



Notes to the Financial Statements *(continued)*

For the year ended 31 March 2006

8. STAFF COSTS

	2006 <i>HK\$</i>	2005 <i>HK\$</i>
Staff costs (including directors) comprise:		
Salaries and bonuses	58,960,262	42,994,208
Contribution to defined contribution pension plans	2,730,053	2,454,115
Share options granted to directors	3,934,394	–
Other post-employment benefits	162,115	138,263
Other short term monetary benefits	2,450,410	1,703,199
	<u>68,237,234</u>	<u>47,289,785</u>

9. FINANCE COSTS

	2006 <i>HK\$</i>	2005 <i>HK\$</i>
Interest on		
– short-term bank loans	–	28,479
– long-term bank loans	3,384,886	–
	<u>3,384,886</u>	<u>28,479</u>

10. TAXATION

The amount of taxation in the consolidated income statement represents:

	2006 <i>HK\$</i>	2005 <i>HK\$</i> (Restated)
Hong Kong profits tax for the year	324,708	–
Overseas tax	–	–
	<u>324,708</u>	<u>–</u>
Deferred tax (note 24)	2,946,669	5,386,078
	<u>3,271,377</u>	<u>5,386,078</u>

Hong Kong profits tax has been provided for certain subsidiaries within the Group and is calculated at 17.5% on the estimated assessable profits for the year.

No provision for Hong Kong profits tax has been made for other subsidiaries within the Group as those subsidiaries have sufficient tax losses brought forward to offset against the estimated profits for the year on an individual basis.



Notes to the Financial Statements *(continued)*

For the year ended 31 March 2006

10. TAXATION *(continued)*

The Macau statutory tax rate is set at 12% on the estimated assessable profits for the year. No provision for Macau tax has been made as the subsidiaries operating in Macau incurred tax losses for the year.

The tax expense for the year can be reconciled to the profit per the consolidated income statement as follows:

	2006 HK\$	2005 HK\$ (Restated)
Profit before taxation	45,650,897	28,628,357
Tax calculated at Hong Kong profits tax rate of 17.5% (2005: 17.5%)	7,988,907	5,009,962
Effect of different tax rates of subsidiaries operating in other jurisdictions	(471,041)	–
Deferred tax not recognised	2,220,498	104,274
Tax effect of non-deductible expenses	1,480,171	335,554
Tax effect of non-taxable revenue	(7,947,874)	(14,732)
Others	716	(48,980)
Income tax expense	<u>3,271,377</u>	<u>5,386,078</u>

In addition to the amount charged to the income statement, deferred tax relating to the revaluation of the Group's certain leasehold land and buildings during the year has been charged directly to equity.

11. PROFIT FOR THE YEAR

Included in profit for the year is a loss of HK\$5,544,218 (2005: loss of HK\$11,167,965) that has been dealt with in the financial statements of the Company.

12. DIVIDENDS

The board of directors does not recommend the payment of interim or final dividends in respect of the year ended 31 March 2006 (2005: Nil).

Notes to the Financial Statements *(continued)*

For the year ended 31 March 2006

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2006 Basic <i>HK\$</i>	2006 Diluted <i>HK\$</i>	2005 Basic <i>HK\$</i>	2005 Diluted <i>HK\$</i>
Earnings				
Profit attributable to equity holders of the Company, as previously stated	45,491,787	45,491,787	15,567,746	N/A
Prior year adjustments:				
– adoption of new HKFRS 40 and INT 21 (note 3)	–	–	7,425,000	N/A
– deferred tax on revaluation reserve for leasehold land and buildings (note 14)	–	–	249,533	N/A
As restated	<u>45,491,787</u>	<u>45,491,787</u>	<u>23,242,279</u>	<u>N/A</u>
Number of shares				
Weighted average number of ordinary shares	1,863,903,527	1,863,903,527	1,095,884,000	N/A
Share options	–	5,581,227	–	N/A
Weighted average number of shares for the purpose of diluted earnings per share	<u>1,863,903,527</u>	<u>1,869,484,754</u>	<u>1,095,884,000</u>	<u>N/A</u>
Earnings per share				
As previously stated	–	–	1.42 cents	N/A
Prior year adjustments:				
– adoption of new HKFRS 40 and INT 21 (note 3)	–	–	0.68 cents	N/A
– deferred tax on revaluation reserve for leasehold land and buildings (note 14)	–	–	0.02 cents	N/A
As restated	<u>2.44 cents</u>	<u>2.43 cents</u>	<u>2.12 cents</u>	<u>N/A</u>

