NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Wah Ha Realty Company Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong.

The principal activities of the Company are investment holding and property investment. The activities of the subsidiaries and associated companies are shown in Notes 15 and 16 to the financial statements respectively.

The consolidated financial statements are presented in Hong Kong dollars (HK$), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 13th July 2006.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and investment properties which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(b) Changes in accounting policies

The adoption of new/revised HKFRSs

In the current year, the Group adopted the new/revised standards and interpretations of HKFRSs below, which are relevant to its operations. The 2005 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKAS-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKAS-Int 15	Operating Leases – Incentives
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets

The adoption of HKASs 1, 7, 8, 10, 21, 24, 27, 28, 33, 36, HKAS-Int 4 and 15 did not result in substantial changes to the Group's accounting policies and had no material effect on the financial statements except for certain changes in presentation and disclosures as required by HKASs 1 and 24.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(b) Changes in accounting policies *(continued)*

The adoption of HKAS 17, 32, 39, 40 and HKAS-Int 21 has resulted in significant changes to the Group's accounting policies. The change to the Group's accounting policies and the effect of adopting these new policies are set out below:

(i) The adoption of HKAS 17 has resulted in a change in accounting policy relating to reclassification of leasehold land from properties held for sale to operating leases. The up-front prepayments made for leasehold land are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was classified under properties held for sale and stated at the lower of cost and net realisable value.

(ii) The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets.

(iii) The adoption of HKAS 40 has resulted in a change in the accounting policy on investment properties by which the changes in fair values are recorded in the income statement. In prior years, the increases in fair value were credited to the investment properties revaluation reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the income statement.

(iv) The adoption of HKAS-Int 21 has resulted in a change in the accounting policy relating to the measurement of deferred income tax liabilities arising from the revaluation of investment properties. Such deferred income tax liabilities are measured on the basis of tax consequences that would follow from the recovery of the carrying amount of that asset through use. In prior years, the carrying amount of that asset was expected to be recovered through sale.

All changes in these accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards adopted by the Group require or permit retrospective application other than HKASs 32 and 39 which do not permit retrospective application.

Summary of effects of changes in accounting policies

Consolidated income statements

	Effect of adopting new HKFRSs				
	HKAS 1	**HKAS 17**	**HKAS 40**	**HKAS-Int 21**	**Total**
	HK$	HK$	HK$	HK$	HK$
Year ended 31st March 2006					
Increase/(decrease) in:					
Operating profit	–	(50,950)	3,350,000	–	3,299,050
Share of profits less losses of associated companies	(3,005,861)	(508,431)	16,975,000	(2,970,625)	10,490,083
Profit before income tax	(3,005,861)	(559,381)	20,325,000	(2,970,625)	13,789,133
Income tax expense	(3,005,861)	(8,914)	–	586,250	(2,428,525)
Profit attributable to equity holders of the Company	–	(550,467)	20,325,000	(3,556,875)	16,217,658
Earnings per share (basic and diluted, HK cents)	–	(0.5)	16.8	(2.9)	13.4
Year ended 31st March 2005					
Increase/(decrease) in:					
Operating profit	–	(50,950)	5,000,000	–	4,949,050
Share of profits less losses of associated companies	(1,975,077)	(508,431)	26,532,380	(4,844,717)	19,204,155
Profit before income tax	(1,975,077)	(559,381)	31,532,380	(4,844,717)	24,153,205
Income tax expense	(1,975,077)	(8,916)	–	875,000	(1,108,993)
Profit attributable to equity holders of the Company	–	(550,465)	31,532,380	(5,719,717)	25,262,198
Earnings per share (basic and diluted, HK cents)	–	(0.5)	26.1	(4.7)	20.9

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(b) Changes in accounting policies *(continued)*

Summary of effects of changes in accounting policies *(continued)*

Consolidated balance sheets

	Effect of adopting new HKFRSs			
	HKAS 17	**HKAS 40**	**HKAS-Int 21**	**Total**
	HK$	HK$	HK$	HK$
As at 31st March 2006				
Increase/(decrease) in:				
ASSETS				
Investments in associated companies	(6,347,317)	–	(10,984,301)	(17,331,618)
Deferred income tax assets	136,737	–	–	136,737
Properties held for sale	(1,030,886)	–	–	(1,030,886)
Total assets	(7,241,466)	–	(10,984,301)	(18,225,767)
EQUITY				
Retained profits	(7,197,800)	85,818,002	(15,219,701)	63,400,501
Investment properties revaluation reserve	–	(85,818,002)	–	(85,818,002)
Total equity	(7,197,800)	–	(15,219,701)	(22,417,501)
LIABILITIES				
Deferred income tax liabilities	(43,666)	–	4,235,400	4,191,734
Total liabilities	(43,666)	–	4,235,400	4,191,734

