1. CORPORATE INFORMATION

Wang On Group Limited is a limited liability company incorporated in Bermuda. The head office and principal place of business of Wang On Group Limited is located at 5th Floor, Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

During the year, the Group was involved in the following principal activities:

- property development
- property investment
- management and sub-licensing of Chinese wet markets, shopping centres and car parks
- retailing of pork

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also includes Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the investment properties, certain derivative financial instruments and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2006. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

HKICPA has issued a number of new and revised HKFRSs and HKASs which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has early adopted the following new HKFRSs in the financial statements for the year ended 31 March 2005:

HKFRS 3	Business Combinations
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 40	Investment Property
HK-Int 3	Revenue – Pre-completion Contracts for the Sale of Development Properties

The following new and revised HKFRSs not yet previously early adopted by the Group are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 11	Construction Contracts
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 20	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 2	Share-based Payment
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Cont'd)*

The adoption of HKASs 2, 7, 8, 10, 11, 12, 14, 16, 17, 18, 19, 20, 21, 23, 27, 28, 31, 33, 37 and HKFRS 5 and HK-Int 4 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's financial statements.

HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures. In addition, in prior periods, the Group's share of tax attributable to associates was presented as a component of the Group's total tax charge in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of associates is presented net of the Group's share of tax attributable to associates.

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 32 and HKAS 39 – Financial Instruments

(i) Equity securities

In prior years, the Group classified its investments in unlisted equity securities as long term investments, which were held for non-trading purposes and were stated at cost less any impairment losses on an individual basis. Upon the adoption of HKAS 39, these investments held by the Group at 1 April 2005 in the amount of HK$12,000,000 are designated as available-for-sale investments under the transitional provisions of HKAS 39.

In prior years, the Group classified its investments in equity securities for trading purposes as short term investments, and were stated at their fair values on an individual basis with gains and losses recognised in the income statement. Upon the adoption of HKAS 39, these securities held by the Group at 1 April 2005 in the amount of HK$23,361,000 are designated as financial assets at fair value through profit or loss under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised in the income statement.

The adoption of HKAS 39 has not resulted in any change in the measurement of these equity securities. Comparative amounts have been reclassified for presentation purposes.

(ii) Convertible notes

In prior years, convertible notes were stated at amortised cost. Upon the adoption of HKAS 32, convertible notes are split into liability and equity components. The effects of the above changes are summarised in note 2.4 to the financial statements. In accordance with HKAS 32, comparative amounts have been restated.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Cont'd)*

(a) HKAS 32 and HKAS 39 – Financial Instruments *(Cont'd)*

(iii) Unlisted debt securities with embedded derivatives

In prior years, the Group accounted for its investments in unlisted debt securities with embedded derivatives at cost. Upon the adoption of HKAS 39, these investments held by the Group at 1 April 2005 are designated as financial assets at fair value through profit or loss under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised in the income statement.

The effects of the above changes are summarised in note 2.4 to the financial statements. In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

(b) HKFRS 2 – Share-based Payment

In prior years, no recognition and measurement of share-based payment transactions in which employees (including directors) were granted share options over shares in the Company were required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted.

The main impact of HKFRS 2 on the Group is the recognition of the cost of these transactions and a corresponding entry to equity for employee share options.

The Group has adopted the transitional provisions of HKFRS 2 under which the new measurement policies have not been applied to (i) options granted to employees on or before 7 November 2002; and (ii) options granted to employees after 7 November 2002 but which had vested before 1 April 2005.

As the Group did not have any employee share options which were granted during the period from 7 November 2002 to 31 March 2005 but had not yet vested as at 1 April 2005, the adoption of HKFRS 2 has had no impact on the retained profits as at 31 March 2004 and at 31 March 2005.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Cont'd)*

(c) HK(SIC)-Int 21 – Income Taxes – Recovery of Revalued Non-depreciable Assets

In prior years, deferred tax arising on the revaluation of investment properties was recognised based on the tax rate that would be applicable upon the sale of the investment properties.

Upon the adoption of HK(SIC)-Int 21, deferred tax arising on the revaluation of the Group's investment properties is determined depending on whether the properties will be recovered through use or through sale. The adoption of HK(SIC)-Int 21 has no significant effect on the consolidated financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

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
HKFRSs 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Cont'd)*

HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 incorporates the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual periods beginning on or after 1 January 2007.

In accordance with the amendments to HKAS 39 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18.

The HKAS 19 Amendment, HKAS 21 Amendment, HKAS 39 Amendment regarding cash flow hedge accounting of forecast intragroup transactions, HKFRSs 1 and 6 Amendments, HKFRS 6, HK(IFRIC)-Int 5, HK(IFRIC)-Int 6 and HK(IFRIC)-Int 7 do not apply to the activities of the Group. HK(IFRIC)-Int 6 and HK(IFRIC)-Int 7, HK(IFRIC)-Int 8 and HK(IFRIC)-Int 9 will be applied for annual periods beginning on or after 1 December 2005, 1 March 2006, 1 May 2006 and 1 June 2006, respectively.

Except as stated above, the Group expects that the adoption of the pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

(a) Effect on the consolidated balance sheet

	Effect of adopting				
At 1 April 2005	HKAS 1#	HKASs 32# and 39*	HKAS 32#	HKAS 39*	
Effect of new policies (Increase/(decrease))	Presentation	Change in classification of financial assets	Convertible notes	Convertible notes due from an associate	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Property, plant and equipment	(219,550)	–	–	–	(219,550)
Investment properties	219,550	–	–	–	219,550
Interests in associates	–	–	–	(3,530)	(3,530)
Available-for-sale investments	–	19,751	–	–	19,751
Prepayments, deposits and other receivables	–	–	(3,093)	–	(3,093)
Financial assets at fair value through profit or loss	–	93,788	–	–	93,788
Long term investments	–	(54,234)	–	–	(54,234)
Short term investments	–	(59,305)	–	–	(59,305)
	–	–	(3,093)	(3,530)	(6,623)
Liabilities/equity					
Convertible notes	–	–	(13,366)	–	(13,366)
Equity component of convertible notes	–	–	10,903	–	10,903
Retained profits	–	–	(630)	(3,530)	(4,160)
	–	–	(3,093)	(3,530)	(6,623)

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES *(Cont'd)*

(a) Effect on the consolidated balance sheet *(Cont'd)*

	Effect of adopting			
At 31 March 2006	HKAS 1#	HKASs 32# and 39*	HKAS 32#	
Effect of new policies (Increase/(decrease))	Presentation	Change in classification of financial assets	Convertible notes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Property, plant and equipment	(297,500)	–	–	(297,500)
Investment properties	297,500	–	–	297,500
Prepayments, deposits and other receivables	–	–	(1,006)	(1,006)
Financial assets at fair value through profit or loss	–	70,815	–	70,815
Long term investments	–	(27,906)	–	(27,906)
Short term investments	–	(42,909)	–	(42,909)
	–	–	(1,006)	(1,006)
Liabilities/equity				
Convertible notes	–	–	(4,740)	(4,740)
Equity component of convertible notes	–	–	6,077	6,077
Retained profits	–	–	(2,343)	(2,343)
	–	–	(1,006)	(1,006)

* Adjustment taken effect prospectively from 1 April 2005

\# Adjustments/presentation taken effect retrospectively

(b) Effect on the balance of equity at 1 April 2005

	Effect of adopting		
	HKAS 32	HKAS 39	
Effect of new policy (Increase/(decrease))	Convertible notes	Convertible notes due from an associate	Total
	HK$'000	*HK$'000*	*HK$'000*
Equity component of convertible notes	10,903	–	10,903
Retained profits	(630)	(3,530)	(4,160)
	10,273	(3,530)	6,743

The changes in accounting policies had no impact on the balance of equity at 1 April 2004.

