Notes to the Financial Statements

For the year ended 31st March 2006

1. General

The Company is incorporated in Bermuda as an exempted company with limited liability under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section.

The Company's ultimate holding company is Billion Pacific Ventures Limited, a company incorporated in the British Virgin Islands.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 38.

2. Basis of Preparation of the Financial Statements

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the liquidity of the Group and its ability to meet its ongoing obligations. At the balance sheet date, the Group has consolidated net current liabilities of approximately HK$543,000. Subsequent to the balance sheet date, the Group raised funds of approximately HK$8,258,000 through a placement of the Company's shares, details of which are set out in notes 31 and 39. The directors consider that this placement has provided sufficient cash to finance the Group's working capital requirements and accordingly the consolidated financial statements are prepared on a going concern basis.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards/Changes in Accounting Policies

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1st January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas.

(1) Financial Instruments

In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for accounting periods beginning on or after 1st January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis.

On adoption of HKAS 32 and HKAS 39, the convertible notes issued by the Group are separated into the liability and conversion option components. On initial recognition, the components are recognised at their respective fair values. Subsequent to initial recognition, the liability component is measured at amortised cost, using the effective interest rate method. The conversion option which provides the Group with a choice over how it is settled is recognised as a derivative instrument with subsequent changes in fair value being recognised in profit or loss.

Previously, the convertible notes were classified as liabilities on the balance sheet. The adoption of HKAS 32 and HKAS 39 does not have any significant impact on the Group.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards/Changes in Accounting Policies (Continued)

(2) Share-based Payment

HKFRS 2 "Share-based Payment" requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. As there were no unvested share options at 1st April 2005, restatement of comparative figures for 2005 is not required.

No share options were granted after 1st April 2005.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards/Changes in Accounting Policies (Continued)

(3) Leasehold Interests in Land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current period, the Group has applied HKAS 17 Leases. Under HKAS 17, the land and buildings elements of a lease of investment properties and owner-occupied properties are considered separately for the purposes of lease classification. The change to the accounting policy has been applied retrospectively.

The effects on the balance sheet of the changes in the accounting policies are as follows:

	As at 31st March 2005 (originally stated)	Effect of HKAS 17	As at 31st March 2005 (restated)
	HK$'000	HK$'000	HK$'000
Balance sheet items			
Property, plant and equipment	10,173	(6,573)	3,600
Prepaid lease payments – non current portion	–	6,326	6,326
Prepaid lease payments – current portion	–	247	247
	10,173	–	10,173

3. Adoption of New and Revised Hong Kong Financial Reporting Standards/Changes in Accounting Policies (Continued)

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) - INT 4	Determining whether an arrangement contains a lease[2]
HK(IFRIC) - INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds[2]
HK(IFRIC) - INT 6	Liabilities arising from participating in a specific market — waste electrical and electronic equipment[3]
HK(IFRIC) - INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]
HK(IFRIC) - INT 8	Scope of HKFRS 2[5]
HK(IFRIC) - INT 9	Reassessment of embedded derivatives[6]

[1] Effective for accounting periods beginning on or after 1st January 2007.
[2] Effective for accounting periods beginning on or after 1st January 2006.
[3] Effective for accounting periods beginning on or after 1st December 2005.
[4] Effective for accounting periods beginning on or after 1st March 2006.
[5] Effective for accounting periods beginning on or after 1st May 2006.
[6] Effective for accounting periods beginning on or after 1st June 2006.

4. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at initial recognition, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

4. Significant Accounting Policies (Continued)

Business Combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Revenue from the provision of maintenance service is recognised on a straight-line basis over the life of the maintenance contract.

Revenue from the provision of repair services is recognised when the services are rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income, including rental invoiced in advance, from properties let under operating leases, is recognised on a straight-line basis over the period of relevant leases.

4. Significant Accounting Policies (Continued)

Investment Properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured at cost, including any directly attributable expenditure, less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties using the straight-line method.

If an owner-occupied property becomes an investment property, the Group shall transfer the property to investment property at its carrying value on the date of change in use and shall continue to apply the cost model in accordance with the requirements of HKAS 16 "Property, plant and equipment".