	Effect of adopting new HKFRSs			
	HKAS 17	**HKAS 40**	**HKAS-Int 21**	**Total**
	HK$	HK$	HK$	HK$
As at 31st March 2005				
Increase/(decrease) in:				
ASSETS				
Investments in associated companies	(5,838,886)	–	(8,013,676)	(13,852,562)
Deferred income tax assets	171,489	–	–	171,489
Properties held for sale	(979,936)	–	–	(979,936)
Total assets	(6,647,333)	–	(8,013,676)	(14,661,009)
EQUITY				
Retained profits	(6,647,333)	65,493,002	(11,662,826)	47,182,843
Investment properties revaluation reserve	–	(65,493,002)	–	(65,493,002)
Total equity	(6,647,333)	–	(11,662,826)	(18,310,159)
LIABILITIES				
Deferred income tax liabilities	–	–	3,649,150	3,649,150
Total liabilities	–	–	3,649,150	3,649,150

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(c) Standards, interpretations and amendments to standards that are not yet effective

The HKICPA has issued certain new standards, amendments and interpretations which are not yet effective for the current year. Those which are relevant to the Group's operations are as follows:

		Effective for accounting periods beginning on or after
HKAS 19 (Amendment)	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures	1st January 2006
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – The Fair Value Option	1st January 2006
HKFRS-Int 4	Determining whether an Arrangement contains a Lease	1st January 2006
HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures	1st January 2007
HKFRS 7	Financial Instruments: Disclosures	1st January 2007

The Group has not early adopted the above standards, interpretations and amendments in the financial statements for the year ended 31st March 2006. The Group has already commenced an assessment of the related impact but is not yet in a position to analyse and quantify the effect of these on the Group's financial statements.

(d) Group accounting

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31st March.

Subsidiaries are those entities in which the Company, directly or indirectly, controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered as an indicator of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(d) Group accounting *(continued)*

(ii) Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated companies, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated companies.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. All subsidiaries and associated companies of the Group have Hong Kong dollars as their functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in the income statement, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in the investments revaluation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(f) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by companies in the consolidated Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value and is not depreciated. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, alternative valuation methods such as recent prices on less active markets or discounted cash flow projections are used. These valuations are performed at least annually by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflow that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the income statement.

(g) Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Financial assets

Prior to 1st April 2005

The Group classified its investments in securities, other than subsidiaries and associated companies, as long-term investments, held-to-maturity investments and short-term investments as follows:

(i) Long-term investments

Investments held for long-term specific purposes are included under non-current assets and carried at cost less provision. Provision is made when, in the opinion of the Directors, there is impairment in value other than temporary in nature.

(ii) Held-to-maturity securities

Held-to-maturity securities are stated in the balance sheet at cost plus/less any discount/premium amortised to date. The discount or premium is amortised over the period to maturity and included as interest income/expense in the profit and loss account. Provision is made when there is diminution in value other than temporary in nature.

The carrying amounts of individual held-to-maturity securities or holdings of the same securities are reviewed 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 the carrying amounts are not expected to be recovered and are recognised in the profit and loss account as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(h) Financial assets *(continued)*

(iii) Short-term investments

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are included under current assets and are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of short-term investments are recognised in the profit and loss account.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the assets. Cost of purchase includes transaction costs. Profits or losses on disposal of investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

From 1st April 2005 onwards

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of sale in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet (Note 2(i)).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories of financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. All other financial assets are initially recognised at fair value plus transaction costs. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement as "gains and losses on financial assets through profit or loss" in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(h) Financial assets *(continued)*

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in the income statement, and other changes in carrying amount are recognised in equity. Changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from available-for-sale financial assets".

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of receivables is described in Note 2(i).

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(j) Properties held for sale

The leasehold land component is measured at cost less accumulated amortisation and impairment losses, and the building component is carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(l) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(n) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Rentals applicable to operating leases net of any incentives received from the lessors are charged to the profit and loss account on a straight-line basis over the lease terms.

(o) Revenue recognition

Sales of completed properties are recognised upon completion of the sales agreements.

Management fee income is recognised when services are rendered.