The calculation of 2006 diluted earnings per share is based on the weighted average of 1,863,903,527 ordinary shares outstanding during the year, plus the weighted average of 5,581,227 ordinary shares deemed to be issued at no consideration as if all share options were exercised at the date of grant.

No diluted earnings per share is disclosed for the year ended 31 March 2005 as no share option was granted in that year.

14. PRIOR YEAR ADJUSTMENT

Deferred tax on revaluation of leasehold land and buildings has not been provided in prior years on the basis that the appreciation of leasehold land and buildings will only be realised on the disposals of the land and buildings, which carry no capital gains tax in Hong Kong. However, the HKFRS on income taxes requires deferred taxation to be recognised on any revaluation changes in land and buildings on the basis that the recovery of the carrying amount would be through use and calculated at the applicable profits tax rate and recognised in the revaluation reserve.

Notes to the Financial Statements *(continued)*

For the year ended 31 March 2006

14. PRIOR YEAR ADJUSTMENT *(continued)*

Accordingly, prior year adjustments were made as follows: the balances on the Group's other property revaluation reserve at 1 April 2005 and 1 April 2004 have been reduced by HK\$15,034,138 and HK\$12,951,638 respectively, representing the deferred tax liability in respect of the revaluation reserve on the Group's leasehold land and buildings at such dates. Opening accumulated losses at 1 April 2005 and 1 April 2004 have been reduced by HK\$605,675 and HK\$356,142 respectively, representing the cumulative effect of income taxes credited to the income statements. The net effect of deferred taxation recognised in the revaluation reserve and accumulated losses decreased the deferred tax asset at 1 April 2005 and 1 April 2004 by HK\$12,261,066 and HK\$13,820,247 respectively and increased the deferred tax liability at 1 April 2005 by HK\$2,167,397 and decreased the deferred tax liability at 1 April 2004 by HK\$1,224,751.

15. DIRECTORS AND SENIOR MANAGEMENT EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of the directors' emoluments, disclosed pursuant to Section 161 of the Companies Ordinance, were as follows:

2006	Fees <i>HK\$</i>	Salaries and other benefits <i>HK\$</i>	Discretionary bonuses <i>HK\$</i>	Share options <i>HK\$</i>	Retirement scheme contributions <i>HK\$</i>	Total <i>HK\$</i>
Executive directors						
Yeung Chi Hang	–	1,550,000	720,000	1,236,524	11,863	3,518,387
Ma Shuk Kam	–	–	–	1,236,524	–	1,236,524
Liu Yu Mo	–	1,425,000	330,000	56,205	11,863	1,823,068
Chung Siu Wah	88,000	–	–	56,206	4,400	148,606
Yeung Kit Yu, Kitty	–	426,400	32,800	1,236,524	13,160	1,708,884
Au Edmond Wah	88,000	–	–	56,206	3,995	148,201
Chik To Pan	–	390,000	30,000	56,205	11,880	488,085
Independent non-executive directors						
Chan Lai Mei	96,000	–	–	–	–	96,000
Lee Wai Loun	96,000	–	–	–	–	96,000
Lee Yuk Sang, Angus	96,000	–	–	–	–	96,000
	<u>464,000</u>	<u>3,791,400</u>	<u>1,112,800</u>	<u>3,934,394</u>	<u>57,161</u>	<u>9,359,755</u>