If a property held for sale becomes an investment property, the Group shall transfer the property at its carrying value at the date of change in use.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the item is derecognised.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less depreciation, amortisation and accumulated impairment losses.

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment over their estimated useful lives, and after taking into account their estimated residual value, using the straight-line method.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

4. Significant Accounting Policies (Continued)

Properties Held for Sale

Properties held for sale are stated at the lower of cost and net realisable value, which is determined by the directors with reference to the prevailing market prices less any further costs expected to be incurred in the process of disposal, on an individual property basis.

Inventories

Inventories represent trading stocks, are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. For intangible assets with indefinite useful lives, they are tested for impairment annually, irrespective of whether there is any indication that they may be impaired, and whenever there is an indicator of impairment by comparing their carrying amounts with their recoverable amounts.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. Significant Accounting Policies (Continued)

Intangible Assets

On initial recognition, intangible assets acquired from business combinations are recognised at fair value. After initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

Borrowing Costs

All borrowing costs are recognised as and included in finance costs in the income statement in the period in which they are incurred.

4. Significant Accounting Policies (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

4. Significant Accounting Policies (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as Lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Retirement Benefits Scheme Contributions

The Group operates defined contribution Mandatory Provident Fund retirement benefits schemes (the "MPF Schemes") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong, for those employees who are eligible to participate in the MPF Schemes. The MPF Schemes have operated since 1st December 2000. 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 MPF Schemes. The assets of the MPF Schemes are held separately from those of the Group in an independently administered fund.

4. Significant Accounting Policies (Continued)

Financial Instruments

Financial assets and financial liabilities are recognised on the balance sheet when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets – Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial Liabilities and Equity

Financial liabilities and equity instruments issued by an entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial Liabilities

Financial liabilities including bank borrowings and trade and other payables are subsequently measured at amortised cost, using the effective interest rate method.

Convertible Note

Convertible notes issued by the Group are classified separately into their respective liability and conversion option components on initial recognition. Where there is a derivative financial instrument which gives one party a choice over how it is settled (for example, a net settlement option where the holder may choose to redeem the embedded call option), it is recognised as a financial asset or a financial liability unless all of the settlement alternatives would result in it being an equity instrument.

On initial recognition, the components are recognised at their respective fair values. In subsequent periods, the liability component of the convertible note is carried at amortised cost using the effective interest rate method and the change in fair value of the derivative financial instrument is recognised in profit or loss.

4. Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial liabilities and equity (Continued)

Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Embedded Derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and deemed as held-for-trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the combined contracts are not measured at fair value through profit or loss. Derivative financial instruments are initially measured at fair value on the contract date and the subsequent reporting date with changes in profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand which are not restricted to use.

Share-based Payment Transactions

Equity-settled Share-based Payment Transactions – *Share options granted to employees of the Company*

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

5. Key Sources of 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.

Intangible Asset with Indefinite Useful Life

The Group's carrying value of its trademark as at 31st March 2006 was approximately HK$8,800,000. Management expects that the Group would have the ability to renew the trademark continuously at a minimal cost and that there will be no limit to the period over which the trademark is expected to generate net cash inflows. Therefore the trademark is considered to have an indefinite useful life and is not subject to amortisation unless the useful life is determined to be finite in future periods.

Impairment Loss on an Intangible Asset

The intangible asset represents a trademark for beauty products. With reference to the valuation performed by an independent valuer, management is confident that the carrying amount of the asset will be recovered in full. Management will closely monitor the sales performance and adjustments will be made in future periods, if future market activity and the discount rates applied indicate such adjustments are appropriate.

6. Financial Risk Management Objectives and Policies

The Group's major financial instruments include convertible note, bank balances, borrowings, trade receivables and trade payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit Risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st March 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In addition, more than 50% of the Group's turnover is attributable to five major customers with good reputation and therefore there is no significant concentration of credit risk. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and the use of borrowings. In the opinion of the directors, the Group expects to have adequate source of funding to finance the Group and manage the liquidity position.

Interest Rate Risk

The Group's cash flow interest rate risk mainly relates to variable-rate borrowings, including convertible note and bank overdraft. The Group currently does not have any interest rate hedging policy. The directors monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arises.

