4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

(i) Financial assets (continued)

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), but also incorporate other types of contractual monetary asset. At each balance sheet date subsequent to initial recognition, they are carried at amortised cost using the effective interest method less any identified impairment losses.

Held-to-maturity investments: These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investment are measured at amortised cost using effective interest method, less any identified impairment losses.

(ii) Financial liabilities

The Group classifies its financial liabilities as other financial liabilities, depending on the purposes for which the liabilities were incurred. Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.
- Bank borrowings are initially recognised at fair value, net of any transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

(iii) Derecognition

The Group derecognises a financial asset where the contractual rights to the future cash flows in relation to the investment expire or where the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

(j) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

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

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(k) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes and is accounted for using the balance sheet liability method. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Income taxes are recognised in the income statement except when they relate to items directly recognised to equity in which case the taxes are also directly recognised in equity.

(l) Revenue recognition

Revenue from restaurant operations is recognised when food and beverages are sold and services are provided.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Hotel room revenue is recognised when hotel rooms are occupied.

Revenue from provision of wedding and entertainment services is recognised when services are rendered.

Revenue from goods sold is recognised when title of goods sold has passed to the purchaser, which is at the time of delivery.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(m) Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the ‘‘functional currency’’) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(m) Foreign currencies *(continued)*

On consolidation, the results of overseas operations are translated into Hong Kong Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the ''foreign exchange reserve''). Exchange differences recognised in the income statement of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve if the item is denominated in the functional currency of the Group or the overseas operation concerned.

(n) Impairment

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually on 31 March. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the net operating expenses line item in the income statement.

(o) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Profit sharing and bonus plans

The expected costs of profit sharing and bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(o) Employee benefits *(continued)*

(iii) Post-employment benefits

Retirement benefits to employees are provided through several defined contribution plans.

The Group adopts a defined contribution Mandatory Provident Fund retirement benefits scheme (the ''MPF Scheme'') under the Mandatory Provident Fund Schemes Ordinance, for all employees of its subsidiaries operated in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries but subject to a cap in accordance with the statutory requirement and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme.

The Group has recorded provisions for long service payments for employees who had completed the required number of years of service under the Employment Ordinance for whom the Group is obligated to pay long service payment on termination of their employment.

The obligations for long service payments are assessed using the projected unit credit method, under which the provision for long service payment is charged to the income statement so as to spread the cost over the service lives of employees. The obligations are determined based on actuarial assumptions that are the Group's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. The provisions are calculated as the present values of the estimated future cash outflows for each employee using interest rates of high quality corporate bonds that have terms to maturity approximating the terms of the related liabilities, less the fair value of the Group's contributions to MPF for that employee. Plan assets are measured at fair values. Actuarial gains and losses are recognised over the average remaining service lives of employees.

The employees of the Group's subsidiaries that operate in Macau are required to participate in a government-managed retirement benefit scheme. These subsidiaries are required to contribute a fixed cost per employee to the government-managed retirement benefit scheme. The contributions are charged to the income statement when payable.

(p) Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of the options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(q) Leases

For leases where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an ''operating lease''), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term.

(r) Borrowing costs

All borrowing costs are expensed as incurred.

(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 segment as the secondary reporting format.

Unallocated costs represent corporate income and expenses. Segment assets consist primarily of goodwill, property, plant and equipment, inventories and receivables, and exclude cash and cash equivalents. Segment liabilities comprise operating liabilities and exclude accruals for corporate expenses and certain corporate borrowings. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

5. POTENTIAL IMPACT ARISING ON THE NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

The Group has not yet applied the following new HKFRSs that have been issued but are not yet effective. The Group is in the process of determining whether these new and revised standards and interpretations will have any impact on the financial statements of the Group.

HKAS 1 Amendment	Capital disclosures
HKAS 19 Amendment	Actuarial gains and losses, group plans and disclosures
HKAS 21 Amendment	Net investment in a foreign operation
HKAS 39 Amendment	Cash flow hedge accounting of forecast intragroup transactions
HKAS 39 Amendment	The fair value option
HKAS 39 & HKFRS 4 Amendments	Financial guarantee contracts
HKFRS 6	Exploration for and evaluation of mineral resources
HKFRS 7	Financial instrument: disclosures
HKFRS – Interpretation 4	Determining whether an arrangement contains a lease
HKFRS – Interpretation 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
HK(IFRIC) – Interpretation 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment
HK(IFRIC) – Interpretation 7	Applying the restatement approach under HKAS 29 financial reporting in hyperinflationary economies
HK(IFRIC) – Interpretation 8	Scope of HKFRS 2
HK(IFRIC) – Interpretation 9	Reassessment of embedded derivatives

6. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in restaurant operations, property investment and wedding services business. During the year, the Group expanded its operations to include the retail sale of watches, entertainment businesses and hotel operations via the acquisition of interests in several subsidiaries.

