and expertise in industrial property (inclusive of carparking spaces) letting and management, the WICL subsidiary has appointed a subsidiary of the Company as agent for letting of the said carparking spaces.

Since the WICL Group carparking spaces are targeted at different customers and/or situated in a different area compared to the Group's own carparking spaces, the Group considers that its interest in the business of owning and letting of carparking spaces is adequately safeguarded.

Two non-executive Directors, namely Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward, being also executive directors of USI and having equity interests therein, and their alternate director, Mr. Au Hing Lun, Dennis, being executive director and company secretary of USI, are considered as having interests in USI under rule 8.10(2).

The letting of industrial buildings by USI constitute competing businesses to the Group. As non-executive Directors, Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward are not participating in the routine businesses of letting of industrial buildings by the Group, neither is their alternate, Mr. Au Hing Lun, Dennis.

USI is a listed company with an independent management team and administration which are separate from those of the Group and the industrial buildings let by USI and the Group are

targeting at different customer bases and different market segments. In this respect, coupled with the diligence of the Company's independent non-executive Directors and the members of its Audit Committee, the Group is capable of carrying on its businesses at arm's length and independently of such competing businesses.

Although the disclosure requirements under rule 8.10(2) of the Listing Rules do not apply to independent non-executive directors, Dr. Lo Ka Shui nevertheless decided to disclose for the sake of transparency that, being the Deputy Chairman and Managing Director of Great Eagle Holdings Limited ("GEHL") and having equity interests therein, he is considered as having interests in GEHL under rule 8.10(2). Businesses of GEHL consist of property and hotel investments and in this respect constitute potential competing businesses to the Group.

### **Share options**

The Company adopted a 10 year share option scheme ("the Scheme") by resolutions of shareholders passed on 11 October 1996 for the purpose of providing incentives to employees. No option has been granted by the Company under the Scheme since its adoption. As at the date of this report, the total number of shares available for issue under the Scheme is 25,968,528 shares, being 10% of the 259,685,288 shares of the Company in issue. The maximum entitlement of each participant in the Scheme is 25% of the available shares.

The period within which an option granted under the Scheme can be exercised is ten years from the date of grant, and an option is exercisable once granted. A consideration of HK\$1.00 is payable on acceptance of the option. The price payable in full on the exercise of an option is determined by the Directors but cannot be less than the higher of (i) the nominal value of a share in the Company; and (ii) 80% of the average closing price of the Company's share for the five business days immediately preceding the date the option is offered.

On 1 September 2001 the Stock Exchange amended Chapter 17 of the Listing Rules. As a result, granting of share options by the Company under the Scheme will not be permitted unless it is in compliance with the Listing Rules and may entail an amendment of the terms of the Scheme or the adoption of a new scheme. The Directors do not have a present plan for the granting of share options and will seek shareholders' approval of a new scheme when the need arises.

## Substantial shareholders

Apart from the interests of the Directors in the issued share capital of the Company as disclosed in the section “Directors’

interests in contracts and in equity or debt securities”, the register kept under section 336 of the SFO shows that at 31 March 2005 the Company has been notified of the following interests in the issued share capital of the Company:-

Name of substantial shareholder	Nature of interests and capacity in which interests are held			Total number of ordinary shares held	Percentage of issued share capital
	Interests held as beneficial owner	Interests held by spouse	Interests held by controlled corporation		
Crossbrook Group Limited	71,790,500	—	—	71,790,500	27.65%
Wing Tai Holdings Limited (Note 1)	—	—	71,790,500	71,790,500	27.65%
Mr. Chou Wen Hsien (Notes 2 & 3)	10,233,875	2,736,088	25,968,000	38,937,963	14.99%
Mrs. Chou Yim Wan Chun, Ina (Note 3)	2,736,088	36,201,875	—	38,937,963	14.99%
Mr. Chow Chung Kai (Notes 2 & 4)	12,764,665	9,000	25,968,000	38,741,665	14.92%
Mrs. Chow Yu Yue Chen (Note 4)	9,000	38,732,665	—	38,741,665	14.92%
Twin Dragon Investments Limited	36,950,887	—	—	36,950,887	14.23%
USI Holdings (B.V.I.) Limited (Note 5)	—	—	37,041,387	37,041,387	14.26%
USI Holdings Limited (Note 5)	—	—	37,041,387	37,041,387	14.26%
Gala Land Investment Co. Limited	25,968,000	—	—	25,968,000	10.00%
Farnham Group Limited (Note 2)	—	—	25,968,000	25,968,000	10.00%
Notes:					
(1) Crossbrook Group Limited is a wholly-owned subsidiary of Wing Tai. Under Part XV of the SFO, Wing Tai is deemed to be interested in all the shares in the Company beneficially owned by Crossbrook Group Limited.					
(2) Gala Land Investment Co. Limited is a wholly-owned subsidiary of Farnham Group Limited (“Farnham”). Mr. Chou Wen Hsien and Mr. Chow Chung Kai are each entitled to exercise 50% of the voting power at general meetings of Farnham. Under Part XV of the SFO, each of Farnham, Mr. Chou Wen Hsien and Mr. Chow Chung Kai are deemed to be interested in all the shares in the Company beneficially owned by Gala Land Investment Co. Limited.					
(3) Under Part XV of the SFO, Mr. Chou Wen Hsien is deemed to be interested in all the shares in the Company in which Mrs. Chou Yim Wan Chun, Ina, his spouse, is interested and vice versa.					
(4) Under Part XV of the SFO, Mr. Chow Chung Kai is deemed to be interested in all the shares in the Company in which Mrs. Chow Yu Yue Chen, his spouse, is interested and vice versa.					
(5) As regards these 37,041,387 shares in the Company, 36,950,887 shares are beneficially owned by Twin Dragon Investments Limited and the remaining 90,500 shares are beneficially owned by Shui Hing Textiles International Limited. Both corporations are wholly-owned subsidiaries of USI Holdings (B.V.I.) Limited which in turn is a wholly-owned subsidiary of USI. Under Part XV of the SFO, USI Holdings (B.V.I.) Limited is deemed to be interested in all the shares in the Company beneficially owned by Twin Dragon Investments Limited and Shui Hing Textiles International Limited, and USI is deemed to be interested in all the shares in the Company in which USI Holdings (B.V.I.) Limited is interested.					

Save as disclosed herein, as at 31 March 2005 the Company had not been notified by any person of any interests or short positions in the shares or underlying shares of the Company

which are notifiable to the Company under Divisions 2 and 3 of Part XV of the SFO.

## **Report of the Directors** *(continued)*

### **Related party and connected transactions**

- (a) Transactions between the Group and the WICL Group during the year, which constituted exempted connected transactions under the Listing Rules, are disclosed as related party transactions in note 11(a) to the accounts.
- (b) Transactions between the Group and the USI Group during the year, which constituted exempted connected transactions under the Listing Rules, are disclosed as related party transactions in note 11(b)(ii) to the accounts.
- (c) Connected transactions required to be disclosed in accordance with Chapter 14A of the Listing Rules are disclosed in notes 11(b)(i), 11(b)(iii), 11(c) and 11(d) to the accounts.

### **Purchase, sale or redemption of shares**

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

### **Major customers and suppliers**

The percentages of the Group's sales for the year attributable to major customers are as follows:

Percentage of sales attributable to	
the Group's largest customer	49.12%
Percentage of sales attributable to	
the Group's five largest customers	62.22%

None of the Directors, their associates, or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has any interest in the customers disclosed above.

During the year, less than 30% of the Group's purchases was attributable to its five largest suppliers.

### **Auditors**

The accounts have been audited by PricewaterhouseCoopers who offer themselves for re-appointment at a fee to be agreed.

On behalf of the Board

**CHENG Wai Chee, Christopher**  
*Chairman*

Hong Kong, 14 July 2005

# **Report of the Auditors**

## **Report of the Auditors to the Shareholders of Winsor Properties Holdings Limited**

*(Incorporated under the laws of the Cayman Islands with limited liability)*

We have audited the accounts on pages 16 to 45 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### **Respective responsibilities of Directors and Auditors**

The Company's Directors are responsible for the preparation of 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 those accounts and to report our opinion solely to you, as a body, 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 Institute of Certified Public 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 circumstances of the Company and the Group, 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 the Group as at 31 March 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 14 July 2005

**WINSOR PROPERTIES HOLDINGS LIMITED***(Incorporated under the laws of the Cayman Islands with limited liability)***Consolidated Profit and Loss Account**

For the year ended 31 March 2005

	<i>Note</i>	<b>2005</b> <b>HK\$'000</b>	2004 HK\$'000
<b>Turnover</b>	2	<b>508,936</b>	220,813
Cost of sales		<b>(98,809)</b>	(83,063)
Gross profit		<b>410,127</b>	137,750
Other revenues	2	<b>115,938</b>	26,408
Selling expenses		<b>(5,311)</b>	(3,102)
Administrative expenses		<b>(29,009)</b>	(25,946)
Other operating income less expenses		<b>1,193</b>	(4,964)
		<b>492,938</b>	130,146
Finance costs	5	<b>(14,794)</b>	(17,431)
Operating profit	2,3	<b>478,144</b>	112,715
Share of profits less losses of associated companies		<b>584</b>	(168)
Profit before taxation		<b>478,728</b>	112,547
Taxation	7	<b>(14,967)</b>	(6,295)
Profit after taxation		<b>463,761</b>	106,252
Minority interests		<b>(3,952)</b>	(6,910)
<b>Profit attributable to shareholders</b>	8	<b>459,809</b>	99,342
 <b>Dividends</b>	9	 <b>64,921</b>	 31,162
		<b>HK\$</b>	<b>HK\$</b>
<b>Earnings per share</b>	10	<b>1.77</b>	0.38



**WINSOR PROPERTIES HOLDINGS LIMITED***(Incorporated under the laws of the Cayman Islands with limited liability)***Consolidated Balance Sheet**