7. Turnover

Turnover represents the amounts received and receivable for goods sold, less returns, to outside customers during the year.

	2006 HK$'000	2005 HK$'000
Continuing operations		
Sales of medical equipment	19,418	13,957
Discontinued operations		
Sales of medicinal and winery products	2	3,271
	19,420	17,228

8. Business and Geographical Segments

(a) Business Segments

The Group is principally engaged in the business of sale of medical equipment in Hong Kong. In March 2006, the Group acquired a subsidiary that is engaged in sale of health and beauty products. During the year the Group discontinued its operation that engaged in sale of medicinal and winery products.

In accordance with the Group's internal financial reporting, the Group has determined that business segments should be presented as the primary reporting format. There are no sales or other transactions between the business segments. Analysis of the Group's results by major business segments is as follows:

Consolidated Income Statement

	Continuing operations				Discontinued operations			
	Medical equipment		Total		Medicinal and winery products		Consolidated	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Turnover – external	19,418	13,957	19,418	13,957	2	3,271	19,420	17,228
Segment results	1,005	(460)	1,005	(460)	(874)	(1,387)	131	(1,847)
Gain on disposal of subsidiaries			–	–	451	–	451	–
Unallocated corporate expenses			(6,486)	(4,421)	–	–	(6,486)	(4,421)
Finance costs			(797)	(689)	–	–	(797)	(689)
Loss before taxation			(6,278)	(5,570)	(423)	(1,387)	(6,701)	(6,957)
Taxation			(28)	–	–	–	(28)	–
Loss for the year			(6,306)	(5,570)	(423)	(1,387)	(6,729)	(6,957)

8. Business and Geographical Segments (Continued)

(a) Business Segments (Continued)

Consolidated Balance Sheet

	Continuing operations						Discontinued operations			
	Medical equipment		Health and beauty products		Total		Medicinal and winery products		Consolidated	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
ASSETS										
Segments assets	**15,589**	14,979	**13,080**	–	**28,669**	14,979	**–**	1,261	**28,669**	16,240
Unallocated corporate assets									**23,129**	13,217
Consolidated total assets									**51,798**	29,457
LIABILITIES										
Segment liabilities	**13,234**	9,013	**1,022**	–	**14,256**	9,013	**–**	906	**14,256**	9,919
Unallocated corporate liabilities									**15,993**	12,940
Consolidated total liabilities									**30,249**	22,859

8. Business and Geographical Segments (Continued)

(a) Business Segments (Continued)

Other Information

	Continuing operations						Discontinued operations			
	Medical equipment		Unallocated		Total		Medicinal and winery products		Consolidated	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Capital expenditure	195	204	466	273	661	477	–	1	661	478
Depreciation of investment properties and property, plant and equipment	283	239	134	39	417	278	15	51	432	329
Release of prepaid lease payments	281	141	–	–	281	141	–	–	281	141
(Reversal of) impairment loss in respect of trade receivables	(468)	468	–	–	(468)	468	107	–	(361)	468
Loss on disposal of property, plant and equipment	2	–	206	–	208	–	25	–	233	–

8. Business and Geographical Segments (Continued)

(b) Geographical Segments

The Group's operations are located in Hong Kong and the PRC. The operations located in other Asian countries such as Taiwan and Korea were discontinued during the current year.

The Group's turnover from continuing operations by geographical market, irrespective of the origin of the goods, was derived from Hong Kong.

Turnover from the Group's discontinued operations was derived principally from Hong Kong (**2006: HK$2,000**; 2005: HK$712,000) and other Asian countries (**2006: Nil**; 2005: HK$2,559,000).

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Hong Kong	**47,433**	25,034	**661**	478
The PRC	**4,365**	4,423	**–**	–
	51,798	29,457	**661**	478

9. Other Income

	2006 HK$'000	2005 HK$'000
Interest income	**127**	14
Rental income	**460**	481
Repair and maintenance income	**2,195**	2,045
Others	**207**	136
	2,989	2,676

All the above income is from continuing operations.