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES *(Cont'd)*

(c) Effect on the consolidated income statement for the years ended 31 March 2006 and 2005

	Effect of adopting				
	HKAS 1	HKAS 32	HKAS 39	HKAS 39	
Effect of new policies	Share of post-tax losses of associates	Convertible notes	Convertible notes due from an associate	Financial assets at fair value through profit or loss	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2006					
Increase in share of losses of associates	(438)	–	–	–	(438)
Decrease in tax	438	–	–	–	438
Increase in finance costs	–	(2,343)	–	–	(2,343)
Increase in other income and gains	–	–	3,530	(521)	3,009
Total increase/(decrease) in profit	–	(2,343)	3,530	(521)	666
Increase/(decrease) in basic earnings per share	–	(HK1 cent)	HK2 cents	–	–
Increase/(decrease) in diluted earnings per share	–	(HK1 cent)	HK2 cents	–	–

	Effect of adopting		
	HKAS 1	HKAS 32	
Effect of new policies	Share of post-tax losses of associates	Convertible notes	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2005			
Increase in share of losses of associates	(1,655)	–	(1,655)
Decrease in tax	1,655	–	1,655
Increase in finance costs	–	(630)	(630)
Total decrease in profit	–	(630)	(630)
Increase/(decrease) in basic earnings per share	–	–	–
Increase/(decrease) in diluted earnings per share	–	–	–

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. Goodwill arising from the acquisition of associates, which was not previously eliminated or recognised in the consolidated reserves, is included as part of the Group's interests in associates.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

Deferred gain represents the unrealised profit resulting from downstream transactions with an associate eliminated to the extent of the Group's interest in that associate. Deferred gain is recognised in the consolidated balance sheet as part of the Group's interests in associates.

Business combinations

Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is on or after 1 April 2004

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Business combinations *(Cont'd)*

Goodwill on acquisitions for which the agreement date is on or after 1 April 2004 (Cont'd)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 "Segment Reporting".

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill previously eliminated against the consolidated reserves

Prior to the adoption of SSAP 30 "Business Combinations" in 2001, goodwill arising on acquisition was eliminated against the consolidated retained profits in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against the consolidated retained profits and is not recognised in profit or loss when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

Excess over the cost of business combinations (applicable to business combinations for which the agreement date is on or after 1 April 2004)

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries and associates (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

The excess for associates is included in the Group's share of the associates' profit or loss in the period in which the investments are acquired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, deferred tax assets, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	15%-33% or over the lease term
Plant and machinery	15%-50%
Furniture and fixtures	15%-50%
Motor vehicles	20%
Computer equipment	15%-33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Properties under development

Properties under development represent properties developed for sale and are stated at cost less any accumulated impairment losses. Cost comprises the cost of land together with any other direct costs attributable to the development of the properties, borrowing costs and professional fees capitalised during the development period.

Properties under development which are expected to be completed within 12 months from the balance sheet date are classified as current assets.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Investments and other financial assets

Applicable to the year ended 31 March 2005

Debt securities which are intended to be held to maturity are accounted for as held-to-maturity securities, while other securities are accounted for as investment securities or other investments, as explained below.

Held-to-maturity securities

Investments in dated debt securities which are intended to be held to maturity are stated at cost, adjusted for the amortisation of premiums or discounts arising on acquisitions, less any impairment losses, on an individual investment basis.

The carrying amounts of held-to-maturity securities are reviewed as at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised as an expense in the income statement in the period in which they arise.

Investment securities

Investments in dated debt securities, equity securities, unit trusts and certificates of deposit intended to be held for a continuing strategic or identified long term purpose are stated at cost less any impairment losses, on an individual investment basis.

When a decline in the fair value of an investment security below its carrying amount has occurred, unless there is evidence that the decline is temporary, the carrying amount of the security is reduced to its fair value, as estimated by the directors. The amount of the impairment is charged to the income statement for the period in which it arises.

Other investments

Investments in equity securities which are not intended to be held for an identified long term purpose are included in short term investments and are stated in the balance sheet at fair values. Fair values are determined on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. The gains or losses arising from changes in the fair values of such investments are credited or charged to the income statement in the period in which they arise.

The profit or loss on disposal of an investment is credited or charged to the income statement in the period in which the disposal occurs, and is calculated as the difference between the net sales proceeds and the carrying amount of the investment.

Provisions against the carrying amounts of investments are written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Investments and other financial assets *(Cont'd)*

Applicable to the year ended 31 March 2006 *(Cont'd)*

Financial assets in the scope of HKAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted investments that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

When the fair value of unlisted investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Investments and other financial assets *(Cont'd)*

Applicable to the year ended 31 March 2006 *(Cont'd)*

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Impairment of financial assets (applicable to the year ended 31 March 2006)

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Impairment of financial assets (applicable to the year ended 31 March 2006) *(Cont'd)*

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss.

Derecognition of financial assets (applicable to the year ended 31 March 2006)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Convertible notes

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities (applicable to the year ended 31 March 2006)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Provisions for onerous contracts

Onerous contracts represent lease contracts for certain Hong Kong properties and projects where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received under them. Provisions for onerous contracts are recognised based on the difference between the rental payments receivable by the Group and those unavoidable rental payments payable by the Group under the contracts, together with any compensation or penalties arising from the failure to fulfill the contracts, discounted to their present value as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except :

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Income tax *(Cont'd)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) rental and sub-licensing fee income, on a time proportion basis over the lease terms;

(b) from the provision of management services, when the services are rendered;

(c) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(d) from the sale of properties, when the sale agreement becomes unconditional;

(e) from the provision of project management and agency services, when the services are rendered;

(f) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;

(g) on the trading of securities, on the date when the transaction takes place; and

(h) dividend income, where the shareholders' right to receive payment has been established.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Employee benefits

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A contingent liability is disclosed in respect of possible future long service payments to employees, as a number of current employees have achieved the required number of years of service to the Group, to the balance sheet date, in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated in the circumstances specified. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Retirement benefits scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Scheme.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because bye-law 140 of the Company's bye-laws grants the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Foreign currencies *(Cont'd)*

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2006 was HK$14,705,000 (2005: HK$14,705,000). More details are given in note 17.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimation uncertainty

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

The carrying amounts of investment properties at 31 March 2006 was HK$297,500,000 (2005: HK$219,550,000) (note 15).

Impairment of properties under development

The Group assessed the recoverable amount of each property under development based on its value in use or net selling price, depending on the anticipated future plans for the property. Estimating the value in use of an asset involves estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to these future cash flows.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Hong Kong, and over 90% of the Group's assets are located in Hong Kong.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the property development segment engages in the development of properties;

(b) the property investment segment invests in industrial and commercial premises and residential units for rental income;

(c) the Chinese wet markets segment engages in the management and sub-licensing of Chinese wet markets;

(d) the shopping centres and car parks segment engages in the management and sub-licensing of shopping centres and car parks;

(e) the retail business segment engages in the retailing of pork; and

(f) the corporate and others segment comprises the Group's management service business. This segment also includes corporate income and expense items.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. SEGMENT INFORMATION *(Cont'd)*

Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2006 and 2005.

Group

	Property development		Property investment		Chinese wet markets		Shopping centres and car parks		Retail business		Unallocated corporate and others		Eliminations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:																
Sales to external customers	**-**	–	**131,608**	85,062	**142,989**	146,242	**79,037**	89,340	**38,439**	38,213	**3,484**	5,266	**-**	–	**395,557**	364,123
Intersegment sales	**-**	–	**4,802**	–	**4,080**	3,837	**1,535**	933	**-**	–	**7,433**	12,684	**(17,850)**	(17,454)	**-**	–
Other revenue	**180**	–	**2,526**	31,314	**1,215**	811	**1,359**	1,632	**37**	994	**16,361**	30,564	**-**	–	**21,678**	65,315
Total	**180**	–	**138,936**	116,376	**148,284**	150,890	**81,931**	91,905	**38,476**	39,207	**27,278**	48,514	**(17,850)**	(17,454)	**417,235**	429,438
Segment results	**(8,973)**	(3,104)	25,225	59,702	**18,255**	15,425	**3,286**	6,904	**156**	947	**4,459**	(22,327)	**(7,603)**	(416)	**34,805**	57,131
Unallocated expenses															**(5,879)**	(2,047)
Excess over the cost of acquisition of additional interest in an associate															**99,268**	35,024
Interest income															**8,722**	5,289
Finance costs															**(15,252)**	(4,956)
Share of losses of associates															**(39,601)**	(16,655)
Profit before tax															**82,063**	73,786
Tax															**(9,480)**	(4,255)
Profit for the year															**72,583**	69,531