Rental income is recognised over the periods of the respective leases on a straight-line basis.

Interest income is recognised on a time proportion basis using the effective interest rate method.

Dividend income is recognised when the right to receive payment is certain.

(p) Employee benefits

The Group participates in a defined contribution scheme. The Group's contributions under the scheme are charged to the income statement as incurred. The amount of the Group's contributions is based on specified percentages of the basic salaries of employees.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(q) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Directors/shareholders.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to various types of risk which include price risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects it may have on the Group's financial performance.

(a) Financial risk factors

(i) Price risk

The Group's equity securities are exposed to price risk as they are classified either as available-for-sale financial assets or as financial assets at fair value through profit or loss. The Group's investment properties and properties held for sale are exposed to price risk as their values vary with the property market conditions.

(ii) Credit risk

The Group has no significant credit risk. It has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases, and sales proceeds are received before the assignment of properties are executed. In addition, the Group's cash is held with highly-rated financial institutions.

(iii) Liquidity risk

The Group has no bank borrowings as at 31st March 2006. In order to maintain flexibility, the Group has maintained adequate amounts of cash and cash equivalents and short term highly liquid investments.

(b) Fair value estimation

The carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables are assumed to approximate their fair values. The fair value of other financial assets for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

(a) Estimate of fair value for investment properties

The Group's investment properties, which are leased to third parties, were revalued at 31st March 2006 by an independent qualified professional property valuer, C S Surveyors Limited, on an open market value basis with reference to recent transaction prices of units in the same building and/or similar properties.

(b) Estimate of net realisable value of properties held for sale

Management reviews the recoverable amount of properties held for sale at each reporting date. The recoverable amount is the estimated selling price of the properties less costs to sell. Management makes estimates in determining the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

5 TURNOVER

	2006	2005
	HK$	HK$
Rental income	**3,540,019**	3,730,047
Management fee income	**1,287,762**	1,585,613
Interest income	**6,741,673**	1,260,071
Dividend income		
Listed investments	**500,241**	231,821
Unlisted investments	**313,363**	1,005,984
Construction supervision fee income	**336,837**	212,350
	12,719,895	8,025,886

6 OTHER GAINS – NET

	2006	2005
	HK$	HK$
Net realised and unrealised gains on financial assets at fair value through profit or loss	**3,735,434**	–
Net realised and unrealised gains on investments	**–**	3,327,341
Net exchange (loss)/gain	**(581,157)**	226,704
Gain on disposal of an associated company	**–**	43,673
Sundries	**66,347**	108,064
	3,220,624	3,705,782

7 OPERATING PROFIT

	2006	2005
	HK$	HK$
Operating profit is stated after crediting:		
Gross rental income		
Investment properties	**624,961**	931,850
Other properties	**2,915,058**	2,798,197
Less: related outgoings	**(513,520)**	(398,102)
and after charging:		
Staff costs (including Directors' remuneration)	**3,507,840**	3,334,763
Auditors' remuneration	**326,000**	313,000
Amortisation of leasehold land	**50,950**	50,950

8 SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES

The Group's share of results of associated companies included the Group's share of fair value gains on investment properties held by associated companies amounting to HK$17,850,000 (2005: HK$31,831,133).

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

9 REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of each of the Directors of the Company are set out below:

	Fees	
	2006	2005
	HK$	HK$
Executive Directors		
Mr. Cheung Kee Wee	**50,000**	50,000
Mr. Cheung Lin Wee	**50,000**	50,000
Mr. Cheung Ying Wai, Eric	**50,000**	50,000
Non-executive Directors		
Mr. John Ho	**50,000**	50,000
Mr. Ng Kwok Tung	**50,000**	50,000
Independent Non-executive Directors		
Mr. Lam Hon Keung, Keith	**50,000**	50,000
Mr. Chan Woon Kong	**50,000**	50,000
Mr. Soo Hung Leung, Lincoln	**50,000**	50,000
Directors' fees	**400,000**	400,000

No other emoluments were paid and none of the Directors has waived the right to receive their emoluments for the years ended 31st March 2006 and 2005.

Details of the emoluments paid to the five individuals, who are not Directors, whose emoluments were the highest in the Group are:

	2006	2005
	HK$	HK$
Salaries and other emoluments	**1,179,429**	1,472,882
Contributions to retirement benefits scheme	**44,600**	69,011
	1,224,029	1,541,893

The emoluments of each of the five individuals are below HK$1,000,000 for the years ended 31st March 2006 and 2005.