10. Loss for the Year

	Continuing operations		Discontinued operations		Consolidated	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Loss for the year has been arrived at after charging (crediting):						
Staff costs (including directors' remuneration):						
Salaries and other benefits	6,163	5,849	307	1,426	6,470	7,275
Retirement benefit scheme contributions	192	173	4	45	196	218
Total employee benefits expenses	6,355	6,022	311	1,471	6,666	7,493
Auditors' remuneration						
— Current year	690	440	–	20	690	460
— Underprovision in prior year	32	–	20	–	52	–
Cost of inventories recognised as an expense	13,363	8,944	1	1,803	13,364	10,747
Depreciation of investment properties and property, plant and equipment	417	278	15	51	432	329
Loss on disposal of property, plant and equipment	208	–	25	–	233	–
Net exchange (gain) loss	(57)	2	–	2	(57)	4
Operating lease rentals in respect of rented premises	736	47	184	312	920	359
Release of prepaid lease payments	281	141	–	–	281	141
(Reversal of) impairment loss recognised in respect of trade receivables	(468)	468	107	–	(361)	468

11. Finance Costs

	2006 HK$'000	2005 HK$'000
Interest on		
— bank borrowings wholly repayable within five years	–	68
— convertible notes	797	621
	797	689

All the above finance costs are from continuing operations.

12. Directors' and Employees' Remuneration

(a) Directors' Emoluments

The emoluments paid or payable to each of the 13 (2005: 11) directors were as follows:

2006

	Wang Ling HK$'000	Luk Chung Po HK$'000	Yen Shiao Hua, Sheridan HK$'000	Li Ka Fai, David HK$'000	Tang Shun Lam HK$'000	Yung Ha Kuk, Victor HK$'000	Kwok Wing Leung, Andy HK$'000	Ma She Shing, Albert HK$'000	Wang Jing Chen HK$'000	Shum Ching Yee Jennifer HK$'000	Yeung Ting Lap Derek Emory HK$'000	Ho Man Kin, Tony HK$'000	Li Kar Fai, Peter HK$'000	Total HK$'000
Fees	–	–	–	60	60	60	–	–	–	30	–	–	–	210
Other emoluments														
Salaries and other benefits	–	–	636	–	–	–	–	–	–	–	–	–	–	636
Contributions to retirement benefits schemes	–	–	5	–	–	–	–	–	–	–	–	–	–	5
Total emoluments	–	–	641	60	60	60	–	–	–	30	–	–	–	851

12. Directors' and Employees' Remuneration (Continued)

(a) Directors' Emoluments (Continued)

2005

	Wang Ling HK$'000	Luk Chung Po HK$'000	Yen Shiao Hua, Sheridan HK$'000	Chen Wei Dong HK$'000	Chen Xiao Yong HK$'000	Wei Jianan HK$'000	Lam Man Kit HK$'000	Chen Su Xia HK$'000	Li Ka Fai, David HK$'000	Tang Shun Lam HK$'000	Yung Ha Kuk, Victor HK$'000	Total HK$'000
Fees	–	–	–	–	–	–	–	–	120	120	54	294
Other emoluments												
Salaries and other benefits	–	–	580	–	–	150	–	–	–	–	–	730
Contributions to retirement benefits schemes	–	–	4	–	–	–	–	–	–	–	–	4
Total emoluments	–	–	584	–	–	150	–	–	120	120	54	1,028

12. Directors' and Employees' Remuneration (Continued)

(b) Employees' Emoluments

During the year, the five highest paid individuals included one director (2005: two directors), details of whose emoluments are set out in (a) above.

The emoluments of the remaining four (2005: three) individuals are as follows:

	2006 HK$'000	2005 HK$'000
Salaries and other benefits	1,419	795
Bonus	59	–
Retirement benefit scheme contributions	41	8
	1,519	803

The emoluments of each of five highest paid individuals are less than HK$1,000,000 for both years.

During the years ended 31st March 2006 and 2005, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, during the years ended 31st March 2006 and 2005, no director waived any emoluments.