Notes to the Financial Statements *(continued)*

For the year ended 31 March 2006

15. DIRECTORS AND SENIOR MANAGEMENT EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

2005	Fees HK\$	Salaries and other benefits HK\$	Discretionary bonuses HK\$	Share options HK\$	Retirement scheme contributions HK\$	Total HK\$
Executive directors						
Yeung Chi Hang	–	1,430,000	550,000	–	11,863	1,991,863
Ma Shuk Kam	–	–	–	–	–	–
Liu Yu Mo	–	1,327,500	210,000	–	11,863	1,549,363
Chung Siu Wah	–	–	–	–	–	–
Yeung Kit Yu, Kitty	–	242,710	7,119	–	–	249,829
Au Edmond Wah	–	–	–	–	–	–
Chik To Pan	–	–	–	–	–	–
Independent non-executive directors						
Lin Wai Yi	48,000	–	–	–	–	48,000
Cheung Chi Wah	48,000	–	–	–	–	48,000
Chan Lai Mei	53,600	–	–	–	–	53,600
Lee Wai Loun	53,600	–	–	–	–	53,600
Lee Yuk Sang, Angus	53,600	–	–	–	–	53,600
	<u>256,800</u>	<u>3,000,210</u>	<u>767,119</u>	<u>–</u>	<u>23,726</u>	<u>4,047,855</u>

No directors waived their emoluments in respect of the year ended 31 March 2006 (2005: HK\$ Nil).

The above emoluments include the value of share options granted to all executive directors under the Company's share option scheme as estimated at the date of grant. The details of these benefits-in-kind are disclosed in note 32.

(b) Five highest paid individuals

The five individuals whose emoluments (excluding share options) were the highest in the Group for the year include two directors (2005: two directors). The emoluments payable to the remaining three highest paid individuals during the year were as follows:

	2006 HK\$	2005 HK\$
Basic salaries, housing allowances, other allowances and benefits in kind	2,065,470	1,770,000
Retirement scheme contributions	36,000	36,000
	<u>2,101,470</u>	<u>1,806,000</u>

All the emoluments fell within the band between nil to HK\$1,000,000.



Notes to the Financial Statements *(continued)*

For the year ended 31 March 2006

15. DIRECTORS AND SENIOR MANAGEMENT EMOLUMENTS *(continued)*

(c) Share options

The value of share options granted to directors under the share option scheme of the Company represents the fair value of these options charged to the income statement for the year in accordance with HKFRS 2.

16. GOODWILL AND IMPAIRMENT

	<i>HK\$</i>
Cost:	
At 1 April 2004 and 2005	20,075,566
Opening balance adjustment to eliminate accumulated amortisation	(1,087,426)
Additions via acquisition	1,385,121
	<hr/>
At 31 March 2006	<u>20,373,261</u>
Accumulated amortisation and impairment	
At 1 April 2004	83,648
Amortisation	1,003,778
	<hr/>
At 31 March 2005 and 1 April 2005	1,087,426
Eliminated against cost at 1 April 2005	(1,087,426)
Impairment loss	1,370,121
	<hr/>
At 31 March 2006	<u>1,370,121</u>
Carrying value	
At 31 March 2006	<u>19,003,140</u>
At 31 March 2005	<u>18,988,140</u>

Notes:

- (a) In 2005, goodwill not already recognised directly in reserves was amortised on a straight-line basis over 20 years. The amortisation of goodwill for the year ended 31 March 2005 was included in "net operating expenses" in the consolidated income statement.
- (b) As explained further in note 3, with effect from 1 April 2005 the Group no longer amortises goodwill. In accordance with the transitional provisions set out in HKFRS 3, the accumulated amortisation of goodwill as at 1 April 2005 has been eliminated against the cost of goodwill as at that date.
- (c) Goodwill includes an amount of HK\$1,370,121 that arose from the acquisitions of Reli-a-bo Entertainment Limited and Wellprecise Limited which are engaged in the operations of entertainment business and restaurant respectively. As these subsidiaries incurred significant operating losses since the dates of acquisition and it is expected the recoverable amount will be less than the carrying amount of goodwill, full impairment losses on the goodwill have been provided.