At 31 March 2005

	<i>Note</i>	<b>2005</b> <b>HK\$'000</b>	2004 HK\$'000
<b>Fixed assets</b>	<i>12</i>	<b>3,860,029</b>	2,677,560
<b>Associated companies</b>	<i>14</i>	<b>19,558</b>	106,911
<b>Other investments</b>	<i>15</i>	<b>438,176</b>	582,155
<b>Other receivables</b>	<i>16</i>	—	—
<b>Deferred tax assets</b>	<i>25</i>	<b>5,675</b>	6,766
<b>Current assets</b>			
Properties for sale	<i>17</i>	<b>127,842</b>	126,176
Debtors and receivables	<i>18</i>	<b>164,852</b>	20,734
Cash and bank balances		<b>76,222</b>	126,185
		<b>368,916</b>	273,095
<b>Current liabilities</b>			
Creditors and accruals	<i>19</i>	<b>192,160</b>	50,952
Bank loans and overdrafts	<i>20</i>	<b>81,364</b>	170,188
Tax payable		<b>11,869</b>	3,070
		<b>285,393</b>	224,210
<b>Net current assets</b>		<b>83,523</b>	48,885
<b>Total assets less current liabilities</b>		<b>4,406,961</b>	3,422,277
<b>Share capital</b>	<i>21</i>	<b>2,596</b>	2,596
<b>Reserves</b>	<i>22</i>	<b>4,124,782</b>	2,593,889
<b>Proposed final dividend</b>	<i>22</i>	<b>46,743</b>	18,178
<b>Shareholders' funds</b>		<b>4,174,121</b>	2,614,663
<b>Minority interests</b>	<i>30(c)</i>	<b>(20)</b>	(11,381)
<b>Long term bank loans</b>	<i>23</i>	<b>172,848</b>	645,633
<b>Other long term loans</b>	<i>24</i>	<b>35,420</b>	145,496
<b>Deferred tax liabilities</b>	<i>25</i>	<b>24,592</b>	27,866
<b>Funds employed</b>		<b>4,406,961</b>	3,422,277

**CHENG Wai Chee, Christopher**  
*Director*

**CHOW Wai Wai, John**  
*Director*

**WINSOR PROPERTIES HOLDINGS LIMITED***(Incorporated under the laws of the Cayman Islands with limited liability)***Balance Sheet**

At 31 March 2005

	<i>Note</i>	<b>2005</b> <b>HK\$'000</b>	2004 HK\$'000
<b>Subsidiaries</b>	<i>13</i>	<b>2,652,184</b>	2,727,352
<b>Current assets</b>			
Debtors		<b>269</b>	338
Cash and bank balances		<u><b>53</b></u>	<u>23</u>
		<u><b>322</b></u>	<u>361</u>
<b>Current liabilities</b>			
Accruals and payables		<u><b>236</b></u>	<u>269</u>
<b>Net current assets</b>		<u><b>86</b></u>	<u>92</u>
<b>Total assets less current liabilities</b>		<u><b>2,652,270</b></u>	<u>2,727,444</u>
 <b>Share capital</b>	 <i>21</i>	 <b>2,596</b>	 2,596
<b>Reserves</b>	<i>22</i>	<b>2,602,931</b>	2,706,670
<b>Proposed final dividend</b>	<i>22</i>	<u><b>46,743</b></u>	<u>18,178</u>
<b>Shareholders' funds</b>		<u><b>2,652,270</b></u>	<u>2,727,444</u>

**CHENG Wai Chee, Christopher**  
*Director*

**CHOW Wai Wai, John**  
*Director*

**WINSOR PROPERTIES HOLDINGS LIMITED***(Incorporated under the laws of the Cayman Islands with limited liability)***Consolidated Statement of Changes in Equity**

For the year ended 31 March 2005

	<i>Note</i>	<b>2005</b> <b>HK\$'000</b>	2004 HK\$'000
<b>Total equity as at 1 April of the previous year</b>		<u><b>2,614,663</b></u>	<u>2,062,248</u>
Increase on valuation of investment properties	22	<b>228,071</b>	65,763
Increase on valuation of other properties	22	<b>1,309,857</b>	427,477
Decrease on valuation of other investments	22	<b>(41,646)</b>	(8,741)
Exchange differences arising from translation of the accounts of foreign subsidiaries and associated companies	22	<u><b>(3,485)</b></u>	<u>(5,357)</u>
<b>Net gains not recognized in the profit and loss account</b>		<u><b>1,492,797</b></u>	<u>479,142</u>
		<b>4,107,460</b>	2,541,390
Profit for the year		<b>459,809</b>	99,342
Reserve realized on disposal of investment properties	22	<b>(266,614)</b>	(101)
Reserve realized on disposal of subsidiary companies	22	<b>(854)</b>	—
Reserve realized on disposal of other investments	22	<b>(89,324)</b>	—
Dividends	22	<u><b>(36,356)</b></u>	<u>(25,968)</u>
<b>Total equity as at 31 March</b>		<u><b>4,174,121</b></u>	<u>2,614,663</u>

**WINSOR PROPERTIES HOLDINGS LIMITED***(Incorporated under the laws of the Cayman Islands with limited liability)***Consolidated Cash Flow Statement**

For the year ended 31 March 2005

	<i>Note</i>	<b>2005</b> <b>HK\$'000</b>	<b>2004</b> <b>HK\$'000</b>
<b>Net cash inflow generated from operations</b>	<i>30(a)</i>	<b>97,623</b>	131,496
Interest paid		<b>(15,144)</b>	(19,650)
Hong Kong profits tax paid		<b>(7,894)</b>	(8,004)
Overseas tax paid		<b>(300)</b>	(358)
<b>Net cash inflow from operating activities</b>		<b>74,285</b>	103,484
<b>Investing activities</b>			
Purchase of fixed assets		<b>(4,202)</b>	(8,915)
Proceeds from disposal of fixed assets, including investment properties		<b>308,865</b>	4,705
Interest received		<b>2,155</b>	292
Net cash outflow on disposal of subsidiaries	<i>30(b)</i>	<b>(26,979)</b>	—
Dividends received from other investments		<b>101,945</b>	11,927
Acquisition of and amounts advanced to associated companies		<b>(5,939)</b>	(51,146)
Amounts repaid and advanced by associated companies		<b>94,243</b>	—
Acquisition of and amounts advanced to other investments		<b>(12,226)</b>	—
Disposal of and amounts repaid by other investments		<b>29,908</b>	22,389
Recovery of debts under liquidation		<b>—</b>	4,710
<b>Net cash inflow/(outflow) from investing activities</b>		<b>487,770</b>	(16,038)
<b>Net cash inflow before financing</b>		<b>562,055</b>	87,446
<b>Financing</b>			
New long term bank loans		<b>280,552</b>	313,911
New short term bank loans		<b>81,000</b>	136,000
Repayment of long term bank loans		<b>(790,759)</b>	(293,536)
Repayment of short term bank loans		<b>(133,296)</b>	(123,000)
Repayment of other long term loans		<b>(13,159)</b>	(10,221)
Dividends paid		<b>(36,356)</b>	(25,968)
Dividends paid to minority interests		<b>—</b>	(900)
<b>Net cash outflow from financing</b>	<i>30(c)</i>	<b>(612,018)</b>	(3,714)
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(49,963)</b>	83,732
Cash and cash equivalents at 1 April of the previous year		<b>126,185</b>	42,453
<b>Cash and cash equivalents at 31 March</b>		<b>76,222</b>	126,185
<b>Analysis of the balances of cash and cash equivalents</b>			
Cash and bank balances		<b>76,222</b>	126,185

# Notes to the Accounts

## 1. Principal accounting policies

The principal accounting policies adopted in the preparation of the accounts are set out below:

### (a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with the Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties, properties held for development, leasehold land and buildings and other investments.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The Group has not adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

### (b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31 March. Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

The consolidated accounts also include the Group’s share of post-acquisition profits less losses, and reserves, of its associated companies. The results of subsidiaries and associated companies acquired and disposed of during the year are included in the consolidated profit and loss account from or up to their effective dates of acquisition or disposal respectively.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary or an associated company represents the difference between the proceeds of the sale and the Group’s share of its net assets together with any unamortised goodwill or negative goodwill or goodwill/negative goodwill taken to reserves and which was not previously charged or recognized in the consolidated profit and loss account and also any related accumulated exchange fluctuation.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company’s balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### (c) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group’s share of the results of associated companies for the year, and the consolidated balance sheet includes the Group’s share of the net assets of the associated companies and goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

### (d) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm’s length.

Investment properties held on leases with unexpired periods of greater than 20 years are stated at valuations undertaken annually by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realized in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account.

# Notes to the Accounts

**(e) Properties held for development**

Properties held for development are investments in land and buildings under or pending construction. The investments are carried at valuation of the land and development and construction expenditure incurred and interest and other direct costs attributable to the development. Properties held for development are not depreciated. On completion, the properties are transferred to investment properties or properties for sale according to the intended use of the properties.

**(f) Leasehold land and buildings and other fixed assets**

Leasehold land and buildings are stated at valuation, less accumulated depreciation.

Leasehold land is depreciated over the remaining period of the relevant lease. Buildings are depreciated at the annual rate of 4%.

Other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, and are depreciated at annual rates of 10% to 20% to write off their costs less accumulated impairment losses over their estimated useful lives on a straight-line basis.

Improvements are capitalized and depreciated over their expected useful lives to the Group.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that these fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognized to reduce the asset to its recoverable amount. Such impairment losses are recognized in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

The gains or losses on disposal of leasehold land and buildings and other fixed assets are the difference between the net sales proceeds and the carrying amounts of the relevant assets, and are recognized in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant assets is transferred to retained earnings and is shown as a movement in reserves.