4. SEGMENT INFORMATION *(Cont'd)*

Business segments *(Cont'd)*

Group

	Property development		Property investment		Chinese wet markets		Shopping centres and car parks		Retail business		Unallocated corporate and others		Eliminations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities																
Segment assets	**413,613**	238,215	**422,286**	271,203	**78,678**	68,658	**39,703**	40,822	**3,568**	3,739	**1,891,067**	819,465	**(1,665,997)**	(477,393)	**1,182,918**	964,709
Interests in associates											**313,831**	179,011			**313,831**	179,011
Deferred tax assets															**562**	743
Tax recoverable															**13**	740
Total assets															**1,497,324**	1,145,203
Segment liabilities	**(255,864)**	(162,467)	**(274,746)**	(190,979)	**(69,715)**	(68,938)	**(31,465)**	(35,601)	**(1,977)**	(2,551)	**(1,122,628)**	(82,447)	**1,665,997**	477,393	**(90,398)**	(65,590)
Interest-bearing bank loans															**(510,528)**	(242,568)
Tax payable															**(6,193)**	(3,269)
Convertible notes															**(46,860)**	(85,254)
Deferred tax liabilities															**(3,172)**	(1,437)
Total liabilities															**(657,151)**	(398,118)
Other segment information:																
Depreciation	**2**	–	**12**	10	**5,697**	7,574	**1,697**	1,908	**205**	179	**2,442**	2,438	**–**	–	**10,055**	12,109
Other non-cash expenses	**–**	–	**–**	–	**462**	656	–	–	–	–	**7,730**	15,299	**–**	–	**8,192**	15,955
Capital expenditure	**204,868**	252,059	**114,568**	197,802	**522**	3,706	**133**	626	**113**	118	**738**	1,115	**–**	–	**320,942**	455,426

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents sub-licensing and management fee income received and receivable; the invoiced value of goods sold, after allowances for returns and trade discounts; the invoiced value of services rendered; the gross rental income received and receivable from investment properties and proceeds from the sale of properties during the year.

An analysis of revenue, other income and gains is as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Sub-licensing fee income	**204,702**	216,689
Management fee income	**17,767**	18,904
Sale of goods	**38,439**	38,213
Rendering of services	**3,482**	5,256
Gross rental income	**9,378**	11,261
Sale of properties	**121,789**	73,800
	395,557	364,123
Other income		
Bank interest income	**5,365**	2,916
Interest income from investments	**2,258**	2,373
Interest income from loans receivable	**1,095**	304
Dividend income from listed securities	**647**	405
Others	**5,142**	4,722
	14,507	10,720
Gains		
Gain on redemption of convertible notes due from an associate	**2,460**	–
Gain on disposal of financial assets at fair value through profit or loss, net	**3,421**	1,907
Fair value gains, net		
Financial assets at fair value through profit or loss	**2,346**	375
Convertible notes due from an associate	**1,070**	–
Exchange gains, net	**–**	289
Recognition of deferred gain	**3,794**	–
Gain/(loss) on disposal of investment properties	**(241)**	7,335
	12,850	9,906
Other income and gains	**27,357**	20,626

6. PROFIT BEFORE TAX

The Group's profit from operating activities is arrived at after charging/(crediting):

		Group	
		2006	2005
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Auditors' remuneration		**1,150**	995
Cost of inventories sold		**23,535**	24,310
Cost of services provided		**196,248**	205,218
Cost of properties sold		**99,952**	53,000
Depreciation	*14*	**10,055**	12,109
(Gain)/loss on disposal of property, plant and equipment		**(8)**	1
Property, plant and equipment written off		**8,278**	28
Minimum lease payments under operating leases for land and buildings		**133,116**	140,193
Provision for impairment of available-for-sale investments/long term investments*		**–**	15,299
Provision for impairment of trade receivables		**462**	656
Staff costs (including directors' remuneration – note 8):			
Wages and salaries		**59,031**	53,197
Pension scheme contributions		**1,974**	2,022
		61,005	55,219
Amount released for onerous contracts	*30*	**(6,234)**	(5,404)
Net rental income		**(9,182)**	(10,817)

* The provision for impairment of available-for-sale investments/long term investments is included in "Other expenses" on the face of the consolidated income statement.

7. FINANCE COSTS

	Group 2006 HK$'000	Group 2005 HK$'000 (Restated)
Interest on convertible notes *(note 31)*	**3,948**	800
Interest on bank loans and overdrafts	**17,966**	4,982
Total interest	**21,914**	5,782
Less: Interest capitalised	**(6,662)**	(826)
	15,252	4,956

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group 2006 HK$'000	Group 2005 HK$'000
Fees	**771**	693
Other emoluments for executive directors:		
Salaries and allowances and benefits in kind	**10,409**	9,666
Performance related bonuses	**–**	–
Employee share option benefits	**–**	–
Pension scheme contributions	**36**	36
	10,445	9,702
	11,216	10,395

8. DIRECTORS' REMUNERATION *(Cont'd)*

(a) Executive Directors and Independent Non-executive Directors

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2006				
Executive Directors:				
Mr. Tang Ching Ho	**–**	**4,083**	**12**	**4,095**
Ms. Yau Yuk Yin	**–**	**4,015**	**12**	**4,027**
Mr. Chan Chun Hong, Thomas	**–**	**2,311**	**12**	**2,323**
	–	**10,409**	**36**	**10,445**
Independent Non-executive Directors:				
Dr. Lee Pang Fei, Allen, CBE, JP	**297**	**–**	**–**	**297**
Mr. Wong Chun, Justein, MBE, JP	**217**	**–**	**–**	**217**
Mr. Siu Yim Kwan, Sidney, S.B. St.J.	**140**	**–**	**–**	**140**
Mr. Siu Kam Chau	**117**	**–**	**–**	**117**
	771	**–**	**–**	**771**
	771	**10,409**	**36**	**11,216**
2005				
Executive Directors:				
Mr. Tang Ching Ho	–	3,926	12	3,938
Ms. Yau Yuk Yin	–	3,930	12	3,942
Mr. Chan Chun Hong, Thomas	–	1,810	12	1,822
	–	9,666	36	9,702
Independent Non-executive Directors:				
Dr. Lee Pang Fei, Allen, CBE, JP	297	–	–	297
Mr. Wong Chun, Justein, MBE, JP	217	–	–	217
Mr. Siu Yim Kwan, Sidney, S.B. St.J.	117	–	–	117
Mr. Siu Kam Chau	62	–	–	62
	693	–	–	693
	693	9,666	36	10,395

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2005: three) directors, details of whose remuneration are disclosed in note 8 above. Details of the remuneration of the remaining two (2005: two) non-director, highest paid employees for the year are as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Salaries and allowances	**2,616**	1,460
Performance related bonuses	**560**	–
Employee share option benefits	**–**	–
Pension scheme contributions	**24**	18
	3,200	1,478

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2006	2005
HK$500,001 to HK$1,000,000	**–**	2
HK$1,000,001 to HK$1,500,000	**2**	–
	2	2

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2006	2005
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**6,736**	2,284
Underprovision/(overprovision) in prior years	**30**	(141)
Deferred *(note 32)*	**2,714**	2,112
Total tax charge for the year	**9,480**	4,255

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e. the statutory tax rates) to the effective tax rates, are as follows:

Group

	2006		2005	
	HK$'000	**%**	*HK$'000*	%
Profit before tax	**82,063**		73,786	
Tax at the statutory tax rate	**14,361**	**17.5**	12,913	17.5
Adjustments in respect of current tax of previous periods	**30**	**–**	(141)	(0.2)
Losses attributable to associates	**6,930**	**8.4**	2,915	4.0
Income not subject to tax	**(22,447)**	**(27.4)**	(20,002)	(27.1)
Expenses not deductible for tax	**9,505**	**11.6**	11,084	15.0
Tax losses utilised from previous periods	**(3,982)**	**(4.8)**	(4,757)	(6.4)
Tax losses not recognised	**5,083**	**6.2**	2,243	3.0
Tax charge at the Group's effective rate	**9,480**	**11.5**	4,255	5.8

The share of tax attributable to associates amounting to HK$438,000 (2005: HK$1,655,000), is included in "Share of losses of associates" on the face of the consolidated income statement.

11. NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The net profit attributable to equity holders of the parent for the year ended 31 March 2006 dealt with in the financial statements of the Company was HK$5,398,000 (2005: HK$30,196,000 as restated (note 35(b)).