10 RETIREMENT BENEFITS SCHEME

The Group participates in a defined contribution scheme which covers all the employees of the Group and certain related companies. The assets of the scheme are held in a trust fund separated from the Group and the related companies. Contributions to the scheme are based on a percentage of employee salary depending upon the length of service of the employee and charged to the income statement in the year to which they relate. The charge for the scheme for the year was HK$158,113 (2005: HK$161,295).

11 INCOME TAX EXPENSE

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

	2006	2005
	HK$	HK$
Current income tax		
Hong Kong profits tax	**454,691**	233,896
Deferred income tax *(Note 25)*	**685,453**	866,084
	1,140,144	1,099,980

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

11 INCOME TAX EXPENSE *(continued)*

The income tax expense on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong, the country in which the Group operates, as follows:

	2006	2005
	HK$	HK$
Profit before income tax, excluding share of profits less losses of associated companies	**14,086,606**	11,868,324
Calculated at a tax rate of 17.5% (2005: 17.5%)	**2,465,156**	2,076,957
Under/(over) provision in prior years	**1,002**	(2,604)
Income not subject to tax	**(1,333,424)**	(1,041,972)
Expenses not deductible for tax purposes	**117,944**	100,870
Net decrease in unrecognised tax losses	**(148,002)**	(33,159)
Temporary differences not recognised	**(3,299)**	(2,100)
Others	**40,767**	1,988
Income tax expense	**1,140,144**	1,099,980

12 DIVIDENDS

	2006	2005
	HK$	HK$
Proposed final of HK4 cents (2005: HK4 cents) per share	**4,838,400**	4,838,400

At a meeting held on 13th July 2006, the Board of Directors proposed a final dividend of HK4 cents per share. This proposed dividend will be accounted for as an appropriation of retained profits for the year ending 31st March 2007.

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2006	2005
	HK$	HK$
Profit attributable to equity holders of the Company	**40,271,882**	50,315,179
Weighted average number of ordinary shares in issue	**120,960,000**	120,960,000
Basic earnings per share (HK cents)	**33.3**	41.6

The Company has no dilutive potential ordinary shares.

14 INVESTMENT PROPERTIES

	Group and Company	
	2006	2005
	HK$	HK$
Valuation		
At beginning of year	**26,150,000**	21,150,000
Fair value gains	**3,350,000**	5,000,000
At end of year	**29,500,000**	26,150,000

The properties are held under leases of over 50 years in Hong Kong and are stated at valuation made on an open market value basis on 31st March 2006 and 2005 by C S Surveyors Limited, an independent qualified professional property valuer.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

15 SUBSIDIARIES

	Company	
	2006	2005
	HK$	HK$
Unlisted shares, at cost	**110,346**	110,346

Particulars of the subsidiaries, all of which are wholly-owned by the Company, are as follows:

Name	Principal activities	Particulars of issued share capital
Festigood Company Limited	Property development	2 Ordinary shares of HK$1 each
Galy Property Management Limited	Property management	2 Ordinary shares of HK$1 each
Khanman Property Limited	Dormant	2 Ordinary shares of HK$100 each
Tai Kong Shan Realty Limited	Property investment	100,000 Ordinary shares of HK$1 each
Tinpoly Realty Limited	Property investment	4 Ordinary shares of HK$10 each
Wah Ha Construction Company Limited	Building contractor	2 Ordinary shares of HK$1 each
Wah Ha Real Estate Agency Limited	Property agency	1,000 Ordinary shares of HK$10 each
WH Properties Limited	Dormant	100 Ordinary shares of HK$1 each

All subsidiaries are incorporated and operate in Hong Kong and are held directly by the Company.

16 ASSOCIATED COMPANIES

	2006 HK$	2005 HK$
Investments in associated companies		
Group – share of net assets	**135,311,647**	109,236,227
Company – unlisted shares, at cost	**2,640,618**	2,640,618

	Group and Company	
	2006 HK$	2005 HK$
Amounts due from associated companies		
– Non-current portion	**101,130,980**	107,130,376
– Current portion *(Note 20)*	**54,688,814**	57,681,368
	155,819,794	164,811,744
Amounts due to associated companies *(Note 26)*	**(18,704,102)**	(12,983,763)
	137,115,692	151,827,981

The Group's share of assets, liabilities and results of the associated companies are summarised as follows:

(a) Results

	2006 HK$	2005 HK$
Revenues	**20,797,111**	33,045,261
Profit for the year	**27,325,420**	39,546,835
Dividend	**1,250,000**	84,645

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

16 ASSOCIATED COMPANIES *(continued)*

(b) Net assets

	2006 HK$	2005 HK$
Assets	**319,880,537**	296,967,796
Liabilities	**(184,568,890)**	(187,731,569)
Net assets	**135,311,647**	109,236,227

Particulars of the associated companies and amounts receivable/(payable) are as follows:

Name	Principal activities	Amounts receivable/(payable) by the Group 2006 HK$	2005 HK$	Particulars of issued share capital	Effective percentage of equity held by the Group
Cantake Land Investment Company Limited	Property development	**42,998,920**	42,803,920	6,000,000 shares of HK$1 each	25
Chase Good Development Limited	Property development	**14,561,803**	15,481,803	4 shares of HK$1 each	25
Daily Eagle Development Limited	Property development	**(13,400,178)**	(9,394,839)	4 shares of HK$1 each	25
Eastern Tailor Enterprises Limited	Property investment	**16,526,919**	18,101,919	10,000 shares of HK$1 each	25
Fu Kung San Realty Limited	Investment holding	**(2,407,610)**	(1,052,610)	100 shares of HK$10 each	50

Name	Principal activities	Amounts receivable/ (payable) by the Group 2006 HK$	2005 HK$	Particulars of issued share capital	Effective percentage of equity held by the Group
Fullion Realty Limited	Property investment	**46,284**	36,284	4 shares of HK$10 each	50
Fupoly Properties Limited	Property investment	**–**	–	10,000 shares of HK$10 each	25
Hinquand Enterprise Limited	Property investment	**17,536,760**	19,201,760	1,000 shares of HK$10 each	50
Kam Lee Wah Realty Limited	Property investment	**38,506**	71,760	100,000 shares of HK$1 each	50
Keneva Company Limited	Property development	**38,307,400**	38,607,400	20 shares of HK$10 each	25
Kin Yuen Hing Investment Company Limited	Property development	**10,291,056**	11,809,056	200,000 shares of HK$1 each	50
Mass Collection Company Limited	Property development	**(2,896,314)**	(2,536,314)	2 shares of HK$1 each	50
Remadour Estate Limited	Property investment	**7,264,502**	8,386,495	10,000 shares of HK$1 each	25
Sing Mei Properties Limited	Property investment	**–**	–	69,513 shares of HK$100 each	25

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

16 ASSOCIATED COMPANIES *(continued)*

Particulars of the associated companies and amounts receivable/(payable) are as follows: *(continued)*

Name	Principal activities	Amounts receivable/ (payable) by the Group		Particulars of issued share capital	Effective percentage of equity held by the Group
		2006	2005		
		HK$	HK$		
Star Fortune Investments Limited	Provision of finance	**558,525**	859,824	2 shares of HK$1 each	50
Sun Prince Godown Limited	Property investment	**2,725,575**	3,150,575	100,000 shares of HK$10 each	50
Sun Tai Tsuen Godown Company Limited	Property investment	**2,721,469**	3,146,469	100,000 shares of HK$10 each	50
Wah Ha Property Development Limited	Property investment	**2,242,075**	3,154,479	10 shares of HK$10 each	50
		137,115,692	151,827,981		

(i) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms. The Group has not provided any guarantees in respect of any borrowings or facilities of the associated companies and has not entered into any agreements to make further advances to the associated companies.

(ii) All associated companies are incorporated and operate in Hong Kong and are held directly by the Company except Sing Mei Properties Limited which is 50% owned by Fu Kung San Realty Limited.

17 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company
	2006
	HK$
Unlisted shares, at cost	**250,448**

The Directors of the Company are of the opinion that the fair value of the available-for-sale financial assets cannot be reliably measured since there are no recent market transactions between knowledgeable, willing parties on an arm's length basis and future cash flows available from the available-for-sale financial assets cannot be determined reliably. Accordingly, the available-for-sale financial assets are stated at cost.

18 LONG-TERM INVESTMENTS

	Group and Company
	2005
	HK$
Unlisted shares, at cost	**250,448**

Long-term investments as at 1st April 2005 have been accounted for as available-for-sale financial assets in accordance with HKASs 32 and 39 (Note 2(h)).