**(g) Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable on or receivable from such leases are charged or credited to the profit and loss account on a straight-line basis over the lease term.

**(h) Other investments**

Other investments are held for the long term and are stated at valuation. Increases in valuation are credited to the investment revaluation reserve; decreases are first set off against increases on earlier valuations and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Upon disposal, the cumulative gain or loss representing the difference between the net sale proceeds and the carrying amount of the relevant investment, together with the relevant portion of the investment revaluation reserve realized, is dealt with in the profit and loss account.

**(i) Properties for sale**

Completed properties for sale remaining unsold at year end are stated at the lower of cost and net realizable value.

Cost is determined by apportionment of the total land and development costs attributable to the unsold properties. Land cost is stated at cost or valuation carried out upon completion of the development. Any previous revaluation reserve will be frozen until the disposal of the property whereupon the frozen revaluation reserve will be transferred directly to retained earnings.

Net realizable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses after the balance sheet date, or by management estimates based on prevailing market conditions.

**(j) Debtors**

Provision is made against debtors to the extent they are considered to be doubtful. Debtors in the balance sheet are stated net of such provision.

**(k) Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and bank overdrafts and loans repayable within 3 months from date of advance.

**(l) Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

#### **(m) Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are not recognized but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

#### **(n) Deferred taxation**

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred income taxation.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

#### **(o) Translation of foreign currencies**

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheet of subsidiaries and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and

loss account is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

#### **(p) Revenue recognition**

Revenue from the sale of properties is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

Operating lease rental income is recognized on a straight-line basis over the lease period.

Dividend income is recognized when the right to receive payment is established.

Interest income is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Storage income and other income are recognized on an accruals basis.

#### **(q) Employee benefits**

Employee entitlements to annual leave and statutory long service payments are recognized when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in independently administered funds.

#### **(r) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset.

The capitalization rate of the borrowing costs eligible for capitalization is the interest rate applicable to the loan borrowed for that asset.

All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

# Notes to the Accounts

## (s) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, other investments, properties for sale, debtors and operating cash. Segment liabilities comprise operating liabilities and exclude corporate

borrowings. Capital expenditure comprises additions to fixed assets, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

## 2. Turnover, revenue and segment information

The Group is principally engaged in property investment and development and management, warehousing and investment holding.

Revenues recognized during the year are as follows:

	2005 HK\$'000	2004 HK\$'000
Turnover		
Sale of investment properties and properties for sale	312,343	16,380
Rental and property management	168,786	177,387
Warehousing	27,807	27,046
	<u>508,936</u>	<u>220,813</u>
Other revenues		
Dividend income from other investments	101,945	11,927
Recovery of debts under liquidation	—	4,710
Interest income	8,376	7,036
Others	5,617	2,735
	<u>115,938</u>	<u>26,408</u>
	<u>624,874</u>	<u>247,221</u>



## 2. Turnover, revenue and segment information *(continued)*

An analysis of turnover and profit by business and geographical segments is as follows:

### Primary reporting format – business segments

	Year ended 31 March 2005					
	Sale of properties HK\$'000	Rental and property management HK\$'000	Warehousing HK\$'000	Investment HK\$'000	Elimination HK\$'000	Group HK\$'000
Turnover						
External	312,343	168,786	27,807	—	—	508,936
Inter-segment	—	—	—	—	—	—
	<u>312,343</u>	<u>168,786</u>	<u>27,807</u>	<u>—</u>	<u>—</u>	<u>508,936</u>
Segment results	<u>282,158</u>	<u>119,032</u>	<u>2,276</u>	<u>98,807</u>	<u>—</u>	<u>502,273</u>
Unallocated income less expenses						(19,969)
Gain on disposal of subsidiaries						<u>2,258</u>
Operating profit before interest						484,562
Interest income less finance costs						<u>(6,418)</u>
Operating profit						478,144
Share of profits less losses of associated companies	—	759	—	(175)		<u>584</u>
Profit before taxation						478,728
Taxation						<u>(14,967)</u>
Profit after taxation						463,761
Minority interests						<u>(3,952)</u>
Profit attributable to shareholders						<u>459,809</u>
Segment assets	277,842	3,896,160	60,134	438,660		4,672,796
Investment in associated companies	—	19,398	—	160		<u>19,558</u>
Total assets						<u>4,692,354</u>
Segment liabilities	150,000	101,688	6,997	2,817		261,502
Unallocated liabilities						<u>256,731</u>
Total liabilities						<u>518,233</u>
Capital expenditure	—	3,232	970	—		4,202
Depreciation	—	714	3,551	—		4,265

# Notes to the Accounts

## 2. Turnover, revenue and segment information (continued)

### Primary reporting format – business segments (continued)

	Year ended 31 March 2004					
	Sale of properties	Rental and property management	Warehousing	Investment	Elimination	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover						
External	16,380	177,387	27,046	—	—	220,813
Inter-segment	—	496	—	—	(496)	—
	<u>16,380</u>	<u>177,883</u>	<u>27,046</u>	<u>—</u>	<u>(496)</u>	<u>220,813</u>
Segment results	<u>1,336</u>	<u>126,819</u>	<u>(4,941)</u>	<u>15,593</u>	<u>—</u>	138,807
Unallocated income less expenses						(15,697)
Operating profit before interest						123,110
Interest income less finance costs						(10,395)
Operating profit						112,715
Share of profits less losses of associated companies	—	5	—	(173)		(168)
Profit before taxation						112,547
Taxation						(6,295)
Profit after taxation						106,252
Minority interests						(6,910)
Profit attributable to shareholders						<u>99,342</u>
Segment assets	126,176	2,765,192	65,706	582,502		3,539,576
Investment in associated companies	—	18,796	—	88,115		<u>106,911</u>
Total assets						<u>3,646,487</u>
Segment liabilities	5,000	198,795	7,573	1,766		213,134
Unallocated liabilities						<u>818,690</u>
Total liabilities						<u>1,031,824</u>
Capital expenditure	—	7,025	1,890	—		8,915
Depreciation	—	776	3,179	—		3,955

## 2. Turnover, revenue and segment information (continued)

### Secondary reporting format – geographical segments

	Year ended 31 March							
	Turnover		Segment result		Total assets		Capital expenditure	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	492,058	203,930	399,412	129,829	4,106,578	2,824,458	3,258	7,025
Singapore	2,341	3,309	102,785	13,296	508,111	650,338	—	—
Mainland China	14,537	13,574	76	(4,318)	58,107	64,780	944	1,890
	<u>508,936</u>	<u>220,813</u>	<u>502,273</u>	<u>138,807</u>	<u>4,672,796</u>	<u>3,539,576</u>	<u>4,202</u>	<u>8,915</u>
Unallocated income less expenses			(19,969)	(15,697)				
Gain on disposal of subsidiaries			2,258	—				
Operating profit before interest			484,562	123,110				
Interest income less finance costs			(6,418)	(10,395)				
Operating profit			<u>478,144</u>	<u>112,715</u>				
Investments in associated companies					19,558	106,911		
Total assets					<u>4,692,354</u>	<u>3,646,487</u>		

## 3. Operating profit

Operating profit is stated after crediting and charging the following:

	2005 HK\$'000	2004 HK\$'000
<b>Crediting:</b>		
Gross rental income from investment properties	158,243	160,842
Gross rental income from property held for development	5,234	7,610
Gain on disposal of investment properties	279,383	246
Gain on disposal of other fixed assets	13	—
Gain on disposal of subsidiaries	2,258	—
Write back of provision for other investments	—	80
Write back of provision for properties for sale	1,666	1,763
Exchange gain	<u>901</u>	<u>317</u>
<b>Charging:</b>		
Depreciation of fixed assets	4,265	3,955
Staff costs (Note 6)	32,055	27,538
Outgoings in respect of investment properties	47,378	47,411
Outgoings in respect of property held for development	5,382	6,393
Operating leases – land and buildings	5,957	6,332
Loss on disposal of other fixed assets	—	195
Provision for other investments	1,261	—
Auditors' remuneration	<u>681</u>	<u>681</u>

# Notes to the Accounts

## 4. Directors' and senior management's emoluments

### (a) Directors' emoluments

The aggregate amounts of emoluments paid by the Group to Directors of the Company during the year are as follows:

	2005 HK\$'000	2004 HK\$'000
Fees	2,174	420
Other emoluments:		
Salaries	5,426	5,466
Bonuses	2,214	1,410
Contribution to provident fund	65	65
	<u>9,879</u>	<u>7,361</u>

Directors' fees disclosed above include HK\$220,000 (2004: HK\$220,000) paid to Independent Non-Executive Directors of the Company.

The emoluments of the Directors of the Company fell within the following bands:

Emolument bands	Number of Directors	
	2005	2004
Nil – HK\$1,000,000	9	10
HK\$1,000,001 – HK\$1,500,000	1	1
HK\$1,500,001 – HK\$2,000,000	1	1
HK\$2,000,001 – HK\$2,500,000	1	—
HK\$2,500,001 – HK\$3,000,000	1	1
	<u>13</u>	<u>13</u>

### (b) Five highest paid individuals

Among the five individuals whose emoluments were the highest in the Group for the year, four (2004: four) of them were Directors of the Company and whose emoluments are disclosed above. The remuneration of the other individual was as follows:

	2005 HK\$'000	2004 HK\$'000
Salaries	845	877
Bonuses	433	200
Contribution to provident fund	12	12
	<u>1,290</u>	<u>1,089</u>

## 5. Finance costs

Finance costs represent interest expense on bank loans and overdrafts.

## 6. Staff costs

	2005 HK\$'000	2004 HK\$'000
Salaries, wages and other benefits	31,293	26,771
Retirement benefits	762	767
Total staff costs, including Directors' emoluments	<u>32,055</u>	<u>27,538</u>

The Group contributes to a defined contribution mandatory provident fund scheme for those employees in Hong Kong under the age of 65. Two subsidiaries operate in a country which has central government administrated retirement scheme. Contributions are made by the Group as a percentage of employees' relevant salaries, according to the statutory requirements. The retirement benefit costs charged to the profit and loss account represent contributions payable by the Group in respect of the above retirement schemes.