12. DIVIDENDS

	2006 HK$'000	2005 HK$'000
Additional final dividend for 2005	4,608	–
Interim – HK3 cents (2005: HK3 cents) per ordinary share	6,736	4,300
Proposed final – HK7 cents (2005: HK12 cents) per ordinary share	15,718	17,846
	27,062	22,146

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the net profit attributable to ordinary equity holders of the parent for the year of HK$72,554,000 (2005: HK$69,497,000 as restated), and the weighted average of 211,971,562 (2005: 171,984,439 as restated) ordinary shares in issue during the year, as adjusted for the bonus issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to ordinary equity holders of the parent for the year of HK$72,554,000 (2005: HK$69,497,000 as restated) after adjustment for interest saved upon deemed exercise of all convertible notes during the year. The weighted average number of ordinary shares used in the calculation is the 211,971,562 (2005: 171,984,439 as restated) ordinary shares in issue during the year, as adjusted for the bonus issue during the year, as used in the basic earnings per share calculation and the weighted average of 9,501,280 (2005: 7,512,000 as restated) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the share options and convertible notes during the year.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Plant and Machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Total HK$'000
31 March 2006						
At 31 March 2005 and at 1 April 2005:						
Cost	55,227	5,524	49,797	852	2,364	113,764
Accumulated depreciation	(35,453)	(3,213)	(47,636)	(542)	(1,279)	(88,123)
Net carrying amount	19,774	2,311	2,161	310	1,085	25,641
At 1 April 2005, net of accumulated depreciation	19,774	2,311	2,161	310	1,085	25,641
Additions	710	63	307	–	438	1,518
Disposals and write-off	(7,773)	(8)	(497)	(54)	(10)	(8,342)
Depreciation provided during the year	(6,777)	(1,256)	(1,320)	(145)	(557)	(10,055)
At 31 March 2006, net of accumulated depreciation	5,934	1,110	651	111	956	8,762
At 31 March 2006:						
Cost	47,300	5,532	49,563	742	2,651	105,788
Accumulated depreciation	(41,366)	(4,422)	(48,912)	(631)	(1,695)	(97,026)
Net carrying amount	5,934	1,110	651	111	956	8,762

14. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

Group *(Cont'd)*

	Leasehold improvements HK$'000	Plant and Machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Total HK$'000
31 March 2005						
At 31 March 2004:						
Cost	53,284	5,516	49,259	758	1,767	110,584
Accumulated depreciation	(29,815)	(2,072)	(44,634)	(574)	(1,110)	(78,205)
Net carrying amount	23,469	3,444	4,625	184	657	32,379
At 1 April 2005, net of accumulated depreciation	23,469	3,444	4,625	184	657	32,379
Additions	3,403	104	852	346	860	5,565
Disposals and write-off	(58)	(20)	(15)	–	2	(91)
Disposal of subsidiaries *(note 36(c))*	–	(40)	(3)	(43)	(17)	(103)
Depreciation provided during the year	(7,040)	(1,177)	(3,298)	(177)	(417)	(12,109)
At 31 March 2005, net of accumulated depreciation	19,774	2,311	2,161	310	1,085	25,641
At 31 March 2005:						
Cost	55,227	5,524	49,797	852	2,364	113,764
Accumulated depreciation	(35,453)	(3,213)	(47,636)	(542)	(1,279)	(88,123)
Net carrying amount	19,774	2,311	2,161	310	1,085	25,641

14. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company

	Furniture, fixtures and office equipment HK$'000	Computer equipment HK$'000	Total HK$'000
31 March 2006			
At 1 April 2005, net of accumulated depreciation	2	–	2
Depreciation provided during the year	(2)	–	(2)
At 31 March 2006, net of accumulated depreciation	–	–	–
At 31 March 2006			
Cost	15	66	81
Accumulated depreciation	(15)	(66)	(81)
Net carrying amount	–	–	–
31 March 2005			
At 1 April 2005, net of accumulated depreciation	5	–	5
Depreciation provided during the year	(3)	–	(3)
At 31 March 2005, net of accumulated depreciation	2	–	2
At 31 March 2005			
Cost	15	66	81
Accumulated depreciation	(13)	(66)	(79)
Net carrying amount	2	–	2

15. INVESTMENT PROPERTIES

	Group	
	2006	2005
	HK$'000	*HK$'000*
Carrying amount at 1 April	**219,550**	260,400
Additions	**114,568**	197,802
Disposals	**(33,908)**	(107,800)
Disposal of subsidiaries *(note 36(c))*	**(20,500)**	(153,855)
Transfer from properties under development *(note 16)*	**15,968**	–
Net profit from a fair value adjustment	**1,822**	23,003
Carrying amount at 31 March	**297,500**	219,550

The Group's investment properties are all situated in Hong Kong and are held under medium term leases.

The Group's investment properties were revalued on 31 March 2006 by Vigers Appraisal & Consulting Limited, independent professionally qualified valuers, on an open market, existing use basis. The investment properties are leased to a director of the Company and third parties under operating leases, further details of which are included in notes 38 and 41 to the financial statements.

At 31 March 2006, the Group's investment properties with an aggregate value of HK$297,500,000 (2005: HK$196,650,000) and certain rental income generated therefrom were pledged to secure the Group's general banking facilities, of which approximately HK$217,148,000 (2005: HK$92,328,000) had been utilised as at 31 March 2006 (note 29).

Further particulars of the Group's investment properties are included on pages 101 to 102.

16. PROPERTIES UNDER DEVELOPMENT

	Group 2006 HK$'000	2005 HK$'000
At beginning of year	**221,456**	–
Additions	**194,856**	221,456
Transfer to investment properties *(note 15)*	**(15,968)**	–
Transfer to properties held for sale *(note 23)*	**(107,122)**	–
At end of year	**293,222**	221,456
Less: Portion classified as current assets	**(16,936)**	(13,044)
Long term portion	**276,286**	208,412

At 31 March 2006, the Group's properties under development with an aggregate value of HK$257,989,000 (2005: HK$180,254,000) were pledged to secure the Group's general banking facilities, of which approximately HK$132,050,000 (2005: HK$148,000,000) had been utilised as at 31 March 2006 (note 29).

Further particulars of the Group's properties under development are included on page 103.

17. GOODWILL

Group

	Goodwill arising on acquisition of subsidiaries HK$'000	Goodwill arising on acquisition of associates *(Note 19)* HK$'000
Cost and net carrying amount at 1 April 2004	5,459	11,657
Acquisitions during the year *(note 36(b))*	943	–
Disposal of subsidiaries *(note 36(c))*	(1,415)	–
Disposal of interest in an associate	–	(1,939)
Cost and net carrying amount at 31 March 2005 and 1 April 2005 and 31 March 2006	4,987	9,718

17. GOODWILL *(Cont'd)*

The Group applied the transitional provision of SSAP 30 that permitted goodwill and negative goodwill in respect of acquisitions which occurred prior to the adoption of the SSAP, to remain eliminated against consolidated reserves or credited to the capital reserve, respectively.

The amounts of goodwill remaining in the consolidated reserves arising from the acquisition of subsidiaries prior to the adoption of SSAP 30 in 2001 were HK$21,775,000 as at 31 March 2006.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the following cash-generating units, which are reportable segments, for impairment testing:

- Property development cash-generating unit;
- Retail of pork cash-generating unit; and
- Associates – pharmaceutical products business cash-generating unit.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Property development		**Retail of pork**		**Associates – pharmaceutical products**		**Total**	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Carrying amount of goodwill	**943**	943	**4,044**	4,044	**9,718**	9,718	**14,705**	14,705

Property development cash-generating unit

The recoverable amount of the property development cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 6% (2005: 6%) which does not exceed the estimated long term average growth rate of the property development industry.

Retail business cash-generating unit

The recoverable amount of the retail of pork cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 8.6% (2005: 8.6%) which does not exceed the estimated long term average growth rate of the relevant retail business industry.

17. GOODWILL *(Cont'd)*

Impairment testing of goodwill *(Cont'd)*

Associates-pharmaceutical products business cash-generating unit

The recoverable amount of the pharmaceutical products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rates applied to cash flow projections ranging from 12% to 16% (2005: 7%) and cash flows beyond the five-year period are extrapolated using zero growth rate (2005: 7% to 8%), which do not exceed the estimated long term average growth rates of the relevant markets.

Management has determined the budgeted gross margins based on past performance and its expectation for market development. The discount rates used are before tax and reflect specific risks relating to the relevant units.

