NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2005

1. BASIS OF PREPARATION

The unaudited condensed financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed financial statements have been prepared on the historical costs basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts as appropriate.

The accounting policies adopted for preparation of the unaudited condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2005 except as described below.

In the Period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards (HKASs) and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interests has been changed. The change in presentation has been applied restrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have effects on how the results for the current or prior accounting periods are prepared and presented:

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2005

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) Share-based Payments

In the Period, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised.

During the Period, the Company granted share options to certain directors of the Company for their services rendered in accordance with the Company's share option scheme. The Group has applied HKFRS 2 to the share options granted on or after 1st April, 2005. The effect of the change was to increase expenses of HK$3,964,000 and to give rise a share option reserve of the same amount. In prior year, no share options were granted. Hence, no prior period adjustment has been required.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2005

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Financial Instruments

In the Period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for accounting periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effect resulting from the implementation of HKAS 32 and HKAS 39 is summarised below:

Financial liabilities other than debt and equity securities

From 1st April, 2005 onwards, the Group classifies and measures its financial liabilities other than debt and equity securities (which were previously outside the scope of Statement of Standard Accounting Practice 24) in accordance with the requirements of HKAS 39. Under HKAS 39, financial liabilities are generally classified as "financial liabilities at fair value through profit and loss" or "financial liabilities other than financial liabilities at fair value through profit and loss (other financial liabilities)". Other financial liabilities are carried at amortised cost using effective interest method.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2005

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Financial Instruments (Continued)

Prior to the application of HKAS 39, interest-free loans from a related company and minority shareholders of a subsidiary were stated at the nominal amount. HKAS 39 requires all financial assets and liabilities be measured at fair value on the initial recognition. Such loans are measured at amortised cost determined using the effective interest method at subsequent balance sheet dates. The change in accounting policy has resulted in a reduction of the carrying amounts of amount due to a related company and amounts due to minority shareholders of a subsidiary as at 1st April, 2005 by approximately HK$2,759,000 and HK$27,581,000 respectively, and an increase of minority interests as at 1st April, 2005 by approximately HK$30,340,000. The effect of the change on the results of the Period was to increase finance costs by approximately HK$8,880,000, out of which an amount of approximately HK$7,015,000 had been capitalised, due to the recognition of imputed interest expenses.

(c) Investment Properties

In the Period, the Group, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the period in which they arise.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2005

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) Investment Properties (Continued)

As at 1st April, 2005, the Group reclassified the land use rights of a property development project at a cost of approximately HK$162,354,000 from property under development to investment property. Due to the application of HKAS 40, this investment property was subject to revaluation using the fair value model. The effect of the change was that the resulting increase in fair value of the investment property as at 1st April, 2005 amounting to approximately HK$50,695,000 had been recognised directly to the accumulated losses and the increase in the fair value of approximately HK$20,364,000 during the Period had been directly recognised in the income statement.

(d) Deferred Taxes related to Investment Properties

With the effect of the application of HKAS 40 as mentioned above, the Group has applied HKAS Interpretation 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" which removes the presumption that the carrying amount of investment property are to be recovered through sale. Therefore, the deferred tax consequences of the investment property are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date.

The impact of the application of HKAS Interpretation 21 was that deferred taxation of approximately HK$16,729,000 and HK$7,006,000, relating to the investment property, had been directly recognised in the accumulated losses as at 1st April, 2005 and the income statement. Accordingly, deferred taxation liabilities were in aggregate increased by approximately HK$23,735,000.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2005

3. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined business segments to be presented as the primary reporting format. An analysis of the Group's business segmental information is as follows:

	Cruise-related activities (Unaudited) *HK$'000*	Hotel and entertainment operations (Unaudited) *HK$'000*	Property sales and development (Unaudited) *HK$'000*	Unallocated corporate items (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
For the six months ended 30th Sepember, 2005					
TURNOVER	67,565	–	–	–	67,565
RESULTS					
Segment results	21,448	(10,634)	20,007	(12,031)	18,790
Interest income					1,382
Finance costs					(1,865)
Profit before taxation					18,307
Taxation					(6,939)
Profit for the period					11,368

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2005

3. SEGMENT INFORMATION (Continued)

	Property sales and development (Unaudited) *HK$'000*	Unallocated corporate items (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
For the six months ended 30th September, 2004			
TURNOVER	–	–	–
RESULTS			
Segment results	17,211	(1,514)	15,697
Interest income			356
Finance cost			(406)
Profit before taxation			15,647
Taxation			–
Profit for the period			15,647

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2005

4. TAXATION

	Six months ended 30th September, 2005 (Unaudited) *HK$'000*	Six months ended 30th September, 2004 (Unaudited) *HK$'000*
The charge comprises:		
PRC enterprise income tax		
– overprovision in prior years	**67**	–
Deferred taxation		
– current period	**(7,006)**	–
	(6,939)	–

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

No provision for Hong Kong Profits Tax has been made as there were no estimated assessable profits for both periods.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2005

5. PROFIT FOR THE PERIOD

	Six months ended	
	30th September, 2005 (Unaudited) ***HK$'000***	30th September, 2004 (Unaudited) *HK$'000*
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**2,857**	1
Loss on disposal of property, plant and equipment	**16**	–
and after crediting:		
Interest income from:		
– bank and other deposits	**1,382**	1
– a minority shareholder of a subsidiary	**–**	355
Rental income (net of nil outgoings)	**356**	17
Reversal of allowance for amount due from a minority shareholder of a subsidiary	**–**	2,609

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2005

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	Six months ended	
	30th September, 2005 (Unaudited) *HK$'000*	30th September, 2004 (Unaudited) *HK$'000*
Earnings:		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to equity holders of the Company)	**18,665**	15,653

	As at	
	30th September, 2005 (Unaudited)	30th September, 2004 (Unaudited) (Restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note)*	**928,771,980**	232,716,955
Effect of dilutive potential ordinary shares: Share options	**2,732,240**	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**931,504,220**	

Note: The weighted average number of ordinary shares in 2004 had been adjusted for 1 to 10 share subdivision and rights issue effective on 3rd January, 2005 and 21st January, 2005, respectively.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2005

7. MOVEMENTS OF INVESTMENT PROPERTY, PROPERTY, PLANT AND EQUIPMENT AND PROPERTY UNDER DEVELOPMENT

As at 1st April, 2005, the Group reclassified the land use rights of a property development project in Shanghai at a cost of approximately HK$162,354,000 from property under development to investment property. In addition, the currency realignment of investment property and property under development for the Period were approximately HK$3,636,000 and HK$2,903,000 respectively. The Group's investment property were stated at fair value by the directors of the Company as at 1st April, 2005 and subsequently revalued at the balance sheet date. The resulting increases in fair value of the investment property during the Period were, in aggregate, approximately HK$71,059,000.

During the Period, the Group acquired a property in Macau at a fair value of HK$645,000,000 through the acquisition of a subsidiary. The Group also transferred other assets and deposits made on acquisition of property, plant and equipment amounting to approximately HK$34,881,000 and HK$4,899,000 respectively to property, plant and equipment.

In addition, the Group acquired property, plant and equipment at a cost of approximately HK$209,905,000, capitalised borrowing costs of approximately HK$8,857,000 and disposed of property, plant and equipment with aggregate of net book value of approximately HK$16,000. The currency realignment of the property, plant, equipment for the Period amounted to approximately HK$2,000.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
(Continued)

For the six months ended 30th September, 2005

8. TRADE RECEIVABLES

The Group allows an average credit period of 30 days to its trade customers. The unaudited aged analysis of the Group's trade receivables at the balance sheet date falls within 0 - 30 days.