Contributions totalling HK\$68,000 (2004: HK\$66,000) were payable to the schemes at the end of the year and are included in creditors and accruals.

## 7. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits for the year. Overseas taxation has been provided on the estimated assessable profits at rates prevailing in the countries in which the subsidiaries and associated companies operate.

The amount of taxation charged to the consolidated profit and loss account represents:

	2005 HK\$'000	2004 HK\$'000
Current taxation:		
Hong Kong profits tax	(17,002)	(8,236)
Overseas taxation	(95)	(47)
Over provisions in prior years	104	2,074
Deferred taxation (Note 25)	<u>2,183</u>	<u>(70)</u>
	(14,810)	(6,279)
Share of taxation attributable to associated companies	<u>(157)</u>	<u>(16)</u>
Taxation charges	<u>(14,967)</u>	<u>(6,295)</u>

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the Hong Kong taxation rate as follows:

Profit before taxation	<u>478,728</u>	<u>112,547</u>
Calculated at a taxation rate of 17.5% (2004: 17.5%)	(83,777)	(19,696)
Effect of different taxation rates in other countries	(86)	(16)
Income not subject to taxation	68,475	4,226
Expenses not deductible for taxation purposes	(1,367)	(1,867)
Utilization of previously unrecognized tax losses	496	2,668
Recognition of previously unrecognized tax losses	—	6,343
Unrecognized tax losses	(60)	(92)
Over provisions in prior years	104	2,074
Others	<u>1,248</u>	<u>65</u>
Taxation charges	<u>(14,967)</u>	<u>(6,295)</u>

# Notes to the Accounts

## 8. Profit attributable to shareholders

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$58,000 (2004: HK\$11,077,000).

## 9. Dividends

	2005 HK\$'000	2004 HK\$'000
Interim dividend, paid, of HK\$0.07 per share (2004: HK\$0.05 per share)	18,178	12,984
Final dividend, proposed, of HK\$0.18 per share (2004: HK\$0.07 per share)	<u>46,743</u>	<u>18,178</u>
	<u>64,921</u>	<u>31,162</u>

At a meeting held on 14 July 2005 the Directors recommended a final dividend of HK\$0.18 per share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of reserves for the year ending 31 March 2006.

## 10. Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of HK\$459,809,000 (2004: HK\$99,342,000) and 259,685,288 (2004: 259,685,288) shares in issue during the year.

Diluted earnings per share is not presented as the Company has no dilutive potential shares as at 31 March 2005 (2004: Nil).

## 11. Related party and connected transactions

- (a) Transactions between the Group and the Winsor Industrial Corporation, Limited (“WICL”) Group constituted connected transactions (“Connected Transactions”) as defined under Chapter 14A of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) by reason that WICL is an associate (within the meaning of the Listing Rules) of certain substantial shareholders of the Company. A summary of the continuing Connected Transactions between the Group and the WICL Group is set out below. In the opinion of the Directors, the transactions were carried out in the ordinary and usual course of the Group’s business on terms no less favourable to the Group than terms available to or from independent third parties. All underlying transactions are exempt under Rule 14A.33 of the Listing Rules and the summary is provided to comply with SSAP 20 “Related Party Disclosures” by reason that certain Directors of the Company are also directors of WICL.

	2005 HK\$'000	2004 HK\$'000
Rental and storage income received from the WICL Group	1,571	2,279
Rental expenses paid to the WICL Group	675	685
Sharing of administrative services with the WICL Group	<u>1,192</u>	<u>1,517</u>

## 11. Related party and connected transactions *(continued)*

(b) The following transactions constituted Connected Transactions by reason that USI Holdings Limited (“USI”, a company listed on the Stock Exchange), is deemed a substantial shareholder of the Company:

- (i) In a government auction held on 15 April 2002, Landyork Investment Limited (“Landyork”) acquired Sha Tin Town Lot No. 526, No. 2 Lok Kwai Path, Area 43, Sha Tin, New Territories, Hong Kong (the “Lot”) for the purpose of a residential development ( “The Grandville Project”). On 18 April 2002 the Company agreed with USI to establish a company in the name of Universal Plus Limited (“Universal”) for the sole purpose of investing in 50% of the issued share capital of Landyork. 20% of the issued share capital of Universal is held by a wholly owned subsidiary of the Company, and the other 80% by a wholly owned subsidiary of USI. The other 50% of Landyork’s issued share capital is held by Nan Fung Textiles Consolidated Limited (“Nan Fung”). The Company therefore has a 10% attributable indirect shareholding in Landyork.

Landyork entered into a loan agreement on 25 June 2002 with the banks named therein and the Bank of China (Hong Kong) Limited as agent for the lenders (“Agent”) in relation to certain loan facilities (the “Facilities”) in the aggregate principal amount of HK\$1,000 million for the purposes of financing the balance of the land cost and the construction cost of The Grandville Project. As security for the Facilities, Nan Fung, USI and the Company (the “Guarantors”) have each provided a several repayment guarantee in favour of the Agent to the extent of their Relevant Percentage (10% in the case of the Company) of Landyork’s liabilities under the Facilities. The outstanding balance at 31 March 2005 under the Facilities was HK\$16,145,000 (2004: HK\$373,895,000). The Guarantors have also entered into a completion guarantee and funding agreement in favour of the Agent undertaking firstly to procure completion of or to complete The Grandville Project, and secondly to provide funding for The Grandville Project upon the happening of certain events. The Guarantors’ funding and payment obligations under the said completion guarantee and funding agreement are several and limited to their respective Relevant Percentage (10% in the case of the Company). All amounts outstanding under the Facilities have been repaid by Landyork in full on 12 May 2005.

At 31 March 2005 over 90% of The Grandville Project was sold. In addition to repaying in full the loans advanced by the Group to it in proportion to the Group’s 20% equity interest therein (2004: HK\$35,493,000) and the interest accrued thereon (2004: HK\$1,339,000), a sum of HK\$53,602,000 (2004: Nil)(Note 14) was advanced by Universal to the Group. The said advance by Universal to the Group is unsecured, interest free and has no fixed terms of repayment, and is equivalent to 20% of the balance at 31 March 2005 of an advance made by Landyork to Universal on the same terms.

- (ii) On 1 November 2004 an indirect wholly-owned subsidiary of the Company was appointed estate manager of two properties owned by the USI Group. Management fee received by the Group during the year under such appointment amounted to HK\$75,000. The continuing Connected Transactions under such appointment are carried out in the ordinary and usual course of the Group’s business on normal commercial terms, and are exempt under Rule 14A.33 the Listing Rules. The aforesaid information in this paragraph is provided to comply with SSAP 20 “Related Party Disclosures” by reason that certain Directors of the Company are also directors of USI.
- (iii) On 3 December 2004, an indirect wholly-owned subsidiary of the Group appointed USI Property Management Limited (“USIPM”), an indirect wholly-owned subsidiary of USI, as the project manager to manage the construction and development of Kwun Tong Inland Lot 242 situated at 102 How Ming Street, Kwun Tong, Kowloon, Hong Kong. The term of USIPM’s appointment is estimated to be for a period of approximately 70 months commencing on 1 December 2004, and the total fee payable to USIPM is estimated to be HK\$7,944,000 of which HK\$900,000 was paid and capitalized during the year.

Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward, non-executive Directors of the Company, are also directors of USI.

# Notes to the Accounts

## 11. Related party and connected transactions *(continued)*

- (c) The following transactions constituted Connected Transactions by reason that Wing Tai Holdings Limited, Singapore (“Wing Tai”, a company listed on the Singapore Stock Exchange), is deemed a substantial shareholder of the Company:

On 21 June 2002, Winprop Pte. Ltd. (“Winprop”), an indirect wholly-owned subsidiary of the Company in Singapore, entered into a subscription agreement (“Subscription Agreement”) with Winworth Investment Pte Ltd, Singapore (“Winworth”) to subscribe 176,471 new ordinary shares of S\$1.00 each in Winworth at par for cash and to advance to Winworth a loan of S\$30 million (“Subscription Loan”). The new shares in Winworth represent 15% of its enlarged share capital, and the other 85% is held by Wing Tai Land Pte. Ltd., Singapore (“WTL”), a wholly owned subsidiary of Wing Tai. Upon completion of the Subscription Agreement on 26 June 2002, Winprop and WTL entered into a joint venture agreement to regulate, amongst other things, their relationship as shareholders of Winworth. Winprop also acquired from WTL a portion of the loan previously advanced by WTL to Winworth for a nominal consideration such that the loans owing by Winworth to Winprop and WTL respectively are in the proportion of 15% and 85%.

The Subscription Loan bears simple normal interest at the rate of 4.0619% per annum for a period of 3 years from the date of advance and payable in a lump sum at the end thereof. Irrespective of whether the Subscription Loan shall have been repaid in full or in part to Winprop during the course of the said three years, interest shall nonetheless accrue for the whole of the said three years on the full amount of the Subscription Loan. As at 31 March 2005, the balance of the Subscription Loan amounted to HK\$121,598,000 (2004: HK\$109,371,000) (Note 15) and interest receivable by Winprop from Winworth amounted to HK\$15,927,000 (2004: HK\$9,993,000).

All the loans owing by Winworth to its shareholders are unsecured, have no fixed terms of repayment, and have been subordinated to the indebtedness of Winworth to its bankers. Payment of the accrued interest on the Subscription Loan (“Accrued Interest”) was due on 26 June 2005. In view of the subordination arrangement subsisting at that date, payment of the Accrued Interest has been deferred and the Accrued Interest bears interest at a floating rate which is currently 6.25% per annum, to be compounded monthly as provided in the Subscription Agreement. Except for the interest on the Subscription Loan and the interest on the Accrued Interest mentioned in the preceding, all amounts owing by Winworth to its shareholders are interest free.