18. INTERESTS IN SUBSIDIARIES

	Company	
	2006	2005
	HK$'000	*HK$'000*
Unlisted shares, at cost	**71,000**	71,000
Due from subsidiaries – *note (i)*	**914,116**	783,825
Loans to subsidiaries – *note (ii)*	**139,115**	91,385
Due to subsidiaries – *note (i)*	**(105,655)**	(76,192)
	1,018,576	870,018
Impairment	**(419,449)**	(419,449)
	599,127	450,569

Notes:

(i) The amounts are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.

(ii) The amounts are unsecured and have no fixed terms of repayment. Except for loans to subsidiaries amounting to HK$15,878,000 and HK$48,657,000 which bear interest at 3% and 1.5% over best lending rate per annum offered by bank respectively, the balances are interest-free. The carrying amounts of the loans to subsidiaries approximate to their fair values.

18. INTERESTS IN SUBSIDIARIES *(Cont'd)*

Particulars of the principal subsidiaries at the balance sheet date are as follows:

Name	Place of incorporation/ operations	Nominal value of issued share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Antic Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property development
Buildstart Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100	Investment holding
Champford Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Charter Golden Design & Contracting Limited	Hong Kong	Ordinary HK$2	–	100	Property development
China Coin Management Limited	Hong Kong	Ordinary HK$1,000	–	100	Property investment
Conway Consultants Limited	Hong Kong	Ordinary HK$1,400,000 Non-voting preference *(Note 2)* HK$600,000	–	70	Provision of medical consultation services
Denox Management Limited	Hong Kong	Ordinary HK$2	–	100	Management and sub-letting of properties
Dragon Richly Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property development
Easy Kingdom Limited	Hong Kong	Ordinary HK$2	–	100	Property investment
Goodtech Management Limited	Hong Kong	Ordinary HK$2,800,100	–	100	Management of shopping centres

18. INTERESTS IN SUBSIDIARIES (Cont'd)

Name	Place of incorporation/ operations	Nominal value of issued share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Greatest Wealth Limited	Hong Kong	Ordinary HK$100	–	100	Management of pork stalls and butcher shops
Faithful World Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Full Gainer Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Hanwin Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Info World Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Join China Investment Limited	Hong Kong	Ordinary HK$2	–	100	Investment holding
Kartix Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property development
Lead Fortune Limited	Hong Kong	Ordinary HK$1,000	–	100	Property investment
Lica Parking Company Limited	Hong Kong	Ordinary HK$25,500,000	–	99	Management and sub-licensing of car parks
Longable Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Majorluck Limited	Hong Kong	Ordinary HK$10,000	–	100	Management and sub-licensing of Chinese wet markets
New Shiny Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment

18. INTERESTS IN SUBSIDIARIES (Cont'd)

Name	Place of incorporation/ operations	Nominal value of issued share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Poly Talent Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property development
Profit Million Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property development
Richly Gold Limited	Hong Kong	Ordinary HK$2	–	100	Property investment
Rich Time Strategy Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100	Investment holding
Shiny World Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Smart First Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Suitbest Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100	Investment holding
Ventix Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Wang On Commercial Management Limited	British Virgin Islands/ Hong Kong	Ordinary US$2	–	100	Investment holding
Wang On Enterprises (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100	–	Investment holding
Wang On Majorluck Limited	Hong Kong	Ordinary HK$1,000	–	100	Management and sub-licensing of Chinese wet markets
Wang On Shopping Centre Management Limited	Hong Kong	Ordinary HK$2	–	100	Management and sub-licensing of shopping centres

18. INTERESTS IN SUBSIDIARIES *(Cont'd)*

Name	Place of incorporation/ operations	Nominal value of issued share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
WEH Investments Limited	Hong Kong	Ordinary HK$477 Non-voting deferred *(Note 3)* HK$1,262,523	–	100	Property investment
Willing Dental Consultants Limited	Hong Kong	Ordinary HK$100	–	100	Provision of dental consultation services

Notes:

(1) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

(2) The non-voting preference shares carry no voting rights but the holders have the right to receive an annual cash dividend equivalent to 30% of the audited net profit after tax. On the winding-up of the company, the holders rank in priority to the ordinary shareholders provided that the assets of the company available for distribution to its members shall be applied first towards arrears or accruals of the dividend.

(3) The non-voting deferred shares carry no voting rights or rights to dividends. On the winding-up of the companies, the holders of non-voting deferred shares have a right to repayment in proportion to the amounts of all paid-up ordinary and deferred shares after the first HK$1,000,000,000,000 thereof has been distributed among the holders of the ordinary shares.

19. INTERESTS IN ASSOCIATES

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Share of net assets	**314,896**	167,557	**–**	–
Deferred gain	**(10,898)**	(14,692)	**–**	–
Goodwill on acquisition *(note 17)*	**9,718**	9,718	**–**	–
	313,716	162,583	**–**	–
Due from associates – *note (i)*	**263**	465	**219**	219
Due to associates – *note (i)*	**(145)**	(34)	**–**	–
Convertible notes due from an associate – *note (ii)*	**–**	16,000	**–**	–
	313,834	179,014	**219**	219
Provisions for impairment	**(3)**	(3)	**–**	–
	313,831	179,011	**219**	219
Market value of listed shares	**171,052**	69,813	**N/A**	N/A

Notes:

(i) The amounts are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.

(ii) The convertible notes carried interest at 3% per annum with a right to convert into ordinary shares of Wai Yuen Tong Medicine Holdings Limited ("WYTH") at an initial conversion price of HK$0.08 per share during the period from 15 March 2005 to 14 March 2008. The initial conversion price of HK$0.08 per share was increased to HK$0.80 per share as a result of the capital reorganisation of WYTH effective on 9 June 2005, and then adjusted to HK$0.50 per share as a result of a right issue on 6 December 2005. The convertible notes were fully redeemed by WYTH on 9 December 2005.

19. INTERESTS IN ASSOCIATES *(Cont'd)*

Particulars of the principal associate at the balance sheet date are as follows:

Name	Particulars of issued shares held	Place of incorporation/ operations	Percentage of ownership interest attributable to the Group		Principal activities
			2006 *(Note 2)*	2005	
WYTH* *(Note 3)*	Ordinary shares of HK$0.01 each	Hong Kong	**49.00**	28.57	Production and sale of traditional Chinese and Western pharmaceutical health food products and property holding

Notes:

(1) The above table lists the associate of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

(2) In December 2005, the interest in WYTH was increased as a result of subscription of rights shares in WYTH. The transaction resulted in excess over the cost of acquisition of additional interest in an associate amounting to HK$99,268,000 (2005: HK$35,024,000).

(3) The financial statements of the company are not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

* Listed on The Stock Exchange of Hong Kong Limited.

19. INTERESTS IN ASSOCIATES (Cont'd)

The following table illustrates the summarised financial information of the Group's associates:

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Assets	**835,983**	828,155
Liabilities	**(189,192)**	(226,821)
Revenue	**324,756**	326,909
Loss attributable to equity holders of the Company	**(98,370)**	(67,958)

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/SHORT TERM/ LONG TERM INVESTMENTS

	Group		**Company**	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed equity investments, at fair value				
Hong Kong	**30,038**	23,361	**17,608**	8,003
Elsewhere	**5,162**	–	**5,162**	–
Unlisted debt securities, at cost	**–**	70,427	**–**	70,427
Unlisted debt securities, at fair value	**35,615**	–	**35,615**	–
	70,815	93,788	**58,385**	78,430
Less: Portion classified as non-current assets	**–**	(42,234)	**–**	(42,234)
	70,815	51,554	**58,385**	36,196

The market values of the Group's and the Company's listed equity investments at the date of approval of these financial statements were approximately HK$33,625,000 and HK$22,619,000, respectively.

The effective interest rates of the unlisted debt securities ranged from 2% to 7%, and their maturity dates ranged from 1 month to 10 years.

21. AVAILABLE-FOR-SALE INVESTMENTS/LONG TERM INVESTMENTS

	Group	
	2006	2005
	HK$'000	*HK$'000*
Unlisted equity investments, at cost		
Hong Kong	**15,376**	30,098
Mainland China	**–**	12,000
	15,376	42,098
Less: Provision for impairment	**(15,376)**	(30,098)
	–	12,000

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets on 1 January 2005 and have no fixed maturity date or coupon rate.