19 PROPERTIES HELD FOR SALE

	Group		**Company**	
	2006	2005	**2006**	2005
	HK$	HK$	**HK$**	HK$
Leasehold land in Hong Kong, held on leases of between 10 to 50 years	**2,297,541**	2,348,491	**382,814**	391,102
Development costs	**3,902,007**	3,902,007	**492,607**	492,607
	6,199,548	6,250,498	**875,421**	883,709

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006	2005	**2006**	2005
	HK$	HK$	**HK$**	HK$
Trade receivables				
Below 60 days	**112,554**	341,567	**28,230**	18,700
Over 60 days	**44,469**	4,754	**36,003**	3
	157,023	346,321	**64,233**	18,703
Other receivables	**1,931,951**	3,000,323	**469,598**	348,965
Amounts due from subsidiaries	**–**	–	**857,817**	483,574
Amounts due from associated companies *(Note 16)*	**54,688,814**	57,681,368	**54,688,814**	57,681,368
Prepayments and utility deposits	**154,109**	134,754	**125,216**	6,502
	56,931,897	61,162,766	**56,205,678**	58,539,112

Trade debtors represent rental receivable which is normally due for payment upon presentation of debit note at the beginning of each rental period (normally on a monthly basis).

The amounts due from subsidiaries are unsecured, interest free and payable on demand.

21 SHORT-TERM INVESTMENTS

	Group and Company	
	2006	2005
	HK$	HK$
Unlisted held-to-maturity securities, at amortised cost	**69,721,820**	105,134,311
Financial assets at fair value through profit or loss/short term investments, at fair value		
Listed shares – Hong Kong	**8,886,411**	12,815,023
Listed shares – Overseas	**7,628,926**	4,604,565
Unlisted quoted investment fund	**261,042**	7,456,714
Unlisted bonds	**15,217,743**	–
Unlisted equity linked notes	**39,186,990**	–
	140,902,932	130,010,613

The weighted average effective interest rate on unlisted held-to-maturity securities of the Group and the Company are 4.58% (2005: 2.67%). The carrying amounts of held-to-maturity securities approximate their fair values.

22 CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	**2006**	2005
	HK$	HK$	**HK$**	HK$
Cash at bank	**6,473,669**	5,452,747	**790,528**	1,499,118
Short-term bank deposits	**104,506,961**	92,020,540	**102,869,657**	90,429,582
	110,980,630	97,473,287	**103,660,185**	91,928,700

The weighted average effective interest rate on short-term bank deposits of the Group and the Company are 3.84% and 3.85% (2005: 1.83% and 1.82%) respectively. These deposits have maturity periods of less than three months (2005: less than three months).

23 SHARE CAPITAL

	Company	
	2006	2005
	HK$	HK$
Authorised:		
150,000,000 shares of HK$0.65 each	**97,500,000**	97,500,000
Issued and fully paid:		
120,960,000 shares of HK$0.65 each	**78,624,000**	78,624,000

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

24 RESERVES

Group

	Asset revaluation reserve HK$	Investment properties revaluation reserve HK$	Retained profits HK$	Total HK$
At 31st March 2004, as previously reported	20,180,230	33,960,622	373,850,041	427,990,893
Effect of adopting				
HKAS 17	–	–	(6,096,869)	(6,096,869)
HKAS 40	–	(33,960,622)	33,960,622	–
HKAS-Int 21	–	–	(5,943,109)	(5,943,109)
Adjustment on investments in associated companies *(Note)*	(20,180,230)	–	–	(20,180,230)
At 31st March 2004, as restated	–	–	395,770,685	395,770,685
Profit for the year, as restated	–	–	50,315,179	50,315,179
2004 final dividend	–	–	(7,257,600)	(7,257,600)
At 31st March 2005, as restated	–	–	438,828,264	438,828,264
Representing:				
Retained profits	–	–	433,989,864	433,989,864
2005 proposed final dividend	–	–	4,838,400	4,838,400
	–	–	438,828,264	438,828,264
At 31st March 2005, as previously reported	20,180,230	65,493,002	391,645,421	477,318,653
Effect of adopting				
HKAS 17	–	–	(6,647,333)	(6,647,333)
HKAS 40	–	(65,493,002)	65,493,002	–
HKAS-Int 21	–	–	(11,662,826)	(11,662,826)
Adjustment on investments in associated companies *(Note)*	(20,180,230)	–	–	(20,180,230)
At 31st March 2005, as restated	–	–	438,828,264	438,828,264
Profit for the year	–	–	40,271,882	40,271,882
2005 final dividend	–	–	(4,838,400)	(4,838,400)
At 31st March 2006	**–**	**–**	**474,261,746**	**474,261,746**
Representing:				
Retained profits	–	–	469,423,346	469,423,346
2006 proposed final dividend	–	–	4,838,400	4,838,400
	–	–	474,261,746	474,261,746