Winworth is the proprietor of the 99-year leasehold land parcel 566 at Draycott Drive, Singapore and the condominium housing development thereon known as “Draycott Eight”. Construction costs are being funded by Winworth’s banking facilities and shareholders’ loans, and the development is scheduled for completion in the second half year of 2005.

Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward, non-executive Directors of the Company, are both beneficiaries of a family trust, the assets of which included indirect interests in 279,156,817 shares (2004: 239,277,272 shares) in Wing Tai, representing 38.98% of Wing Tai’s issued share capital as at 31 March 2005 (2004: 39.01%).

Mr. Christopher Patrick Langley, an independent non-executive Director of the Company, is also an independent non-executive director of Wing Tai.



## 11. Related party and connected transactions (continued)

- (d) The following transactions constituted Connected Transactions by reason that both Wing Tai and USI are deemed substantial shareholders of the Company:

At 31 March 2003 the Group held one share in Winhome Investment Pte Ltd (“Winhome”), a company incorporated in Singapore. Of the other two issued shares in Winhome, one share was held by WTL and the other share was held by a wholly-owned subsidiary of USI. Winhome was then dormant.

On 27 October 2003 the Urban Redevelopment Authority of Singapore awarded the tender for the 99-year leasehold residential land parcel 657 at Flower Road / Kovan Road (“the Land Parcel”) to Winwill Investment Pte Ltd (“Winwill”) and two independent third parties collectively at the tender sale price of S\$255 million. The Group was invited to participate in the joint venture for the development of the Land Parcel for sale (“the Kovan Melody Project”) and it was agreed that Winhome shall be the developer of the Land Parcel.

In order to effect the joint venture, the issued share capitals of Winwill and Winhome have been restructured. All the transfers and allotments of shares were carried out on the basis of the par value of the shares which is S\$1.00 each for both companies. As at 31 March 2005, the respective shareholding proportions in Winwill and Winhome and the effective participation proportions in the Kovan Melody Project (“Effective Participation Proportions”) of the participating parties are as follows:

	Shareholding proportions	Effective Participation Proportions
<u>Shareholders of Winwill</u>		
WTL, a wholly owned subsidiary of Wing Tai	60%	36%
Kosheen Investments Ltd. (“Kosheen”), a wholly owned subsidiary of USI	20%	12%
Winprop, a wholly owned subsidiary of the Company	20%	12%
<u>Shareholders of Winhome</u>		
Winwill	60%	
ChoiceHomes Investments Pte Ltd, an independent third party	30%	30%
Greatearth Developments Pte Ltd, an independent third party	10%	10%

The respective shareholders of Winwill and Winhome have entered into shareholders’ agreements to, amongst other things, regulate their relationship as shareholders of the two companies.

The Land Parcel has a site area of 25,272.5 square metres and the maximum permissible gross floor area is 88,454.0 square metres. It is being developed into condominium apartments for sale and the development, known as “Kovan Melody”, is planned for completion in mid 2006.

The participating parties have in aggregate contributed S\$90,650,000 in their respective Effective Participation Proportions towards the land cost. Winhome has obtained banking facilities (“the Facilities”) to finance the remaining land cost and part of the development costs, and expects to finance the remaining costs via pre-sale proceeds. Wing Tai has provided in full on behalf of Winwill the proportionate guarantees and undertakings to be given by Winwill on a several basis under the terms of the Facilities. In consideration of Wing Tai so doing, each of Kosheen and Winprop has undertaken, should it become necessary for Wing Tai to provide cash to Winhome under the said guarantees and undertakings, to indemnify Wing Tai to the extent of 20% of Wing Tai’s obligations thereunder.

The loans advanced by Winprop to Winwill in proportion to Winprop’s 20% equity interest therein are unsecured, have no fixed terms of repayment and, except for an amount equivalent to S\$120,000 representing 12% of Winhome’s issued share capital, carry interest at the rate of 3.5% per annum. As at 31 March 2005, these loans amounted to HK\$50,750,000 (2004: HK\$49,960,000) (Note 14) and interest receivable by Winprop from Winwill amounted to HK\$2,414,000 (2004: HK\$550,000).

# Notes to the Accounts

## 12. Fixed assets

	Group				
	Investment properties	Leasehold land and buildings	Property held for development	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At cost or valuation					
At 1 April 2004	1,750,711	35,695	887,000	43,004	2,716,410
Translation differences	1,168	—	—	21	1,189
Additions	—	—	3,143	1,059	4,202
Revaluation	238,180	—	1,309,857	—	1,548,037
Disposals of subsidiaries	(65,970)	(4,302)	—	(793)	(71,065)
Disposals	(296,050)	—	—	(414)	(296,464)
At 31 March 2005	<b>1,628,039</b>	<b>31,393</b>	<b>2,200,000</b>	<b>42,877</b>	<b>3,902,309</b>
Accumulated depreciation					
At 1 April 2004	—	1,804	—	37,046	38,850
Translation differences	—	—	—	14	14
Charge for the year	—	3,000	—	1,265	4,265
Disposals of subsidiaries	—	(205)	—	(263)	(468)
Disposals	—	—	—	(381)	(381)
At 31 March 2005	<b>—</b>	<b>4,599</b>	<b>—</b>	<b>37,681</b>	<b>42,280</b>
Net book value					
At 31 March 2005	<b>1,628,039</b>	<b>26,794</b>	<b>2,200,000</b>	<b>5,196</b>	<b>3,860,029</b>
At 31 March 2004	<b>1,750,711</b>	<b>33,891</b>	<b>887,000</b>	<b>5,958</b>	<b>2,677,560</b>
Analysis of cost or valuation:					
At valuation	1,628,039	31,393	2,200,000	—	3,859,432
At cost	—	—	—	42,877	42,877
	<b>1,628,039</b>	<b>31,393</b>	<b>2,200,000</b>	<b>42,877</b>	<b>3,902,309</b>

Net book value of investment properties, leasehold land and buildings and property held for development are analysed as follows:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Held in Hong Kong:		
On medium-term leases	<b>3,759,010</b>	2,569,850
Held outside Hong Kong:		
On long-term leases	<b>69,029</b>	67,861
On medium-term leases	—	4,302
On short-term renewable leases	<b>26,794</b>	29,589
	<b>3,854,833</b>	<b>2,671,602</b>

Investment properties (other than agricultural lots) and property held for development held in Hong Kong were revalued at 31 March 2005 by Jones Lang LaSalle Limited. The agricultural lots held in Hong Kong were revalued at 31 March 2005 by B. I. Appraisals Limited. Investment properties held in Singapore were revalued at 31 March 2005 by Jones Lang LaSalle Property Consultants Pte. Ltd. All three valuers are independent. All valuations were carried out on the open market value basis.

Leasehold land and buildings held outside Hong Kong on short-term renewable leases are held in Mainland China and are stated at Directors' valuations at 31 March 2005 carried out on the depreciated replacement cost basis.

Other fixed assets are stated at cost less accumulated depreciation.

Certain investment properties with a total net book value of HK\$1,460,929,000 as at 31 March 2005 (2004: HK\$1,518,841,000) have been mortgaged to secure the Group's banking facilities.

### 13. Subsidiaries

	Company	
	2005	2004
	HK\$'000	HK\$'000
Unlisted shares – at cost	1	1
Loans and amounts due from subsidiaries	3,270,041	3,306,333
Less: Provision	(617,858)	(578,982)
	<u>2,652,184</u>	<u>2,727,352</u>

The loans and amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Particulars of the subsidiaries are set out on page 44.

### 14. Associated companies

	Group	
	2005	2004
	HK\$'000	HK\$'000
Group's share of net assets	4,313	3,886
Amounts and loans due from associated companies	68,847	103,025
Amounts and loans due to associated companies	(53,602)	—
	<u>19,558</u>	<u>106,911</u>
Investments at cost – unlisted shares	<u>9,874</u>	<u>9,874</u>

The amounts and loans due from/(to) associated companies are unsecured and have no fixed terms of repayment. Except for an amount equivalent to SGD120,000 representing 12% of Winhome's issued share capital, the amount of HK\$50,750,000 (2004: HK\$49,960,000) due from Winwill (Note 11(d)) carries interest at 3.5% per annum. All other amounts and loans due from/(to) associated companies are interest free.

Particulars of the associated companies are set out on page 45.

# Notes to the Accounts

## 15. Other investments

	Group	
	2005	2004
	HK\$'000	HK\$'000
Unlisted equity investments, at valuation	159,010	461,990
Loans due from unlisted equity investments	141,587	123,427
Less: Provision	(4,523)	(3,262)
	<u>296,074</u>	<u>582,155</u>
Investment in a unit trust listed outside Hong Kong, at market value	142,102	—
	<u>438,176</u>	<u>582,155</u>

Unlisted equity investments include investments in 5.14% (2004: 5.14%) and 10.06% (2004: 10.06%) respectively of the ordinary share capitals of Suntec City Development Pte. Ltd. (“SCD”) and Suntec Investments Pte. Ltd., both incorporated in Singapore (“the Suntec Interests”).

On 9 December 2004 SCD sold its remaining office spaces and retail spaces in Suntec City, Singapore to Suntec Real Estate Investment Trust (“Suntec REIT”). Out of the consideration for such sale, a special distribution in specie of 23,480,700 Suntec REIT units at par of S\$1.00 each and a special cash dividend amounting to HK\$119,232,000 were distributed by SCD to the Group during the year. After deducting the Group’s attributable investment cost, a dividend income of HK\$89,324,000 was recognized by the Group as a result of such special distributions. In addition, a normal dividend amounting to HK\$12,621,000 (2004: HK\$11,927,000) was also distributed by SCD to the Group during the year.