In the opinion of the directors, the fair value of the unlisted available-for-sale equity investments cannot be reliably measured because the probabilities of the various measures within the range cannot be reasonably assessed and used in estimating the fair value, and hence these investments were stated at cost less any impairment losses.

22. AVAILABLE-FOR-SALE INVESTMENT/SHORT TERM INVESTMENT

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unlisted commercial paper in Hong Kong	**–**	7,751	**–**	7,751

23. PROPERTIES HELD FOR SALE

	Group 2006 HK$'000	2005 HK$'000
Additions	**117,374**	–
Disposal	**(88,862)**	–
Transfer from properties under development *(note 16)*	**107,122**	–
At end of year	**135,634**	–

At 31 March 2006, all the properties held for sale were pledged to secure the Group's general banking facilities, of which approximately HK$58,050,000 (2005: Nil) had been utilised as at 31 March 2006 (note 29).

Further particulars of the Group's properties held for sale are included on page 103.

24. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the balance sheet date, based on invoice date, is as follows:

	Group			
	2006		2005	
	HK$'000	Percentage	HK$'000	Percentage
Within 90 days	**6,478**	**88**	9,073	84
91 days to 180 days	**427**	**5**	1,154	11
Over 180 days	**542**	**7**	636	5
	7,447	**100**	10,863	100
Less: Provision for impairment	**(636)**		(836)	
	6,811		10,027	

The Group's businesses generally do not grant any credit to customers.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**3,070**	2,304	**467**	574
Deposits	**7,310**	8,655	**80**	–
Other receivables	**5,639**	2,054	**3,037**	1,200
Loans receivable, secured	**19,277**	6,736	**–**	–
Loans receivable, unsecured	**2,593**	959	**–**	–
	37,889	20,708	**3,584**	1,774
Less: loans receivable classified as non-current assets	**(15,087)**	(1,400)	**–**	–
	22,802	19,308	**3,584**	1,774

The Group's loans receivable are stated at amortised cost at effective interest rates ranging from 2% to 12% and the credit terms of which ranged from 4 months to 15 years. As the Group's loans receivable relate to a number of different borrowers, the directors are of the opinion that there is no concentration of credit risk over these loans receivable. The carrying amounts of the loans receivable approximate to their fair values.

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**67,454**	43,300	**41,605**	19,235
Time deposits	**244,419**	269,363	**212,890**	245,371
	311,873	312,663	**254,495**	264,606
Less: Pledged deposits	**(13,971)**	(7,723)	**(13,971)**	(7,723)
Cash and cash equivalents	**297,902**	304,940	**240,524**	256,883

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

27. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Within 90 days	**110**	157

The trade payables are non-interest-bearing and there is generally no credit terms granted by suppliers. The carrying amounts of the trade payables approximate to their fair values.

28. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other payables	**21,694**	4,291	**1,529**	2,023
Accruals	**10,040**	10,503	**10**	576
	31,734	14,794	**1,539**	2,599

Other payables are non-interest-bearing and have an average term of 30 days. The carrying amounts of the other payables approximate to their fair values.

29. INTEREST-BEARING BANK LOANS

	Effective interest rate (%)	Maturity	Group 2006 HK$'000	Group 2005 HK$'000	Company 2006 HK$'000	Company 2005 HK$'000
Current:						
Bank loans – secured	5.445% – 6.145%	2007	**279,234**	26,632	**127,230**	20,000
Bank loans – unsecured	5.045% – 5.770%	2007	**25,800**	1,440	**25,000**	–
			305,034	28,072	**152,230**	20,000
Non-current:						
Bank loans – secured	5.045% – 5.770%	2008-2025	**205,494**	213,696	**35,250**	45,000
Bank loans – unsecured	6.145%	2007	**–**	800	**–**	–
			205,494	214,496	**35,250**	45,000
			510,528	242,568	**187,480**	65,000

	Group 2006 HK$'000	Group 2005 HK$'000	Company 2006 HK$'000	Company 2005 HK$'000
Analysed into:				
Bank loans repayable:				
Within one year	**305,034**	28,072	**152,230**	20,000
In the second year	**92,240**	79,907	**30,250**	20,000
In the third to fifth years, inclusive	**31,243**	75,687	**5,000**	25,000
Beyond five years	**82,011**	58,902	**–**	–
	510,528	242,568	**187,480**	65,000

Certain of the Group's bank loans are secured by the Group's investment properties and certain rental income generated therefrom (note 15), properties under development (note 16) and properties held for sale (note 23).

In addition, the Company has guaranteed certain of the Group's bank loans up to HK$471,995,000 (2005: HK$358,993,000) as at the balance sheet date.

All bank borrowings of the Group and the Company bear interest at floating interest rates.

The carrying amounts of the bank borrowings of the Group and of the Company approximate to their fair values.

30. PROVISIONS FOR ONEROUS CONTRACTS

	Group	
	2006	2005
	HK$'000	*HK$'000*
At beginning of year	**8,169**	13,573
Additional provision/(write back of provision)	**(3,863)**	1,777
Amount utilised during the year	**(2,371)**	(7,181)
At 31 March	**1,935**	8,169
Portion classified as current liabilities	**(345)**	(6,749)
Long term portion	**1,590**	1,420

31. CONVERTIBLE NOTES

	Group and Company	
	2006	2005
	HK$'000	*HK$'000*
2007 convertible notes – *note (i)*	**–**	32,585
2008 convertible notes – *note (ii)*	**46,860**	52,669
	46,860	85,254

Notes:

(i) On 16 December 2004, the Company issued convertible notes with aggregate principal amounts of HK$37,180,000 through a placing agent to several independent third parties. The convertible notes provided the holders option rights to convert the principal amount into ordinary shares of HK$0.10 each of the Company on any business day prior to the maturity of the convertible notes at a conversion price of HK$1.30 per share.

The principal amounts of the convertible notes bore interest at 1% per annum and the convertible notes were fully converted into the Company's shares during the year.

(ii) On 23 February 2005, the Company issued convertible notes with aggregate principal amounts of HK$61,440,000 through a placing agent to several independent third parties. The convertible notes provide the holders option rights to convert the principal amount into ordinary shares of HK$0.10 each of the Company on any business day prior to the maturity of the convertible notes at a conversion price of HK$2.40 per share.

The principal amounts of the convertible notes bear interest at 1% per annum and the convertible notes will mature on the first day of a period of three years from the date of their issue.

During the year, on 20 June 2005, 4,100,000 ordinary shares of the Company were issued upon conversion of the 2008 convertible notes with an aggregate principal amount of HK$9,840,000, at a conversion price of HK$2.40 per share.

31. CONVERTIBLE NOTES *(Cont'd)*

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The net proceeds received from the issue of the convertible notes have been split between the liability and equity components, as follows:

	Liability component of convertible notes *HK$'000*	**Equity component of convertible notes** *HK$'000*
Nominal value of convertible notes issued	98,620	–
Issue costs of convertible notes	(3,093)	–
Equity component	(10,903)	10,903
	84,624	10,903
Interest expense *(note 7)*	800	–
Interest paid	(170)	–
Balance at 31 March 2005 and 1 April 2005	85,254	10,903
Interest expense *(note 7)*	3,948	–
Interest paid	(645)	–
Conversion of convertible notes	(41,697)	(4,826)
Balance at 31 March 2006	46,860	6,077

The effective interest rates on the liability component of the convertible notes ranged from 7.0% to 7.2%.