9. TRADE PAYABLES

The following is an aged analysis of the Group's trade payables at the balance sheet date:

	As at	
	30th September, 2005 (Unaudited) ***HK$'000***	31st March, 2005 (Audited) *HK$'000*
0 – 30 days	**3,407**	3,163
31 – 60 days	**839**	466
61 – 90 days	**17**	–
	4,263	3,629

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2005

10. COMMITMENTS AND CONTINGENCY

(a) Capital commitments

	As at	
	30th September, 2005 (Unaudited)	31st March, 2005 (Audited)
	HK$'000	*HK$'000*
Authorised but not contracted for in respect of:		
– property and hotel development projects	**138,714**	431,984
– property, plant and equipment	**56,118**	124,549
Contracted for but not provided in the financial statements, net of deposits paid, in respect of:		
– property and hotel development projects	**191,727**	80,789
– property, plant and equipment	**45,253**	13,641
– acquisition of a subsidiary	**–**	451,500
	431,812	1,102,463

(b) Contingent liability

At the balance sheet date, the Group had entered into capital commitments of approximately HK$448,569,000 (At 31st March, 2005 (Audited): Nil) for a joint venture partner of a property development project in the PRC.

11. PLEDGE OF ASSET

At the balance sheet date, an asset of the Group with carrying value of HK$645,000,000 (At 31st March, 2005 (Audited): Nil) was pledged to a bank as security for a banking facility granted to the Group.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2005

12. ACQUISITION OF A SUBSIDIARY

On 3rd May, 2005, the Group acquired the entire issued share capital of Pacific Strong Base (Holdings) Company Limited, in which the Group indirectly holds 45% interests, at a total consideration of approximately HK$652,007,000. This transaction has been accounted for using the purchase method of accounting.

The net assets acquired in the transaction and the goodwill arising are as follows:

	Acquiree's carrying amount before combination (Unaudited)	**Fair value adjustment (Unaudited)**	**Fair value (Unaudited)**
	HK$'000	*HK$'000*	*HK$'000*
Net assets acquired:			
Property, plant and equipment	367,110	277,890	645,000
Deferred taxation	–	(43,768)	(43,768)
Shareholders' loans	(366,421)	–	(366,421)
	689	234,122	234,811
Assignment of shareholders' loans			366,421
Goodwill			50,775
Total consideration			652,007
Satisfied by:			
Cash			455,250
Deposits made on acquisition of the subsidiary in prior year			196,757
			652,007
Analysis of outflow of cash and cash equivalents in connection with the acquisition of the subsidiary:			
Cash consideration			455,250

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
(Continued)

For the six months ended 30th September, 2005

12. ACQUISITION OF A SUBSIDIARY (Continued)

The subsidiary contributed no turnover to the Group and a loss of approximately HK$8,449,000 to the Group's profit before taxation between the date of acquisition and the balance sheet date.

Proforma Group's revenue and results:

There is no significant difference in the Group's revenue and profit before taxation for the Period as disclosed above if the acquisition had been completed on 1st April, 2005 as the company is in investment stage.

13. RELATED PARTY TRANSACTIONS

During the Period, the Group had the following material transactions with related parties:

	Six months ended	
	30th September, 2005 (Unaudited) *HK$'000*	30th September, 2004 (Unaudited) *HK$'000*
Fair value of share options granted to directors	**3,964**	–
Purchase of furnitures from a related company *(notes (a) and (c))*	**886**	–
Reimbursement of administrative expenses to a related company *(notes (a) and (b))*	**5,385**	–
Rental income from a related company *(notes (a) and (c))*	**66,030**	–

Notes:

(a) Certain directors and substantial shareholder of the Company have beneficial or deemed interests in the above related companies.

(b) The fees were charged on a cost basis.

(c) The transaction was carried out after negotiations between the Group and the related companies and on basis of estimated market value/rate as determined by the directors of the Company.