12. Directors' and Employees' Remuneration (Continued)

(c) Remuneration of Key Management

The remuneration of directors and other members of key management during the year was as follows:

	2006 HK$'000	2005 HK$'000
Short-term benefits	1,194	1,399
Other long-term benefits	10	9
	1,204	1,408

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

13. Taxation

The taxation charge for the year represented Hong Kong Profits Tax for continuing operations.

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year.

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

	2006 HK$'000	2005 HK$'000
Loss before taxation from continuing and discontinued operations	(6,701)	(6,957)
Tax at Hong Kong Profits Tax rate of 17.5%	(1,173)	(1,217)
Tax effect of non-deductible expenses	610	1,020
Tax effect of non-taxable income	(149)	(203)
Tax effect of unused tax losses not recognised	740	400
Tax expense for the year	28	–

Details of deferred tax are set out in note 30.

14. Discontinued Operations

In March 2006, the Group discontinued the business operation of medicinal and winery products through disposal of subsidiaries.

The results of the discontinued operations for the year ended 31st March 2006 and 2005 are summarised as follows:

	2006 HK$'000	2005 HK$'000
Turnover	2	3,271
Cost of sales	(1)	(1,803)
Administrative expenses	(875)	(2,855)
Loss for the year	(874)	(1,387)
Gain on disposal of subsidiaries (note 33)	451	–
Loss for the year from discontinued operations	(423)	(1,387)

The net assets of the discontinued operations at the date of disposal were set out in note 33.

No significant cash flows were contributed by the discontinued operations during the year.

15. Loss Per Share

From Continuing and Discontinued Operations

The calculation of the basic loss per share is based on the loss for the year attributable to equity holders of the Company of **HK$6,729,000** (2005: HK$6,957,000) and on the weighted average number of **595,581,159** (2005: 544,232,517) ordinary shares in issue during the year.

Diluted loss per share has not been presented for the years ended 31st March 2006 and 2005 as the potential ordinary shares are anti-dilutive.

15. Loss Per Share (Continued)

From Continuing Operations

The calculation of the basic loss per share from continuing operations attributable to equity holders of the Company is based on the following data:

Loss figures are calculated as follows:

	2006 HK$'000	2005 HK$'000
Loss for the year attributable to equity holders of the Company	(6,729)	(6,957)
Less: Loss for the year from discontinued operation	423	1,387
Loss for the purposes of basic loss per share from continuing operations	(6,306)	(5,570)

The denominators used are the same as those detailed above for basic loss per share.

From Discontinued Operation

Basic loss per share for the discontinued operation is **0.07 HK cents** (2005: basic loss per share of 0.26 HK cents) per share based on the loss for the year from the discontinued operation of **HK$423,000** (2005: loss of HK$1,387,000) and the denominators detailed above for basic loss per share.

16. Investment Properties

	HK$'000
COST	
At 1st April 2005	–
Transfer from properties held for sale	1,922
Transfer from property, plant and equipment	889
At 31st March 2006	**2,811**
DEPRECIATION	
At 1st April 2005	–
Provided for the year	37
At 31st March 2006	**37**
CARRYING VALUES	
At 31st March 2006	**2,774**
At 31st March 2005	–

The investment properties are depreciated at 2% per annum or over the term of leases, whichever is shorter.

16. Investment Properties (Continued)

	2006 HK$'000	2005 HK$'000
The Group's investment properties comprise:		
Building in Hong Kong under a medium-term lease	877	–
Buildings in the People's Republic of China (the "PRC") under a medium-term lease	1,897	–
	2,774	–

In the current year, the Group has reclassified the properties held for sale and one of the leasehold land and buildings as investment properties due to change of use.

The fair value of the investment properties at 31st March 2006 was **HK$4,770,000** (2005: Nil). The fair value has been arrived at based on a valuation carried out by Memfus Wong Surveyors Limited, an independent valuer not connected with the Group. The valuation was determined by reference to recent market prices for similar properties.