Notes to the Financial Statements *(continued)*

For the year ended 31 March 2006

16. GOODWILL AND IMPAIRMENT *(continued)*

- (d) For the purpose of impairment testing, goodwill acquired through business combinations are allocated to the Group's various cash-generating units ("CGUs") as follows:

	2006 HK\$	2005 HK\$
Wedding services	18,988,140	18,988,140
Entertainment operations	449,627	–
Restaurant operations	920,494	–
Others	15,000	–
Total	<u>20,373,261</u>	<u>18,988,140</u>

In accordance with HKAS 36 "Impairment of assets", the Group completed its annual impairment test for goodwill to the Group's various CGUs by comparing their recoverable amounts to their carrying amounts at the balance sheet date. The recoverable amount of a CGU is determined based on a value-in-use calculation. These calculations use cashflow projections based on financial forecasts covering a five-year period. The key assumptions used in the value-in-use calculation were: operating margins are estimated to be 60% to 74% based on past experience; growth rates are estimated to be Nil based on current and projected market conditions; and the discount rate of 8% was based on management's assessment of risks relating to the CGUs.

There was no evidence of impairment on goodwill on the wedding business. As mentioned in note (c) above, impairment loss was provided for goodwill from entertainment and restaurant operations.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Hotel property in Macau								Total HK\$
	Building HK\$	Leasehold improvements HK\$	Furniture, fixtures and equipment HK\$	Leasehold land and buildings HK\$	Leasehold improvements HK\$	Wardrobe HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	
Cost or valuation									
At 1 April 2004	–	–	–	85,900,000	2,629,283	1,137,797	2,753,891	41,656	92,462,627
Surplus on revaluation	–	–	–	10,150,000	–	–	–	–	10,150,000
Additions	–	–	–	–	786,714	–	1,703,980	–	2,490,694
At 1 April 2005	–	–	–	96,050,000	3,415,997	1,137,797	4,457,871	41,656	105,103,321
Surplus on revaluation	–	–	–	250,000	–	–	–	–	250,000
Additions	–	56,047	293,736	–	2,558,459	–	3,789,021	690,000	7,387,263
Additions via acquisitions	129,162,972	63,220,046	31,888,827	–	234,112	–	121,385	5,129,587	229,756,929
At 31 March 2006	<u>129,162,972</u>	<u>63,276,093</u>	<u>32,182,563</u>	<u>96,300,000</u>	<u>6,208,568</u>	<u>1,137,797</u>	<u>8,368,277</u>	<u>5,861,243</u>	<u>342,497,513</u>
Accumulated depreciation									
At 1 April 2004	–	–	–	–	145,806	–	843,519	3,551	992,876
Charge for the year	–	–	–	1,750,000	1,100,499	1,137,797	1,097,065	38,105	5,123,466
Surplus on revaluation	–	–	–	(1,750,000)	–	–	–	–	(1,750,000)
At 1 April 2005	–	–	–	–	1,246,305	1,137,797	1,940,584	41,656	4,366,342
Charge for the year	1,246,808	16,083,634	2,663,747	1,950,650	1,004,494	–	1,496,252	688,044	25,133,629
Surplus on revaluation	–	–	–	(1,950,650)	–	–	–	–	(1,950,650)
At 31 March 2006	<u>1,246,808</u>	<u>16,083,634</u>	<u>2,663,747</u>	<u>–</u>	<u>2,250,799</u>	<u>1,137,797</u>	<u>3,436,836</u>	<u>729,700</u>	<u>27,549,321</u>
Net book value									
At 31 March 2006	<u>127,916,164</u>	<u>47,192,459</u>	<u>29,518,816</u>	<u>96,300,000</u>	<u>3,957,769</u>	<u>–</u>	<u>4,931,441</u>	<u>5,131,543</u>	<u>314,948,192</u>
At 31 March 2005	<u>–</u>	<u>–</u>	<u>–</u>	<u>96,050,000</u>	<u>2,169,692</u>	<u>–</u>	<u>2,517,287</u>	<u>–</u>	<u>100,736,979</u>