32. DEFERRED TAX

The net deferred tax assets/(liabilities) in the consolidated balance sheet are as follows:

	Group	
	2006 *HK$'000*	2005 *HK$'000*
Deferred tax assets	**562**	743
Deferred tax liabilities	**(3,172)**	(1,437)
	(2,610)	(694)

32. DEFERRED TAX (Cont'd)

The components of deferred tax assets and liabilities and the movements during the year are as follows:

Group

	2005					
	Accelerated tax depreciation *HK$'000*	Provisions for onerous contract *HK$'000*	Revaluation of properties *HK$'000*	Losses available for offset against future taxable profit *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1 April 2004	(2,726)	1,246	19	2,869	10	1,418
Disposal of subsidiaries *(note 36(c))*	2,194	–	–	(2,194)	–	–
Deferred tax credited/(charged) to the income instatement during the year *(note 10)*	788	(1,011)	(2,164)	275	–	(2,112)
Deferred tax assets/(liabilities) at 31 March 2005	256	235	(2,145)	950	10	(694)

Group

	2006					
	Accelerated tax depreciation ***HK$'000***	**Provisions for onerous contract** ***HK$'000***	**Revaluation of properties** ***HK$'000***	**Losses available for offset against future taxable profit** ***HK$'000***	**Others** ***HK$'000***	**Total** ***HK$'000***
At 1 April 2005	**256**	**235**	**(2,145)**	**950**	**10**	**(694)**
Disposal of subsidiaries *(note 36(c))*	**–**	**–**	**798**	**–**	**–**	**798**
Deferred tax credited/(charged) to the income statement during the year *(note 10)*	**306**	**(235)**	**(1,825)**	**(950)**	**(10)**	**(2,714)**
Deferred tax assets/(liabilities) at 31 March 2006	**562**	**–**	**(3,172)**	**–**	**–**	**(2,610)**

The Group has tax losses arising in Hong Kong of approximately HK$73,929,000 (2005: HK$77,601,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

At 31 March 2006, there was no significant unrecognised deferred tax liability (2005: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associates as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

33. SHARE CAPITAL

Shares

	2006	2005
	HK$'000	*HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
224,544,439 (2005: 143,320,366) ordinary shares of HK$0.10 each	**22,454**	14,332

During the year, the movements in share capital were as follows:

(a) The subscription rights attaching to 11,100,000 share options were exercised at the subscription prices of HK$0.968 to HK$1.28 per share, resulting in the issue of 11,100,000 shares of HK$0.10 each for a total cash consideration, before expenses, of HK$11,528,000.

(b) The convertible notes issued by the Company with an aggregate nominal value of HK$84,200,000 were converted at the conversion prices of HK$1.30 to HK$2.40, resulting in the issue of 32,700,000 shares of HK$0.10 each.

(c) A bonus issue of one share for every five existing shares held by the members on the register of members on 12 August 2005 was made, resulting in the issue of 37,424,073 shares of HK$0.10 each for nil consideration.

A summary of the transactions during the year with reference to the above movements in the Company's issued ordinary share capital is as follows:

	Number of shares in issue	Issued share capital	Share premium account	Total
		HK$000	*HK$'000*	*HK$'000*
At 1 April 2004 and 31 March 2005	143,320,366	14,332	372,362	386,694
Exercise of share options (a)	11,100,000	1,110	10,418	11,528
Conversion of convertible notes (b)	32,700,000	3,270	43,253	46,523
Bonus issue (c)	37,424,073	3,742	(3,742)	–
At 31 March 2006	**224,544,439**	**22,454**	**422,291**	**444,745**

Share options

Details of the Company's share option scheme are set out in note 34 to the financial statements.

34. SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. On 3 May 2002, the Company approved a share option scheme (the "Scheme") under which eligible participants include any director or proposed director (whether executive or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of securities issued by any member of the Group, any business or joint venture partner, contractor, agent or representative, any person or entity that provides research, development or other technology support or advisory, consultancy, professional or other services to the Group, any supplier, producer or licensor of goods or services to the Group, any customer, licensee (including any sub-licensee) or distributor of goods or services of the Group, or any landlord or tenant (including any sub-tenant) of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants. The Scheme became effective on 3 May 2002 and, unless otherwise terminated earlier by shareholders in a general meeting, will remain in force for a period of 10 years from that date.

Pursuant to the Scheme, the maximum number of share options that may be granted under the Scheme and any other share option schemes of the Company is an amount equivalent, upon their exercise, not in aggregate exceed 10% of the issued share capital of the Company from time to time, excluding any shares issued on the exercise of share options. As at 31 March 2006, the number of shares issuable under the share options granted under the Scheme was 12,588,000 which in aggregate represented approximately 5.6% of the Company's shares in issue as at that date.

The maximum number of shares issuable under share options to each eligible participant (except for a substantial shareholder or an independent non-executive director or any of their respective associates) under the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of such limit must be separately approved by shareholders with such eligible participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the option). Where any grant of share options to a substantial shareholder or an independent non-executive director (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of share options already granted and to be granted to such person under the Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue, and having an aggregate value, based on the closing price of the Company's shares at each date of grant, in excess of HK$5 million, such further grant of share options is required to be approved by shareholders in a general meeting in accordance with the Listing Rules. Any change in the terms of a share option granted to a substantial shareholder or an independent non-executive director (or any of their respective associates) is also required to be approved by shareholders.

34. SHARE OPTION SCHEME *(Cont'd)*

An offer for the grant of share options must be accepted within 30 days from the date on which such offer was made. The amount payable by the grantee of a share option to the Company on acceptance of the offer of the grant is HK$1.00.

The option price per share payable on the exercise of an option is determined by the directors provided that it shall be at least the higher of (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange at the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of a share option is accepted by the eligible person), which must be a business day; and (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of grant, provided that the option price per share shall in no event be less than the nominal amount of one share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

Name or category of participant	At 1 April 2005	Exercised during the year	Adjustment for bonus issue of the Company's shares	Lapsed during the year	At 31 March 2006	Date of grant of share options	Exercise period of share options	Exercise price of share options HK$
Other employees								
In aggregate	22,790,000	(11,100,000)	2,338,000	(1,440,000)	12,588,000	*	*	*

* These represented options granted to employees with exercise prices ranging from HK$0.968 to HK$1.28 per share and an exercise period starting at the earliest on 7 October 2003 and ending at the latest on 11 November 2014. The exercise price of these share options granted at the price of HK$1.28 per share had been adjusted to HK$1.067 per share for the effect of the bonus issue of the Company's shares during the year. The weighted average exercise price of the Company's share options at grant date of options was HK$1.16.

At the balance sheet date, the Company had 12,588,000 (2005: 22,790,000) share options outstanding under the Scheme. The exercise in full of these share options would, under the present capital structure of the Company, result in the issue of 12,588,000 (2005: 22,790,000) additional ordinary shares of the Company and additional share capital of 1,258,800 (2005: HK$ HK2,279,000) and share premium of HK$12,172,596 (2005: HK$24,212,000) (before issue expenses).

As at the date of this report, the total number of shares available for issue under the Company's share option scheme is 22,031,036, representing 10% of the share capital of the Company in issue at the date of this report.

35. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 27 to 28 of the financial statements.

Certain amounts of goodwill and negative goodwill arising on the acquisition of subsidiaries and associates in prior years remain eliminated against consolidated reserves, as explained in note 17 to the financial statements.

(b) Company

	Notes	Share premium account HK$'000	Contributed surplus (Note) HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 April 2004		372,362	121,364	105,641	10,032	609,399
Final 2004 dividend declared		–	–	–	(10,032)	(10,032)
Profit for the year (as restated)		–	–	30,196	–	30,196
Interim 2005 dividend	12	–	–	(4,300)	–	(4,300)
Proposed final 2005 dividend	12	–	–	(17,846)	17,846	–
At 31 March 2005		372,362	121,364	113,691	17,846	625,263
At 1 April 2005:						
As previously reported		372,362	121,364	114,321	17,846	625,893
Prior year adjustment	2.4(b)	–	–	(630)	–	(630)
As restated		372,362	121,364	113,691	17,846	625,263
Final 2005 dividend declared		–	–	–	(17,846)	(17,846)
Additional 2005 dividend declared	12	–	–	(4,608)	–	(4,608)
Exercise of share options	33	10,418	–	–	–	10,418
Conversion of convertible notes	33	43,253	–	–	–	43,253
Bonus issue	33	(3,742)	–	–	–	(3,742)
Profit for the year		–	–	5,398	–	5,398
Interim 2006 dividend	12	–	–	(6,736)	–	(6,736)
Proposed final 2006 dividend	12	–	–	(15,718)	15,718	–
At 31 March 2006		**422,291**	**121,364**	**92,027**	**15,718**	**651,400**

Note:

The contributed surplus of the Company originally derived from the difference between the nominal value of the share capital and share premium of the subsidiaries acquired pursuant to the Group reorganisation on 6 February 1995 and the par value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain circumstances.

36. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Major non-cash transactions

In 2005, the Group entered into a sale and purchase agreement to dispose of its entire interests in a subsidiary of the Group to WYTH at a consideration of approximately HK$63.6 million. The consideration was satisfied by cash of approximately HK$33.6 million and convertible notes issued by WYTH of HK$30 million. Further details are set out in note (c) below.