As at 31 March 2005, the Suntec Interests as downsized were revalued by the Directors on a business valuation basis at HK\$156,865,000 (2004: HK\$459,845,000) whereas the Suntec REIT units held were valued at market value. The net valuation deficit has been debited to the investment revaluation reserve account (Note 22).

The Subscription Loan advanced by Winprop to Winworth (Note 11(c)) is unsecured, has no fixed terms of repayment and bears simple normal interest at the rate of 4.0619% per annum for a period of 3 years from 26 June 2002 and payable in a lump sum at the end thereof. Irrespective of whether the Subscription Loan shall have been repaid in full or in part to Winprop during the course of the said three years, interest shall nonetheless accrue for the whole of the said three years on the full amount of the Subscription Loan. As at 31 March 2005, the balance of the Subscription Loan amounted to HK\$121,598,000 (2004: HK\$109,371,000) and has been subordinated to the indebtedness of Winworth to its bankers.

All other loans due from unlisted equity investments are unsecured, interest free and have no fixed terms of repayment.

## 16. Other receivables

	Group	
	2005	2004
	HK\$'000	HK\$'000
Loans due from third parties	173,375	173,375
Less: Provision	(173,375)	(173,375)
	<u>—</u>	<u>—</u>

The loans were advanced by the Group to two construction companies (“the Borrowers”), which are independent third parties, pursuant to a loan agreement dated 27 March 1998. On 27 November 1998 the Borrowers commenced voluntary liquidation and the Group made full provision against the loans. During the year, no dividend (2004: HK\$4,710,000) was received from the liquidators of the Borrowers.

## 17. Properties for sale

Properties for sale have been mortgaged to secure the Group's banking facilities.

## 18. Debtors and receivables

Included in debtors and receivables are trade debtors which represent mainly rents receivable from tenants of the Group's properties. The Group maintains a defined policy in respect of rent collection. Reminders are issued half-monthly when rents are overdue for 15 days, and legal actions will be taken when rents are overdue for two months. The ageing analysis of trade debtors is as follows:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Current – 45 days	4,198	4,373
46 – 90 days	3,158	2,417
Over 90 days	622	725
	<u>7,978</u>	<u>7,515</u>

## 19. Creditors and accruals

Included in creditors and accruals are trade creditors the ageing analysis of which is as follows:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Current – 45 days	2,698	2,206
46 – 90 days	123	311
	<u>2,821</u>	<u>2,517</u>

## 20. Bank loans and overdrafts

	Group	
	2005	2004
	HK\$'000	HK\$'000
Repayable on demand or within one year, secured	—	52,296
Current portion of long term bank loans ( <i>Note 23</i> )	81,364	117,892
	<u>81,364</u>	<u>170,188</u>

Short term bank loans included an amount of HK\$Nil (2004: HK\$9,296,000) denominated in Singapore dollar. Certain investment properties and properties for sale with a total net book value of HK\$1,588,771,000 at 31 March 2005 (2004: HK\$1,645,017,000) have been mortgaged to secure the Group's short term and long term bank loans.

## 21. Share capital

	Ordinary shares of HK\$0.01 each	
	No. of shares	HK\$'000
<b>Authorised:</b>		
At 31 March 2004 and 2005	<u>750,000,000</u>	<u>7,500</u>
<b>Issued and fully paid:</b>		
At 31 March 2004 and 2005	<u>259,685,288</u>	<u>2,596</u>

# Notes to the Accounts

## 22. Reserves

	Group						
	Contributed surplus	Land and buildings revaluation reserve	Investment properties revaluation reserve	Investment revaluation reserve	Exchange fluctuation account	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2004	857,373	603,705	590,042	359,463	(17,495)	218,979	2,612,067
Exchange differences arising from translation of accounts	—	—	—	—	(4,339)	—	(4,339)
Realized on disposal of investment properties	—	—	(266,614)	—	—	—	(266,614)
Realized on distribution by other investments	—	—	—	(89,324)	—	—	(89,324)
Arising from revaluation	—	1,309,857	228,071	(41,646)	—	—	1,496,282
Profit for the year	—	—	—	—	—	459,809	459,809
Prior year final dividend paid	—	—	—	—	—	(18,178)	(18,178)
Interim dividend paid ( <i>Note 9</i> )	(18,178)	—	—	—	—	—	(18,178)
At 31 March 2005	<u>839,195</u>	<u>1,913,562</u>	<u>551,499</u>	<u>228,493</u>	<u>(21,834)</u>	<u>660,610</u>	<u>4,171,525</u>
Representing:							
Final dividend proposed ( <i>Note 9</i> )	46,743	—	—	—	—	—	46,743
Others	<u>792,452</u>	<u>1,913,562</u>	<u>551,499</u>	<u>228,493</u>	<u>(21,834)</u>	<u>660,610</u>	<u>4,124,782</u>
At 31 March 2005	<u>839,195</u>	<u>1,913,562</u>	<u>551,499</u>	<u>228,493</u>	<u>(21,834)</u>	<u>660,610</u>	<u>4,171,525</u>
At 1 April 2003	857,373	179,569	524,380	368,204	(12,138)	142,264	2,059,652
Exchange differences arising from translation of accounts	—	—	—	—	(5,357)	—	(5,357)
Transfer on disposal of properties for sale	—	(3,341)	—	—	—	3,341	—
Realized on disposal of investment properties	—	—	(101)	—	—	—	(101)
Arising from revaluation	—	427,477	65,763	(8,741)	—	—	484,499
Profit for the year	—	—	—	—	—	99,342	99,342
Prior year final dividend paid	—	—	—	—	—	(12,984)	(12,984)
Interim dividend paid ( <i>Note 9</i> )	—	—	—	—	—	(12,984)	(12,984)
At 31 March 2004	<u>857,373</u>	<u>603,705</u>	<u>590,042</u>	<u>359,463</u>	<u>(17,495)</u>	<u>218,979</u>	<u>2,612,067</u>
Representing:							
Final dividend proposed ( <i>Note 9</i> )	—	—	—	—	—	18,178	18,178
Others	<u>857,373</u>	<u>603,705</u>	<u>590,042</u>	<u>359,463</u>	<u>(17,495)</u>	<u>200,801</u>	<u>2,593,889</u>
At 31 March 2004	<u>857,373</u>	<u>603,705</u>	<u>590,042</u>	<u>359,463</u>	<u>(17,495)</u>	<u>218,979</u>	<u>2,612,067</u>
Attributable to associated companies							
At 31 March 2005	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,868)</u>	<u>(1,868)</u>
At 31 March 2004	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,295)</u>	<u>(2,295)</u>

## 22. Reserves (Continued)

	Company		
	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2004	2,688,969	35,879	2,724,848
Provision for subsidiaries	(38,876)	—	(38,876)
Profit for the year	—	58	58
Prior year final dividend paid	—	(18,178)	(18,178)
Interim dividend paid ( <i>Note 9</i> )	(18,178)	—	(18,178)
At 31 March 2005	<u>2,631,915</u>	<u>17,759</u>	<u>2,649,674</u>
Representing:			
Final dividend proposed ( <i>Note 9</i> )	46,743	—	46,743
Others	<u>2,585,172</u>	<u>17,759</u>	<u>2,602,931</u>
At 31 March 2005	<u>2,631,915</u>	<u>17,759</u>	<u>2,649,674</u>
At 1 April 2003	2,439,451	50,770	2,490,221
Reversal of provision for subsidiaries	249,518	—	249,518
Profit for the year	—	11,077	11,077
Prior year final dividend paid	—	(12,984)	(12,984)
Interim dividend paid ( <i>Note 9</i> )	—	(12,984)	(12,984)
At 31 March 2004	<u>2,688,969</u>	<u>35,879</u>	<u>2,724,848</u>
Representing:			
Final dividend proposed ( <i>Note 9</i> )	—	18,178	18,178
Others	<u>2,688,969</u>	<u>17,701</u>	<u>2,706,670</u>
At 31 March 2004	<u>2,688,969</u>	<u>35,879</u>	<u>2,724,848</u>

Pursuant to the Companies Law of the Cayman Islands and the Company's Articles of Association, the contributed surplus of the Company is available for distribution to shareholders in addition to retained earnings, provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

## 23. Long term bank loans

	Group	
	2005 HK\$'000	2004 HK\$'000
Secured – wholly repayable within five years	254,212	763,525
Less: Amount repayable within one year included under current liabilities ( <i>Note 20</i> )	<u>(81,364)</u>	<u>(117,892)</u>
	<u>172,848</u>	<u>645,633</u>
The long term bank loans are repayable as follows:		
Within one year	81,364	117,892
In the second year	136,206	421,664
In the third to fifth years inclusive	<u>36,642</u>	<u>223,969</u>
	<u>254,212</u>	<u>763,525</u>

The long term bank loans included an amount of HK\$94,212,000 (2004: HK\$228,397,000) denominated in Singapore dollar. Certain investment properties and properties for sale with a total net book value of HK\$1,588,771,000 at 31 March 2005 (2004: HK\$1,645,017,000) have been mortgaged to secure the Group's short term and long term bank loans.