17. Property, Plant and Equipment

	Buildings (Note) HK$'000	Furniture, fixtures and office equipment HK$'000	Leasehold improvements HK$'000	Computer equipment HK$'000	Total HK$'000
THE GROUP					
AT COST					
At 1st April 2004 – as originally stated	12,745	1,740	1,968	838	17,291
Adoption of HKAS 17	(8,584)	–	–	–	(8,584)
At 1st April 2004, as restated	4,161	1,740	1,968	838	8,707
Additions	–	80	253	145	478
At 1st April 2005	4,161	1,820	2,221	983	9,185
Additions	**–**	**64**	**381**	**216**	**661**
Disposals	**–**	**(183)**	**(305)**	**(102)**	**(590)**
Transfer to investment properties	**(1,207)**	**–**	**–**	**–**	**(1,207)**
Acquisition of a subsidiary	**–**	**50**	**–**	**–**	**50**
At 31st March 2006	**2,954**	**1,751**	**2,297**	**1,097**	**8,099**
DEPRECIATION					
At 1st April 2004 – as originally stated	6,194	1,606	1,926	686	10,412
Adoption of HKAS 17	(5,156)	–	–	–	(5,156)
At 1st April 2004 – as restated	1,038	1,606	1,926	686	5,256
Provided for the year	116	43	68	102	329
At 1st April 2005	1,154	1,649	1,994	788	5,585
Provided for the year	**114**	**37**	**136**	**108**	**395**
Eliminated on disposals	**–**	**(138)**	**(117)**	**(97)**	**(352)**
Transfer to investment properties	**(318)**	**–**	**–**	**–**	**(318)**
At 31st March 2006	**950**	**1,548**	**2,013**	**799**	**5,310**
NET BOOK VALUES					
At 31st March 2006	**2,004**	**203**	**284**	**298**	**2,789**
At 31st March 2005	3,007	171	227	195	3,600

Note: The balance at 1st April 2004 included land which has been reclassified to prepaid lease payments on adoption of HKAS 17.

17. Property, Plant and Equipment (Continued)

Property, plant and equipment are depreciated as follows:

Buildings	2% or over the period of the relevant lease, if shorter
Furniture, fixtures and office equipment	15% - 20%
Leasehold improvements	33.3% - 50%
Computer equipment	25% - 33.3%

The Group's buildings are situated in Hong Kong and are held under medium-term leases.

18. Prepaid Lease Payments

	2006 HK$'000	2005 HK$'000
The Group's prepaid lease payments comprise:		
Land in Hong Kong under a medium-term lease	6,325	6,573
Land in the PRC under a medium-term lease	2,468	–
	8,793	6,573
Analysed for reporting purposes as:		
Non-current asset	8,574	6,326
Current asset	219	247
	8,793	6,573
Analysed for usage as:		
Leasing purpose	5,838	–
Owner-occupied	2,955	6,573
	8,793	6,573

19. Intangible Asset

	Trademark HK$'000
COST AND CARRYING VALUE	
Acquisition of a subsidiary and at 31st March 2006	**8,800**
At 31st March 2005	–

The trademark has a registered legal life of 10 years in certain countries and is renewable at minimal cost. The directors of the Company are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group.

As a result, the trademark is considered by management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. The value in use of the intangible asset at 31st March 2006 was HK$8,800,000 and it has been arrived at based on a valuation carried out by Castores Magi Asia Limited, independent valuers not connected with the Group. Accordingly, management of the Group determines that there are no impairment of the trademark.

20. Properties Held for Sale

	HK$'000
At 1st April 2004	8,573
Allowance for properties held for sale	(4,150)
At 1st April 2005	4,423
Transferred to prepaid lease payments	**(2,501)**
Transferred to investment properties	**(1,922)**
At 31st March 2006	**–**

21. Trade and Other Receivables

	2006 HK$'000	2005 HK$'000
Trade receivables	**3,662**	1,793
Less: Accumulated impairment	**–**	(468)
	3,662	1,325
Other receivables (Note)	**5,790**	1,814
Total trade and other receivables	**9,452**	3,139

Note: Included in other receivables is an amount of approximately HK$300,000 which carries interest at prime rate (as quoted by Bank of Communications Company Limited) plus 1.5%. The amount is expected to be repaid within one year of the balance sheet date.