(b) Acquisitions of subsidiaries

	2006	2005
	HK$'000	*HK$'000*
Net assets acquired:		
Deposits and other receivables	**3,000**	9,915
Other payables and accruals	**–**	(9,915)
	3,000	–
Goodwill on acquisition	**–**	943
	3,000	943
Satisfied by:		
Cash	**3,000**	943

An analysis of the net outflow of cash and cash equivalents in respect of the acquisitions of subsidiaries is as follows:

	2006	2005
	HK$'000	*HK$'000*
Cash consideration	**(3,000)**	(943)

Since its acquisition, the subsidiary contributed HK$39,130,000 to the Group's turnover and HK$3,486,000 to the consolidated profit for the year ended 31 March 2006.

The results of the acquired subsidiary for the year ended 31 March 2006 prior to its acquisition had no significant impact on the Group's consolidated turnover or profit after tax for the year.

Further details of the acquisition of the subsidiary during the year are set out in note 41(a) to the financial statements.

36. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Cont'd)*

(c) Disposal of subsidiaries

	Notes	2006 HK$'000	2005 HK$'000
Net assets disposed of:			
Property, plant and equipment	14	–	103
Investment properties	15	20,500	153,855
Available-for-sale investment		12,000	–
Trade receivables		–	94
Deposits and other receivables		53	746
Tax recoverable		–	52
Cash and cash equivalents		–	2,465
Trade and other payables		(236)	(2,546)
Deferred tax liabilities	32	(798)	–
Interest-bearing bank loans		–	(61,930)
Tax payable		–	–
		31,519	92,839
Goodwill released on disposal	17	–	1,415
Gain on disposal of subsidiaries		1,221	26,975
Deferred gain on disposal of subsidiaries		–	7,369
		32,740	128,598
Satisfied by:			
Cash		17,240	98,980
Loans receivable		15,500	–
Convertible notes of an associate		–	30,000
Expenses incurred		–	(382)
		32,740	128,598

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2006 HK$'000	2005 HK$'000
Cash consideration	17,240	98,980
Expenses incurred	–	(382)
Cash and cash equivalents disposed of	–	(2,465)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	17,240	96,133

The subsidiaries disposed of during the year had no significant impact on the Group's consolidated turnover or profit after tax for the year.

36. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Cont'd)*

(c) Disposal of subsidiaries *(Cont'd)*

In 2005, the Group disposed of its entire interests in WOD Investments Limited ("WOD"), which was a wholly-owned subsidiary of the Group and held the Wai Yuen Tong Medicine Building, to WYTH for a consideration of approximately HK$65.3 million. The consideration was satisfied by cash.

In 2005, the Group disposed of its entire interests in Geswin Limited, which was a wholly-owned subsidiary of the Group and held an investment property at Nathan Road, Hong Kong, to WYTH at a consideration of approximately HK$63.6 million. The consideration was satisfied by cash of approximately HK$33.6 million and convertible notes issued by WYTH of HK$30 million. The convertible notes are interest-bearing at 3% per annum with a right to convert into ordinary shares of WYTH at an initial conversion price of HK$0.80 per share during the period from 15 March 2005 to 14 March 2008.

The subsidiaries disposed of in 2005 contributed HK$5,220,000 to the Group's consolidated turnover and HK$2,884,000 to the consolidated profit after tax for that year.

37. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

(a)

	Company	
	2006	2005
	HK$'000	*HK$'000*
Guarantees given to financial institutions in connection with facilities granted to subsidiaries	**471,995**	358,993

(b) The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$783,000 (2005: HK$1,366,000) as at 31 March 2006, as further explained under the heading "Employee benefits" in note 2.5 to the financial statements. The contingent liability has arisen because, at the balance sheet date, a number of current employees had achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

38. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15) and sub-leases Chinese wet markets, shopping centres and car parks under operating lease arrangements, with leases negotiated for terms ranging from three months to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

At the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Within one year	**90,909**	140,509
In the second to fifth years, inclusive	**32,159**	137,077
	123,068	277,586

(b) As lessee

The Group leases Chinese wet markets, shopping centres, car parks and certain of its office properties under operating lease arrangements. Leases are negotiated for terms ranging from three months to seven years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Within one year	**79,339**	124,371
In the second to fifth years, inclusive	**48,271**	188,373
After five years	**1,194**	2,495
	128,804	315,239

39. COMMITMENTS

In addition to the operating lease commitments detailed in note 38(b) above, the Group had the following commitments at the balance sheet date:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Capital commitments contracted, but not provided for, in respect of property development	**238,989**	121,350

At the balance sheet date, the Company had no significant commitments.

40. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the Group had the following post balance sheet events:

(a) On 10 April 2006, the Group completed the disposal of a property held for sale to an independent third party for a cash consideration of HK$149.9 million, as in accordance with a provisional agreement entered into on 25 January 2006.

(b) On 26 May 2006, the Group entered into a provisional sale and purchase agreement with an independent third party for the disposal of an investment property for a cash consideration of HK$78.0 million. Completion of the disposal is expected to take place on or before 28 February 2007.

(c) On 7 June 2006, the Group completed the acquisition of a property from an independent third party for a cash consideration of HK$75.0 million, as in accordance with a provisional agreement entered into on 5 July 2005.

41. RELATED PARTY TRANSACTIONS

In addition to the transaction and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

(a) Transactions with related parties

	Notes	***2006*** ***HK$'000***	*2005* *HK$'000*
Purchase of a subsidiary and its shareholder's loan from a director	*(a)*	**3,000**	–
Rental income received from a director	*(b)*	**600**	557
Proceeds from disposal of subsidiaries to an associate	*(c)*	**–**	128,980
Income from associates:	*(d)*		
Management fee		**972**	918
Rental		**267**	5,065
Interest income		**330**	557
Rental expenses paid to an associate	*(d)*	**1,803**	1,764

41. RELATED PARTY TRANSACTIONS *(Cont'd)*

(a) Transactions with related parties *(Cont'd)*

Notes:

(a) During the year, the Group acquired from a director of the Company, Mr. Tang Ching Ho ("Mr. Tang"), the entire interests in Hanwin Investment Limited ("Hanwin"), a company wholly and beneficially owned by Mr. Tang, at an aggregate consideration equivalent to the face value of the entire issued share capital and shareholder's loan of Hanwin, amounting to HK$3,000,000. Prior to the completion of the agreement in respect of the acquisition of Hanwin from Mr. Tang, Hanwin had entered into agreements with independent third parties to acquire an investment property at a consideration of approximately HK$110 million.

(b) An investment property of the Group was leased to Mr. Tang for a period of one year from 20 December 2004 at an agreed monthly rental of HK$50,000. The lease was renewed and extended for a further one year at an agreed monthly rental of HK$50,000. The rental was determined with reference to the prevailing market rates.

(c) The entire interests of WOD and Geswin (the "Disposed Subsidiaries"), wholly-owned subsidiaries of the Group, were disposed of to WYTH at considerations of approximately HK$65 million and HK$64 million, respectively. The considerations were based on terms mutually agreed between the Group and WYTH. Further details of the disposal of the Disposed Subsidiaries are disclosed in note 36(c) to the financial statements.

(d) The transactions were based on terms mutually agreed between the Group and the related parties.

The related party transactions disclosed in notes 41(a) and 41(b) above also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Details of the Group's balances with associates as at the balance sheet date are disclosed in note 19 to the financial statements.

(c) Compensation of key management personnel of the Group

	2006	2005
	HK$'000	*HK$'000*
Short term employment benefits	**5,375**	2,872
Post-employment benefits	**67**	54
	5,442	2,926

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and overdrafts, convertible notes and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.5 to the financial statements.

Cash flow interest rate risk

The Group operates a central cash management system for all of its unlisted subsidiaries. The Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries to meet their funding requirements and provide more cost-efficient financing. These borrowings are mainly bank borrowings, which change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall net debt position and reviews its funding costs and maturity profile to facilitate refinancing.

Foreign currency risk

The Group has minimal transactional currency exposure which arises from sales or purchases by an entity in currencies other than its financial currency, and hence it does not have a foreign currency hedging policy.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval from the Head of Credit Control.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and convertible notes.

43. COMPARATIVE AMOUNTS

As further explained in notes 2.2 and 2.4 to the financial statements, due to the adoption of certain new HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year and opening balance adjustments have been made and certain comparative amounts have been reclassified to conform with the current year's presentation and accounting treatment.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 July 2006.