# Notes to the Accounts

## 24. Other long term loans

	Group	
	2005	2004
	HK\$'000	HK\$'000
Amounts due to minority shareholders of subsidiaries	<u>35,420</u>	<u>145,496</u>

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

## 25. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2004: 17.5%).

The movement of the net deferred tax liabilities is as follows:

	Group	
	2005	2004
	HK\$'000	HK\$'000
At 1 April of the previous year	21,100	21,030
(Credited)/charged to profit and loss account (Note 7)	<u>(2,183)</u>	<u>70</u>
At 31 March	<u>18,917</u>	<u>21,100</u>

Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefits through the future taxable profits are probable. The Group has unrecognized tax losses of HK\$17,415,000 (2004: HK\$17,071,000) to carry forward against future taxable income.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

### Deferred tax assets

	Group Tax losses	
	2005	2004
	HK\$'000	HK\$'000
At 1 April of the previous year	12,438	8,708
(Charged)/credited to profit and loss account	<u>(2,097)</u>	<u>3,730</u>
At 31 March	<u>10,341</u>	<u>12,438</u>

### Deferred tax liabilities

	Group Accelerated depreciation	
	2005	2004
	HK\$'000	HK\$'000
At 1 April of the previous year	33,538	29,738
(Credited)/charged to profit and loss account	<u>(4,280)</u>	<u>3,800</u>
At 31 March	<u>29,258</u>	<u>33,538</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Deferred tax assets	(5,675)	(6,766)
Deferred tax liabilities	<u>24,592</u>	<u>27,866</u>
	<u>18,917</u>	<u>21,100</u>



## 26. Future lease receipts

	Group	
	2005	2004
	HK\$'000	HK\$'000
At the end of the year, future minimum lease receipts under non-cancellable operating leases in respect of investment properties are as follows:		
Not later than one year	93,105	107,796
Later than one year and not later than five years	<u>36,156</u>	<u>43,262</u>
	<u>129,261</u>	<u>151,058</u>

Future minimum lease receipts under non-cancelable operating leases as at 31 March 2005 in respect of the unsold portion of Global Gateway (Hong Kong), 168 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong have been included up to 31 August 2005 only as the said property will be disposed of on that date.

## 27. Capital commitments

	Group	
	2005	2004
	HK\$'000	HK\$'000
Contracted but not provided for	14,749	245
Authorised but not contracted for	<u>21,888</u>	<u>—</u>
	<u>36,637</u>	<u>245</u>

## 28. Lease commitments

	Group	
	2005	2004
	HK\$'000	HK\$'000
At the end of the year the Group had future aggregate minimum lease payments under non-cancelable operating leases for land and buildings as follows:		
Not later than one year	5,852	5,407
Later than one year and not later than five years	<u>350</u>	<u>4,550</u>
	<u>6,202</u>	<u>9,957</u>

## 29. Contingent liabilities

	Group		Company	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees given in respect of banking facilities granted to subsidiaries	—	—	1,293,689	1,294,940
Guarantees given in respect of banking facilities granted to Landyork ( <i>Note 11(b)</i> ) in proportion to the Group's 10% effective equity interest	100,000	100,000	100,000	100,000
Indemnity given in respect of banking facilities granted to Winhome ( <i>Note 11(d)</i> ) in proportion to the Group's 12% effective equity interest	<u>113,472</u>	<u>111,552</u>	<u>—</u>	<u>—</u>
	<u>213,472</u>	<u>211,552</u>	<u>1,393,689</u>	<u>1,394,940</u>

**Notes to the Accounts****30. Notes to the consolidated cash flow statement****(a) Reconciliation of operating profit to net cash inflow generated from operations**

	2005 HK\$'000	2004 HK\$'000
Operating profit	478,144	112,715
Valuation decrease of land and buildings	—	5,584
Depreciation charges	4,265	3,955
Gain on disposal of fixed assets	(279,396)	(51)
Gain on disposal of subsidiaries	(2,258)	—
Provision/(write back of provision) for other investments	1,261	(80)
Recovery of debts under liquidation	—	(4,710)
Interest income	(8,376)	(7,036)
Interest expenses	14,794	17,431
Dividend income	(101,945)	(11,927)
Exchange translation differences	(4,065)	552
Operating profit before working capital changes	102,424	116,433
(Increase)/decrease in properties for sale	(1,666)	10,395
Decrease in debtors and receivables	3,183	9,555
Decrease in creditors and accruals	(6,318)	(4,887)
Net cash inflow generated from operations	<u>97,623</u>	<u>131,496</u>

**(b) Disposal of subsidiaries**

	2005 HK\$'000	2004 HK\$'000
<b>Net assets disposed of</b>		
Fixed assets	70,597	—
Debtors and receivables	2,761	—
Cash and bank balances	992	—
Creditors and accruals	(2,124)	—
Other long terms loans	(96,917)	—
	(24,691)	—
Realization of exchange fluctuation on disposal	(854)	—
Minority interests	(2,700)	—
	(28,245)	—
Gain on disposal of subsidiaries	2,258	—
<b>Consideration paid</b>	<u>(25,987)</u>	<u>—</u>
<b>Satisfied by:</b>		
Cash received	5,375	—
Cash paid	(31,362)	—
Net cash paid	(25,987)	—
Cash and bank balances of the subsidiaries disposed of	(992)	—
<b>Net cash outflow</b>	<u>(26,979)</u>	<u>—</u>

### 30. Notes to the consolidated cash flow statement (continued)

#### (c) Analysis of changes in financing

	Minority interests		Bank and other loans	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
At 1 April of the previous year	(11,381)	(24,933)	961,317	927,954
Exchange differences	—	—	894	10,209
Disposal of subsidiaries	(2,700)	—	(96,917)	—
Minority interests in share of profits and reserves	14,061	14,452	—	—
Cash (outflow)/inflow from financing	—	(900)	(575,662)	23,154
At 31 March	(20)	(11,381)	289,632	961,317

#### (d) Analysis of bank and other loans

	2005 HK\$'000	2004 HK\$'000
Bank loans and overdrafts (Note 20)	—	52,296
Long term bank loans (Note 23)	254,212	763,525
Other long term loans (Note 24)	35,420	145,496
	<u>289,632</u>	<u>961,317</u>

### 31. Subsequent event

Pursuant to approval granted by the independent shareholders of USI and the Company respectively on 21 April 2005, the issued share capital of Pangold Development Limited ("Pangold") has been restructured such that the effective equity interest of USI and the Company in Pangold are 80% and 20% respectively. The Group also acquired from USI 20% of the amount due by Pangold to USI at cost and reimbursed USI for 20% of USI's cost of funding for the said amount. The Group's total investment in Pangold after such acquisition is HK\$53,057,000. The USI Group and the Group have entered into a shareholders' agreement to regulate, amongst other things, their relationship as shareholders of Pangold and to provide financial support to Pangold in the said proportions.

The abovementioned transactions constituted Connected Transactions by reason that USI is deemed a substantial shareholder of the Company.

Pangold acquired the Remaining Portion of Kowloon Inland Lot No. 4022 together with all messuages erections and buildings erected thereon now known as No. 157 Argyle Street, Kowloon ("the Property") by way of public tender on 31 January 2005 and completed the acquisition on 1 March 2005. Pangold's total investment in the Property is about HK\$262.1 million which includes the tender purchase price of the Property in the sum of HK\$250.1 million. The Property has a site area of approximately 18,000 square feet and Pangold is holding the Property for investment purpose. The Property may be redeveloped into residential units for sale if the market condition, the cost involved (including, among other items, the land premium for increasing the Property's buildable gross floor area to its permissible maximum under the Outline Zoning Plan) and the risk levels associated therewith are considered suitable, justifiable and acceptable respectively.

### 32. Approval of accounts

The accounts set out on pages 16 to 45 were approved by the Board of Directors on 14 July 2005.

# Subsidiaries and Associated Companies

Subsidiaries	Issued Share Capital		Effective % shareholding held at 31 March 2005		Principal Activities	Notes
			Group	Company		
<b>Winsor Properties Finance Ltd.</b>	Ordinary	HK\$ 2	100	100	Group Finance Company	
<b>Winsor Properties (Hong Kong) Ltd., B.V.I.</b>	Ordinary	US\$ 1	100	100	Investment Holding	
Adam Knitters Ltd.	Ordinary	HK\$ 1,000	100	—	Property Investment	
	Deferred	HK\$ 200,000	—	—		4
Allied Effort Ltd., B.V.I.	Ordinary	US\$ 1	100	—	Investment Holding	
Baudinet Investment Ltd.	Ordinary	HK\$ 18	100	—	Property Investment	
	Deferred	HK\$ 2	—	—		4
Begin Land Ltd.	Ordinary	HK\$ 90,000	100	—	Property Investment	
	Deferred	HK\$ 10,000	—	—		4
Congenial Investments Ltd., B.V.I.	Ordinary	US\$ 1	100	—	Investment	3
East Sun Estate Management Company Ltd.	Ordinary	HK\$ 200	100	—	Property Management	
East Sun Textile Company, Ltd.	Ordinary	HK\$ 20	100	—	Dormant	
	Deferred	HK\$ 15,000,000	—	—		4
Hilwin Properties Ltd.	Ordinary	HK\$ 450,000	100	—	Investment Holding	
	Deferred	HK\$ 50,000	—	—		4
Hanbury Development Company Ltd.	Ordinary	HK\$ 10,000	100	—	Dormant	
Libro Estates Ltd.	Ordinary	HK\$ 90,000	100	—	Property Investment	
	Deferred	HK\$ 10,000	—	—		4
Winner Godown Ltd.	Ordinary	HK\$ 1,500,000	70	—	Godown Operation	
Winsor Air Cargo Centre Ltd.	Ordinary	HK\$ 20	100	—	Property Investment and Sale	
Winsor Estate Agents Ltd.	Ordinary	HK\$ 20	100	—	Property Agent	
Winsor Estate Management Ltd.	Ordinary	HK\$ 2	100	—	Estate Management	
Winsor Parking Ltd.	Ordinary	HK\$ 18,000,000	100	—	Carpark Management	
	Deferred	HK\$ 2,000,000	—	—		4
Winsor Properties Financial Services Ltd.	Ordinary	HK\$ 840	95.24	—	Investment Holding and Property Investment	
Chericourt Company Ltd.	Ordinary	HK\$ 1,000,000	95.24	—	Property Investment	
Zofka Properties Ltd.	Ordinary	HK\$ 90,000	100	—	Property Investment	
	Deferred	HK\$ 10,000	—	—		4
<b>Winsor Properties (Overseas) Ltd., B.V.I.</b>	Ordinary	US\$ 1	100	100	Investment Holding	3
Zak Holdings Ltd., B.V.I.	Ordinary	US\$ 1	100	—	Investment Holding	3
Winwin Investment Pte. Ltd., Singapore	Ordinary	SGD 2	100	—	Investment Holding and Property Investment	
Curlew International Ltd., B.V.I.	Ordinary	US\$ 1	100	—	Investment Holding	3
Winprop Pte. Ltd., Singapore	Ordinary	SGD 2	100	—	Investment Holding	2
<b>Winsor Properties (China) Ltd., B.V.I.</b>	Ordinary	US\$ 1	100	100	Investment Holding	3
Dhandia Ltd.	Ordinary	HK\$ 1,000	100	—	Investment Holding	
Tat Yeung Properties Investment Ltd., B.V.I.	Ordinary	US\$ 1,000	100	—	Investment Holding	3
Winsor Health Godown Ltd., B.V.I.	Ordinary	US\$ 1,000	95	—	Investment Holding	3
South-China Cold Storage & Ice Co., Ltd., Mainland China (foreign wholly-owned enterprise)	Ordinary	US\$ 5,000,000	95	—	Cold Storage	2