An analysis of turnover and other revenue is as follows:

	2006 *HK$*	2005 *HK$*
Turnover		
Sales of food and beverages from restaurant operations	37,661,004	33,566,901
Gross rental income from investment properties	5,118,419	4,824,000
Provision of wedding services	97,284,421	105,259,358
Revenue from talent management and entertainment operations	2,638,713	–
Revenue from watch retail operations	68,492,670	–
	211,195,227	143,650,259
Revenue from hotel operations		
– Room rental	35,947,466	–
– Food and beverages	19,628,697	–
	55,576,163	–
	266,771,390	143,650,259
Other revenue		
Bank interest income	3,273,315	23,438
Others	2,947,870	573,571
	6,221,185	597,009
Total revenue	272,992,575	144,247,268

6. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION *(continued)*

An analysis of the Group's business segments is set out as follows:

				2006			
	Restaurant operations	**Property investment**	**Wedding services**	**Entertainment operations**	**Retail operations**	**Hotel operations**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Turnover	37,661,004	5,118,419	97,284,421	2,638,713	68,492,670	55,576,163	266,771,390
Segment results	1,551,809	7,967,180	5,882,315	(6,932,323)	1,896,837	8,163,628	18,529,446
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries							29,760,397
Unallocated income							4,621,678
Unallocated costs							(7,260,624)
Profit before taxation							45,650,897
Taxation							(3,271,377)
Profit for the year							42,379,520
Segment assets	103,400,990	100,653,345	28,330,596	1,811,388	19,845,116	481,139,357	735,180,792
Unallocated assets							118,035,979
Total assets							853,216,771
Segment liabilities	(8,222,689)	(1,957,500)	(7,773,462)	(4,870,237)	(10,507,251)	(171,299,845)	(204,630,984)
Unallocated liabilities							(42,565,396)
Total liabilities							(247,196,380)
Capital expenditure							
– segment	2,412,901	–	3,888,996	372,428	359,355	349,783	7,383,463
– unallocated							3,800
							7,387,263
Depreciation							
– segment	2,543,877	–	1,897,782	54,705	62,714	20,571,983	25,131,061
– unallocated							2,568
							25,133,629

6. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION *(continued)*

				2005 (Restated)			
	Restaurant operations	**Property investment**	**Wedding services**	**Entertainment operations**	**Retail operations**	**Hotel operations**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Turnover	33,566,901	4,824,000	105,259,358	–	–	–	143,650,259
Segment results	4,521,504	13,430,771	14,991,434	–	–	–	32,943,709
Unallocated income							23,438
Unallocated costs							(4,310,311)
Finance costs							(28,479)
Profit before taxation							28,628,357
Taxation							(5,386,078)
Profit for the year							23,242,279
Segment assets	99,529,281	93,271,227	27,809,974	–	–	–	220,610,482
Unallocated assets							29,224,166
Total assets							249,834,648
Segment liabilities	(6,172,657)	(1,675,500)	(8,506,030)	–	–	–	(16,354,187)
Unallocated liabilities							(11,377,693)
Total liabilities							(27,731,880)
Capital expenditure							
– segment	465,840	–	2,024,854	–	–	–	2,490,694
Depreciation							
– segment	1,862,084	–	3,242,512	–	–	–	5,104,596
– unallocated							18,870
							5,123,466

6. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION *(continued)*

An analysis of the Group's geographical segments is set out as follows:

		2006	
	Hong Kong	**Macau**	**Total**
	HK$	*HK$*	*HK$*
Turnover	211,195,227	55,576,163	266,771,390
Segment assets	372,077,414	481,139,357	853,216,771
Capital expenditure	7,037,480	349,783	7,387,263

No geographical segment for 2005 is presented as all customers for 2005 were based in Hong Kong.

7. OPERATING PROFIT

Operating profit is stated at after charging/(crediting):

	2006	**2005**
	HK$	*HK$*
Amortisation of goodwill (recognised in net operating expenses)	–	1,003,778
Depreciation of property, plant and equipment	25,133,629	5,123,466
Cost of inventories recognised as an expense	86,250,312	14,111,112
Direct operating expenses from investment properties	625,321	223,826
Property tax on rental income	452,445	–
Operating lease rentals in respect of land and buildings		
– Land and buildings	14,222,897	9,964,017
– Interests in leasehold land for own use under operating leases	719,165	–
Amortisation of land premium	1,801,856	–
Impairment loss of goodwill	1,370,121	–
Auditors' remuneration		
– Audit services	730,000	400,000
– Non-audit services (note a)	27,000	21,700
Increase in fair value of other properties	–	(59,601)

Note a: For the year ended 31 March 2006, auditors' remuneration for non-audit services excluded an amount of HK$200,000 which was capitalised in cost of acquisition.