Company

	Asset revaluation reserve	Investment properties revaluation reserve	Retained profits	Total
	HK$	HK$	HK$	HK$
At 31st March 2004,				
as previously reported	23,600,000	15,852,285	292,138,368	331,590,653
Effect of adopting				
HKAS 17	–	–	(192,183)	(192,183)
HKAS 40	–	(15,852,285)	15,852,285	–
HKAS-Int 21	–	–	(2,774,150)	(2,774,150)
Adjustment on investments in				
associated companies *(Note)*	(23,600,000)	–	–	(23,600,000)
At 31st March 2004, as restated	–	–	305,024,320	305,024,320
Profit for the year, as restated	–	–	9,961,563	9,961,563
2004 final dividend	–	–	(7,257,600)	(7,257,600)
At 31st March 2005, as restated	–	–	307,728,283	307,728,283
Representing:				
Retained profits	–	–	302,889,883	302,889,883
2005 proposed final dividend	–	–	4,838,400	4,838,400
	–	–	307,728,283	307,728,283
At 31st March 2005,				
as previously reported	23,600,000	20,852,285	290,724,169	335,176,454
Effect of adopting				
HKAS 17	–	–	(199,021)	(199,021)
HKAS 40	–	(20,852,285)	20,852,285	–
HKAS-Int 21	–	–	(3,649,150)	(3,649,150)
Adjustment on investments in				
associated companies *(Note)*	(23,600,000)	–	–	(23,600,000)
At 31st March 2005, as restated	–	–	307,728,283	307,728,283
Profit for the year	–	–	13,765,310	13,765,310
2005 final dividend	–	–	(4,838,400)	(4,838,400)
At 31st March 2006	**–**	**–**	**316,655,193**	**316,655,193**
Representing:				
Retained profits	–	–	311,816,793	311,816,793
2006 proposed final dividend	–	–	4,838,400	4,838,400
	–	–	316,655,193	316,655,193

Note: The adjustment relates to restatement of investments in associated companies from Directors' valuation to cost.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

25 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using a tax rate of 17.5% (2005: 17.5%).

	Group		Company	
	2006	2005	**2006**	2005
	HK$	HK$	**HK$**	HK$
Deferred income tax assets	**136,737**	171,489	**–**	–
Deferred income tax liabilities	**(4,299,851)**	(3,649,150)	**(4,299,851)**	(3,606,934)
	(4,163,114)	(3,477,661)	**(4,299,851)**	(3,606,934)

Deferred income tax assets and liabilities are offset when there is a legal right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The above assets/(liabilities) shown in the consolidated balance sheet are determined after appropriate offsetting of the relevant amounts.

A substantial portion of deferred income tax assets and liabilities will be recovered/settled after twelve months from the balance sheet date.

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Group

	Assets/(liabilities)				
	Tax losses	Amortisation of leasehold land	Accelerated depreciation allowances	Fair value gains on investment properties	Total
	HK$	HK$	HK$	HK$	HK$
At 1st April 2004	50,000	162,573	(50,000)	(2,774,150)	(2,611,577)
Credited/(charged) to income statement *(Note 11)*	9,000	8,916	(9,000)	(875,000)	(866,084)
At 31st March 2005	59,000	171,489	(59,000)	(3,649,150)	(3,477,661)
Credited/(charged) to income statement *(Note 11)*	(59,000)	8,914	(49,117)	(586,250)	(685,453)
At 31st March 2006	**–**	**180,403**	**(108,117)**	**(4,235,400)**	**(4,163,114)**

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

25 DEFERRED INCOME TAX *(continued)*

Company

	Assets/(liabilities)				
	Tax losses	**Amortisation of leasehold land**	**Accelerated depreciation allowances**	**Fair value gains on investment properties**	**Total**
	HK$	HK$	HK$	HK$	HK$
At 1st April 2004	50,000	40,766	(50,000)	(2,774,150)	(2,733,384)
Credited/(charged) to income statement	9,000	1,450	(9,000)	(875,000)	(873,550)
At 31st March 2005	59,000	42,216	(59,000)	(3,649,150)	(3,606,934)
Credited/(charged) to income statement	(59,000)	1,450	(49,117)	(586,250)	(692,917)
At 31st March 2006	**–**	**43,666**	**(108,117)**	**(4,235,400)**	**(4,299,851)**

Deferred income tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group and Company have unrecognised tax losses of HK$934,000 and HK$Nil respectively (2005: HK$1,785,000 and HK$983,000) to carry forward against future taxable income. These tax losses have no expiry date.