Notes to the Financial Statements *(continued)*

For the year ended 31 March 2006

17. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The analysis of the carrying values of the above assets at 31 March 2006 is as follows:

	Hotel property in Macau <i>HK\$</i>	Leasehold land and buildings <i>HK\$</i>	Leasehold improvements <i>HK\$</i>	Furniture, fixtures and equipment <i>HK\$</i>	Motor vehicles <i>HK\$</i>	Total <i>HK\$</i>
At cost	204,627,439	–	3,957,769	4,931,441	5,131,543	218,648,192
At 2006 professional valuation	–	96,300,000	–	–	–	96,300,000
	<u>204,627,439</u>	<u>96,300,000</u>	<u>3,957,769</u>	<u>4,931,441</u>	<u>5,131,543</u>	<u>314,948,192</u>

The analysis of the carrying values of the above assets at 31 March 2005 is as follows:

	Leasehold land and buildings <i>HK\$</i>	Leasehold improvements <i>HK\$</i>	Furniture, fixtures and equipment <i>HK\$</i>	Total <i>HK\$</i>
At cost	–	2,169,692	2,517,287	4,686,979
At 2005 professional valuation	96,050,000	–	–	96,050,000
	<u>96,050,000</u>	<u>2,169,692</u>	<u>2,517,287</u>	<u>100,736,979</u>

The Group's leasehold land and buildings and hotel property are located in Hong Kong and Macau respectively and are analysed at their carrying values as follows:

	2006 <i>HK\$</i>	2005 <i>HK\$</i>
Properties located in Hong Kong		
Leases of over 50 years	95,000,000	95,000,000
Leases of between 10 to 50 years	1,300,000	1,050,000
	<u>96,300,000</u>	<u>96,050,000</u>
Properties located in Macau		
Leases of between 10 to 50 years	<u>204,627,439</u>	<u>–</u>

The leasehold land and buildings were revalued at 31 March 2006 on the open market value basis by Vigers Appraisal and Consulting Limited, an independent firm of professional valuers. A revaluation surplus of HK\$1,815,536 was credited to other properties revaluation reserve, net of applicable deferred income taxes of HK\$385,114.

Notes to the Financial Statements *(continued)*

For the year ended 31 March 2006

17. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The carrying amount of leasehold land and buildings of the Group would have been HK\$20,085,435 (2005: HK\$20,808,355) had they been stated at cost less accumulated depreciation.

At 31 March 2006, the leasehold land and buildings, the hotel property, certain investment properties, interests in leasehold land for own use under operating leases and land premium were pledged as security for the Group's banking facilities.

18. INVESTMENT PROPERTIES

Group

	2006 <i>HK\$</i>	2005 <i>HK\$</i>
At beginning of year, at fair value	93,000,000	84,000,000
Additions via acquisition	3,000,000	–
Change in fair value	4,500,000	9,000,000
	<u>100,500,000</u>	<u>93,000,000</u>
At end of year, at fair value	<u>100,500,000</u>	<u>93,000,000</u>

- Investment properties were revalued at 31 March 2006 on the open market value basis by Vigers Appraisal and Consulting Limited, an independent firm of professional valuers.
- At 31 March 2006, the leasehold land and buildings, the hotel property, certain investment properties, interests in leasehold land for own use under operating leases and land premium were pledged as security for the Group's banking facilities.
- Gross rental income from investment properties amounted to HK\$5,118,419 (2005: HK\$4,824,000).
- The Group's investment properties are located in Hong Kong and are analysed at their carrying values as follows:

	2006 <i>HK\$</i>	2005 <i>HK\$</i>
Leases of over 50 years	61,000,000	59,000,000
Leases of between 10 to 50 years	39,500,000	34,000,000
	<u>100,500,000</u>	<u>93,000,000</u>