Associated Companies	Effective % shareholding held at 31 March 2005				Group	Company	Principal Activities	Notes
	Issued Share Capital							
Javary Ltd.	Ordinary	HK\$	300	33.3	—		Property Investment	2
Suzhou World Trade Centre, Mainland China	Ordinary	US\$	6,500,000	24.8	—		Property Investment and Development	2
Tat Yeung Trading Company Ltd., B.V.I.	Ordinary	US\$	2	50	—		Investment Holding	3
Universal Plus Ltd., B.V.I.	Ordinary	US\$	100	20	—		Investment Holding	2
Winwill Investment Pte. Ltd., Singapore	Ordinary	SGD	10	20	—		Investment Holding	

Notes:

1. Unless otherwise stated, all companies are incorporated in Hong Kong. Those companies incorporated in Mainland China and Singapore operate in their country of incorporation. Other companies operate principally in Hong Kong. None of the subsidiaries have issued any debt securities.
2. The accounts of these companies are audited by firms other than PricewaterhouseCoopers. The aggregate net assets and profit after taxation of these companies attributable to the Group amounted to HK\$64,597,000 (2004: HK\$68,501,000) and HK\$8,927,000 (2004: HK\$703,000) respectively.
3. The accounts of these companies are not audited. The aggregate net liabilities and profit after taxation of these companies attributable to the Group amounted to HK\$1,497,000 (2004: HK\$388,000) and HK\$31,000 (2004: loss of HK\$419,000) respectively.
4. The deferred shares, which are held by the WICL Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up unless the assets of the respective companies to be returned on winding up exceed the value of HK\$100,000,000,000.

**WINSOR PROPERTIES HOLDINGS LIMITED***(Incorporated under the laws of the Cayman Islands with limited liability)*

# Schedule of Properties

Location	Lease Expiry	Site Area (sq. ft.)	Gross Floor Area (sq. ft.)	Stage of Completion	Type	Effective Interest
<b>Investment Properties:</b>						
Global Gateway (Hong Kong) (formerly known as Winsor Centre), 168 Yeung Uk Road, R.P. of Tsuen Wan Town Lot 340, Tsuen Wan, New Territories, HONG KONG.	2047	89,998	420,913 (portion for leasing)	Completed	Industrial/ Godown	100%
Regent Centre, 63-73 Wo Yi Hop Road, Lot 299 in D. D. 444, Kwai Chung, New Territories, HONG KONG.	2047	103,500	715,893 (remaining portion)	Completed	Industrial/ Godown	95.24%
Winner Godown Building, 503-515 Castle Peak Road and 1-9 Sha Tsui Road, R.P. of Tsuen Wan Inland Lot 28, Tsuen Wan, New Territories, HONG KONG.	2047	50,804	497,140	Completed	Industrial/ Godown	100%
Lucky Industrial Building, 18-24 Kwai Hei Street and 13-19 Kwai Lok Street, Kwai Chung Town Lot 342, Kwai Chung, New Territories, HONG KONG.	2047	30,713	292,520	Completed	Industrial/ Godown	100%
161 agricultural lots, Lantau and Peng Chau, New Territories, HONG KONG.	2047	540,167	—	Vacant	Agricultural	100%
9th Floor, Office Tower 2, Suntec City, 9 Temasek Boulevard, SINGAPORE.	2088	—	17,117	Completed	Office	100%
<b>Property held for Development:</b>						
102 How Ming Street, Kwun Tong Inland Lot 242, Kwun Tong, Kowloon, HONG KONG.	2047	95,940	—	Pending development	Office	100%
<b>Properties held for operation:</b>						
South-China Cold Storage Complex at Nan Gang Main Road, Shekou Industrial Zone, Shenzhen, Guangdong Province, People's Republic of China.	2015	215,720	381,699	Completed	Cold Storage	95%
<b>Property for sale:</b>						
Global Gateway (Hong Kong) (formerly known as Winsor Centre), 168 Yeung Uk Road, R.P. of Tsuen Wan Town Lot 340, Tsuen Wan, New Territories, HONG KONG.	2047	89,998	159,047 (portion for sale)	Completed	Industrial/ Godown	100%

# Financial Assistance and Guarantees provided to Entities and Affiliated Companies

As at 31 March 2005

## Relevant advances to entities

In accordance with rule 13.20 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), details of relevant advances made by the Group to the following entity which exceeded 8% of the Company’s market capitalisation as at 31 March 2005 of approximately HK\$1,942,446,000 (“Market Capitalisation”), based on the total number of 259,685,288 shares of the Company in issue on 31 March 2005 and the average closing price of HK\$7.48 per share for the five business days immediately preceding 31 March 2005, are as follows:

Name of entity	Attributable interest held	Loans as at 31 March 2005 (A) HK\$’000	Interest rate per annum	Guarantee provided (B) HK\$’000	Guaranteed loan drawn HK\$’000	Maturity of guarantee	Total (A+B) HK\$’000
Winwill Investment Pte Ltd	20%	50,750	3.5%	113,472	98,762	March 2007	164,222

The loans advanced to Winwill Investment Pte Ltd (“Winwill”) have been loaned by Winwill onward to Winhome Investment Pte Ltd (“Winhome”) which is a 60% owned subsidiary of Winwill, and the guarantee is provided by the Group by way of an indemnity given to Wing Tai Holdings Ltd., another beneficial shareholder of Winwill, who has provided a guarantee on behalf of Winwill in respect of banking facilities granted to Winhome. The Group’s funding and payment obligations under the said indemnity are several and limited to the Group’s 12% effective interest in Winhome.

## Pro forma combined balance sheet of affiliated companies

Loans advanced to and guarantees provided by the Group for the benefit of the Group’s affiliated companies (as such term is defined in Chapter 13 of the Listing Rules and means associated companies in the context of the Group) as at 31 March 2005 in aggregate exceeded 8% of the Company’s Market Capitalisation as at 31 March 2005. In accordance with rule 13.22 of the Listing Rules, a pro forma combined balance sheet of the Group’s affiliated companies as at 31 March 2005 and the Group’s attributable interest therein are set out below:

	Pro forma combined balance sheet HK\$’000	Group’s attributable interest HK\$’000
Investment properties	14,413	4,667
Other fixed assets	46,948	12,160
Properties under development	1,202,523	240,505
Associated companies	(268,013)	(53,603)
Net current assets	81,184	16,702
Minority interests	(10,930)	(2,186)
Long term bank loans	(823,017)	(164,604)
Other long term loans	(174,041)	(34,083)
Amounts and loans due to shareholders	(308,924)	(68,847)
Amounts and loans due from shareholders	268,004	53,602
	<u>28,147</u>	<u>4,313</u>

# Five Year Financial Summary

	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000
<b>Group results</b>					
<b>for the year ended 31 March</b>					
<b>Turnover</b>	<b>508,936</b>	<b>220,813</b>	<b>312,124</b>	<b>245,604</b>	<b>545,203</b>
<b>Profit attributable to shareholders</b>	<b>459,809</b>	<b>99,342</b>	<b>115,812</b>	<b>90,869</b>	<b>52,118</b>
<b>Summary consolidated balance sheet</b>					
<b>as at 31 March</b>					
Fixed assets	3,860,029	2,677,560	2,178,264	2,376,571	2,612,197
Associated companies	19,558	106,911	54,687	19,722	100,822
Other investments	438,176	582,155	607,316	476,292	526,572
Other receivables	—	—	—	—	—
Deferred tax assets	5,675	6,766	2,299	4,194	4,992
Net current assets/(liabilities)	83,523	48,885	17,750	(156,553)	(171,809)
<b>Total assets less current liabilities</b>	<b>4,406,961</b>	<b>3,422,277</b>	<b>2,860,316</b>	<b>2,720,226</b>	<b>3,072,774</b>
Share capital	2,596	2,596	2,596	2,596	2,596
Reserves	4,124,782	2,593,889	2,046,668	2,062,017	2,261,609
Proposed final dividend	46,743	18,178	12,984	12,984	—
<b>Shareholders' funds</b>	<b>4,174,121</b>	<b>2,614,663</b>	<b>2,062,248</b>	<b>2,077,597</b>	<b>2,264,205</b>
Minority interests	(20)	(11,381)	(24,933)	(7,832)	12,133
Long term bank loans	172,848	645,633	643,955	472,924	583,693
Other long term loans	35,420	145,496	155,717	159,221	195,100
Deferred tax liabilities	24,592	27,866	23,329	18,316	17,643
<b>Funds employed</b>	<b>4,406,961</b>	<b>3,422,277</b>	<b>2,860,316</b>	<b>2,720,226</b>	<b>3,072,774</b>