26 TRADE AND OTHER PAYABLES

	Group		Company	
	2006	2005	**2006**	2005
	HK$	HK$	**HK$**	HK$
Trade payables				
Below 90 days	**141,407**	35,533	**137,959**	–
Over 90 days	**10**	10	**10**	10
	141,417	35,543	**137,969**	10
Other payables	**3,257,814**	604,063	**847,705**	548,955
Amounts due to subsidiaries	**–**	–	**14,236,605**	13,357,767
Amounts due to associated companies *(Note 16)*	**18,704,102**	12,983,763	**18,704,102**	12,983,763
Rental and utility deposits received	**915,718**	739,595	**727,358**	544,600
Accrued expenses	**720,850**	220,310	**584,110**	147,210
	23,739,901	14,583,274	**35,237,849**	27,582,305

The amounts due to subsidiaries are unsecured, interest free and payable on demand.

27 AMOUNTS DUE TO RELATED COMPANIES

The amounts payable are unsecured, interest free and payable on demand.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

28 OPERATING LEASE RENTAL RECEIVABLE

The future aggregate minimum lease rental income under non-cancellable operating leases in respect of land and buildings is receivable in the following years:

	Group		Company	
	2006	2005	**2006**	2005
	HK$	HK$	**HK$**	HK$
First year	**4,312,895**	3,238,280	**3,299,900**	2,512,300
Second to fifth years inclusive	**2,166,550**	531,700	**2,103,500**	181,850
	6,479,445	3,769,980	**5,403,400**	2,694,150

29 SIGNIFICANT RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions carried out in the normal course of the Group's business during the year, other than those disclosed elsewhere in the financial statements.

		2006	2005
	Note	**HK$**	HK$
Related companies			
Management fee income	*1*	**–**	225,000
Estate agency fee income	*2*	**150,000**	200,000

Notes:

(1) The Group provided management services to a related company. Fees were charged based on a fixed amount agreed between the parties.

(2) The Group provided estate agency services to a related company at a fixed annual fee.

The key management of the Company refer to the Directors and their remuneration are set out in Note 9.

30 SEGMENT INFORMATION

The principal activities of the Group include those relating to investment holding, property development and investment, property management and building contractor. There are no other significant identifiable separate business. In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment assets consist primarily of investment properties, associated companies, short–term investments, receivables and operating cash and exclude items such as tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as tax payable and deferred income tax liabilities. In respect of geographical segment reporting, as all of the Group's operations and assets are located in Hong Kong, no geographical segment is presented.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

30 SEGMENT INFORMATION *(continued)*

	Property investment, development and management and building contractor HK$	Investments HK$	Total HK$
Year ended 31st March 2006			
Turnover	5,164,618	7,555,277	12,719,895
Segment results	6,627,847	10,709,554	17,337,401
Unallocated costs			(3,250,795)
Operating profit			14,086,606
Share of profits less losses of associated companies	27,325,420	–	27,325,420
Profit before income tax			41,412,026
Income tax expense			(1,140,144)
Profit attributable to the equity holders of the Company			40,271,882
Segment assets	328,746,173	141,481,279	470,227,452
Unallocated assets			111,258,425
Total assets			581,485,877
Segment liabilities	23,821,860	118,705	23,940,565
Unallocated liabilities			4,659,566
Total liabilities			28,600,131

	Property investment, development and management and building contractor HK$	Investments HK$	Total HK$
Year ended 31st March 2005			
Turnover	5,528,010	2,497,876	8,025,886
Segment results	8,578,804	6,200,253	14,779,057
Unallocated costs			(2,910,733)
Operating profit			11,868,324
Share of profits less losses of associated companies	39,546,835	–	39,546,835
Profit before income tax			51,415,159
Income tax expense			(1,099,980)
Profit attributable to the equity holders of the Company			50,315,179
Segment assets	309,831,350	130,359,578	440,190,928
Unallocated assets			97,654,297
Total assets			537,845,225
Segment liabilities	16,569,408	148,955	16,718,363
Unallocated liabilities			3,674,598
Total liabilities			20,392,961