

9. WAIVER OF OTHER LOAN

On 29 June 2004, MSHK entered into a deed of assignment with a creditor whereas the creditor agreed to accept as full settlement of the outstanding loan approximately HK\$5,736,000 by accepting payment of HK\$1,700,000 by the Group. As a result, the Group recorded a gain on waiver of the loan approximately HK\$4,036,000.

10. GAIN ON DISPOSAL OF DISCONTINUED OPERATIONS

On 12 March 2004, Orient Prize Holding Inc. (“Orient Prize”), a wholly-owned subsidiary, entered into an agreement to dispose of a 60% owned subsidiary, namely Marcello (Tax Free) International Department Store Corporation Limited (“Marcello”) for a consideration of HK\$8,200,000 (the “Marcello Disposal”). The consideration of HK\$3,350,000 was settled in cash by the purchaser. The Group directed the purchaser to pay on behalf of the Group the balance of consideration of HK\$4,850,000 to a promissory note holder as full and final settlement of the outstanding promissory note of approximately HK\$4,896,000. The Marcello Disposal was completed on 29 June 2004.

On 26 March 2004, Orient Prize entered into another agreement to dispose of a wholly-owned subsidiary, namely Fine Lord Construction Company Limited (“Fine Lord”) to Mr. Chan Chung Chiu, a director of Fine Lord, for a consideration of HK\$5,800,000 (the “Fine Lord Disposal”). The consideration was settled by way of Mr. Chan Chung Chiu releasing a promissory note executed by Orient Prize and MSHK dated 25 June 2002 in favour of Mr. Chan Chung Chiu with outstanding principal and interest of approximately HK\$5,873,000. The Fine Lord Disposal was completed on 26 March 2004. The Fine Lord Disposal constituted a connected transaction, the details of which were set out in the announcement issued by MSHK on 31 March 2004.

The sales, results, cash flows and net assets of Fine Lord and Marcello were as follows:

	Marcello <i>(Note)</i> Nine months ended 30 June 2004 HK\$'000	Fine Lord <i>(Note)</i> Period ended 26 March 2004 HK\$'000
Turnover	105,345	25,047
Cost of sales	(40,225)	(23,322)
Gross profit	65,120	1,725
Other revenue	432	7
Selling and distribution expenses	(55,315)	–
Administrative expenses	(6,563)	(1,432)
Profit from operations	3,674	300
Finance costs	(3)	(20)
Profit before taxation	3,671	280
Taxation	(642)	–
Profit after taxation	3,029	280
Minority interests	(1,211)	1
Net profit	1,818	281
Net operating cash inflow/(outflow)	(4,027)	698
Net investing cash outflow	–	(61)
Net financing cash inflow/(outflow)	2,057	(1)
Total net cash inflow/(outflow)	(1,970)	636

Note: Not audited by CCIF CPA Limited

10. GAIN ON DISPOSAL OF DISCONTINUED OPERATIONS (Continued)

	Marcello (Note) At 30 June 2004 HK\$'000	Fine Lord (Note) At 26 March 2004 HK\$'000
Non-current assets	542	3,615
Current assets	13,489	12,434
Total assets	14,031	16,049
Total liabilities	(8,207)	(13,351)
Net assets	5,824	2,698
Net assets sold	(3,494)	(2,698)
Goodwill	(2,171)	(3,317)
Disposal consideration	(5,665)	(6,015)
Disposal expenses	8,200	5,800
	(16)	–
Gain/(loss) on disposal of discontinued operations	2,519	(215)
The net cash inflow on disposal is determined as follows:		
Cash proceeds from disposals	3,350	–
Less: Cash and bank balances disposed of with the subsidiaries	(474)	(5,006)
Bank overdraft disposed of with the subsidiaries	2,206	100
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	5,082	(4,906)

Note: Not audited by CCIF CPA Limited

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

a) Directors' remuneration

Directors' remuneration is disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange and Section 161 of the Companies Ordinance as follows:

	2005 HK\$'000	2004 HK\$'000
Fees	–	–
Other emoluments:		
Salaries, allowances and benefits in kind	1,176	749
Retirement benefit scheme contributions	24	22
	1,200	771

The remuneration of individual director is set out below:

Name	Fees		Salaries, allowances and benefits in kind		Retirement scheme contributions		Total	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
<u>Executive Directors</u>								
Yeung Hoi Sing, Sonny	–	–	–	–	–	–	–	–
Chan William	–	–	328	269	12	11	340	280
Lee Siu Cheung	–	–	528	278	12	11	540	289
<u>Non-executive Director</u>								
Choi Kin Pui, Russelle	–	–	80	61	–	–	80	61
<u>Independent Non-executive Directors</u>								
Luk Ka Yee, Patrick	–	–	80	61	–	–	80	61
Yeung Mo Sheung, Ann	–	–	80	40	–	–	80	40
Yim Kai Pung	–	–	80	40	–	–	80	40
	–	–	1,176	749	24	22	1,200	771

The remuneration of the directors falls within the following band:

	Number of directors	
	2005	2004
HK\$Nil – HK\$1,000,000	7	7

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

b) Five highest paid employees

The five highest paid employees during the year included one director (2004: one), details of whose remuneration are set out in note 11 (a).

The details of the remaining four (2004: four) individual are disclosed as follows:

	2005 HK\$'000	2004 HK\$'000
Salaries, allowances and benefits in kind	2,036	1,437
Retirement benefit scheme contributions	42	79
	2,078	1,516

The remuneration falls within the following band:

	Number of individuals	
	2005	2004
HK\$Nil – HK\$1,000,000	4	4

12. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging and (crediting) the following:

	Continuing operations		Discontinued operations		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Amortisation of goodwill	–	66	–	145	–	211
Auditors' remuneration	518	436	–	42	518	478
Depreciation:						
Owned fixed assets	6,474	4,707	–	641	6,474	5,348
Operating lease rentals:						
Land and buildings	1,385	813	–	850	1,385	1,663
Plant and machinery	12	–	–	53	12	53
Provision for other receivables	–	–	–	335	–	335
Exchange gain	(15)	(208)	–	–	(15)	(208)
Staff costs (including contribution of retirement scheme of HK\$408,000) (2004: HK\$339,000)	27,384	16,321	–	2,429	27,384	18,750

13. FINANCE COSTS

	Group	
	2005 HK\$'000	2004 HK\$'000
Interest expenses on:		
Other borrowings wholly repayable within five years	97	299
Finance leases	-	3
Bank loans and overdraft wholly repayable within five years	-	20
	97	322

14. TAXATION

The amount of taxation charged to the consolidated income statement represents:

	Group	
	2005 HK\$'000	2004 HK\$'000
Hong Kong Profits Tax		
- Charge for the year	-	681
Deferred taxation relating to the origination and reversal of temporary differences	-	(39)
	-	642

A reconciliation between tax expense and accounting profit at applicable tax rates is as follows:

	2005 HK\$'000	2004 HK\$'000
Profit before tax	31,783	29,966
Share of results of associates	12	-
Profit before tax attributable to the Company and its subsidiaries	31,795	29,966
Notional tax on profit before tax, calculated at the rates applicable to profits in the jurisdictions concerned	5,564	5,244
Tax effect of non-deductible items	965	1,908
Tax effect of non-taxable revenue	(8,702)	(7,638)
Tax effect of unrecognised tax losses	2,348	1,513
Unrecognised temporary differences	137	(341)
Tax effect on utilisation of previously unrecognised tax losses	(312)	(44)
Tax charge	-	642

Hong Kong profits tax has been provided for at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits for the year. Taxation arising in other jurisdictions is calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the relevant jurisdictions in which the subsidiaries operate.

15. PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit for the year attributable to equity holders of the Company for the year ended 30 September 2005 dealt with in the financial statements of the Company was approximately HK\$67,984,000 (2004: loss of approximately HK\$15,000).

16. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of approximately HK\$12,291,000 (2004: HK\$15,442,000) and on the weighted average number of 1,869,724,000 (2004: 1,575,214,000) ordinary shares in issue during the year.

There was no dilution effect on the basic earnings per share for the year ended 30 September 2005 and 30 September 2004 respectively as there were no dilutive instruments outstanding during both years.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK\$'000	Cruise HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture fittings and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost							
At 1 October 2003	2,327	–	1,991	1,207	1,795	664	7,984
Acquisition of a subsidiary	–	–	472	829	1,296	–	2,597
Additions	–	93,600	145	1,279	1,296	230	96,550
Disposal of subsidiaries	(2,327)	–	(413)	(1,294)	(1,571)	(664)	(6,269)
At 30 September 2004 and 1 October 2004	–	93,600	2,195	2,021	2,816	230	100,862
Additions	–	–	98	3	640	–	741
At 30 September 2005	–	93,600	2,293	2,024	3,456	230	101,603
Accumulated depreciation							
At 1 October 2003	60	–	98	457	771	252	1,638
Acquisition of a subsidiary	–	–	10	25	45	–	80
Charge for the year	26	3,510	600	373	693	146	5,348
Disposal of subsidiaries	(86)	–	(14)	(574)	(1,157)	(353)	(2,184)
At 30 September 2004 and 1 October 2004	–	3,510	694	281	352	45	4,882
Charge for the year	–	4,680	672	404	642	76	6,474
At 30 September 2005	–	8,190	1,366	685	994	121	11,356
Net book value							
At 30 September 2005	–	85,410	927	1,339	2,462	109	90,247
At 30 September 2004	–	90,090	1,501	1,740	2,464	185	95,980

18. GOODWILL

	Group
	HK\$'000
Cost	
At 1 October 2003	7,041
Acquisition of a subsidiary	1,135
Disposal of subsidiaries	(7,041)
At 30 September 2004 and 1 October 2004	1,135
Acquisition of a subsidiary	178
At 30 September 2005	1,313
Accumulated amortisation	
At 1 October 2003	1,408
Charge for the year	211
Disposal of subsidiaries	(1,553)
At 30 September 2004 and 1 October 2004	66
Written back of amortisation	(66)
At 30 September 2005	-
Net book value	
At 30 September 2005	1,313
At 30 September 2004	1,069

19. INTEREST IN SUBSIDIARIES

	Company	
	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	15,874	-
Amounts due from subsidiaries	284,236	-
	300,110	-

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

19. INTEREST IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows:

Name of company	Attributable interest to the Company		Place of incorporation/ operations	Nominal value of issued share capital	Principal activities
	Direct %	Indirect %			
Macau Success (Hong Kong) Limited	100	–	Hong Kong	HK\$100,000	Investment holding
New Shepherd Assets Limited	100	–	British Virgin Islands	US\$1	Investment holding
Access Success Developments Limited	–	100	British Virgin Islands	US\$1	Investment holding
Ace Horizon Limited	–	100	British Virgin Islands	US\$1	Investment holding
Capture Success Limited*	–	55	British Virgin Islands/ South China Sea, other than in Hong Kong	US\$100	Cruise leasing
Golden Sun Profits Limited	–	100	British Virgin Islands	US\$1	Investment holding
Hover Management Limited*	–	55	Hong Kong/ South China Sea, other than in Hong Kong	HK\$100	Provision of cruise management services
Joyspirit Investments Limited	–	100	British Virgin Islands	US\$1	Investment holding
Macau Success Management Services Limited	–	100	Hong Kong	HK\$100	Provision of administration services
Precise Innovation Limited	–	100	British Virgin Islands	US\$1	Investment holding
Top Region Assets Limited	–	100	British Virgin Islands	US\$1	Investment holding
Travel Success Limited	–	100	Hong Kong	HK\$500,000	Travel agency
Travel Success (Macau) Limited	–	100	Macau	MOP1,500,000	Travel agency
World Fortune Limited	–	100	Hong Kong	HK\$100	Investment holding

* Not audited by CCF CPA Limited