21. Trade and Other Receivables (Continued)

The Group has a policy of allowing credit periods ranging from 30 days to 90 days to its trade customers, except for certain well-established customers where the terms are extended beyond 90 days. The aging analysis of trade receivables prepared on the basis of sales invoice date is stated as follows:

	2006 HK$'000	2005 HK$'000
0 to 90 days	3,619	1,173
91 to 180 days	37	149
181 to 365 days	6	3
	3,662	1,325

The fair values of the Group's trade and other receivables at 31st March 2006 approximate the corresponding carrying amounts.

22. Pledged Bank Deposits

The amount represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits have been pledged to secure bank overdrafts and general facilities and they are therefore classified as current assets.

The deposits carry fixed interest rate of 3% to 4%. The fair value of bank deposits at 31st March 2006 approximates the corresponding carrying amount.

23. Bank Balances and Cash

The fair value of the Group's bank balances and cash at 31st March 2006 approximates the corresponding carrying amount.

24. Trade and Other Payables

The aging analysis of the Group's trade payables is as follows:

	2006 HK$'000	2005 HK$'000
Trade payables:		
0 to 90 days	**1,617**	873
91 to 180 days	**242**	12
181 to 365 days	**2**	17
Over 365 days	**172**	156
	2,033	1,058
Accrued liabilities, deposits received and other creditors	**14,511**	10,684
	16,544	11,742

The fair value of the Group's trade and other payables at 31st March 2006 approximates the corresponding carrying amount.

25. Amount due to Ultimate Holding Company

The amount represents advances from Billion Pacific Ventures Limited and is unsecured, interest-free and repayable on demand. Mr. Kwok Wing Leung, Andy, a director of the Company, has beneficial interest in this company.

The fair value of the amount due to ultimate holding company at 31st March 2006 approximates its corresponding carrying amount.

26. Amount due to Former Ultimate Holding Company

The amount represented advances from CV Capital Partners Limited and was unsecured, interest-free and fully repaid during the year. Messrs. Luk Chung Po and Wang Ling had beneficial interests in this company.

27. Secured Bank Borrowings

At 31st March 2005, the Group had secured bank borrowings which carried interest at prime rate (as quoted by the bank). During the year, the Group fully repaid the bank loans.

28. Convertible Note

In October 2004, the Company issued a convertible note (the "Note") with an aggregate principal amount of HK$8,150,000. The Note bears interest at prime rate (as quoted by The Hongkong and Shanghai Banking Corporation Limited) plus 3% per annum. The proceeds of the issue of the Note was applied to repay the convertible note amounting to HK$7,000,000 issued by the Company on 4th October 2002 together with the accrued interest. The principal of the Note and interest accrued thereon are due for repayment on 21st October 2006 (the "Maturity Date"). The noteholder has the right to convert the whole or part of the principal amount of the Note into shares of the Company on the Maturity Date at a conversion price of HK$0.05 per share (which was adjusted to HK$0.5 per share following the consolidation of the Company's shares on 20th December 2004). Upon receiving a conversion notice from the noteholder, the Company can choose to settle net in cash by redeeming the Note or such part thereof as covered by the conversion notice at an amount equal to 105% of the principal amount as stated in the conversion notice.

The movement of the liability component of the convertible note for the year is set out below:

	2006 **HK$'000**	2005 HK$'000
Liability component at the beginning of the year	**8,470**	7,000
Interest expense (note 11)	**797**	621
Repayment of convertible note	**–**	(7,000)
Proceeds received from issue of convertible notes	**–**	8,150
Interest paid	**–**	(301)
Liability component at the end of the year	**9,267**	8,470

28. Convertible Note (Continued)

The effective interest rate of the convertible note during the year ended 31st March 2006 is 9.8%.

The fair value of the Note at 31st March 2006 approximates its carrying amount.

The fair value of the net settlement option is deemed to be insignificant by the directors.

29. Bank Overdraft

At 31st March 2006, the bank overdraft carries interest ranging from prime rate (as quoted by the bank) minus 2% per annum to prime rate (as quoted by the bank) plus 1% per annum.

	2006 HK$'000	2005 HK$'000
Analysed as:		
Secured	2,435	–
Unsecured	916	–
	3,351	–

The banking facilities granted to the Group are guaranteed by Mr. Tse Michael Nam, an executive director appointed on 21st June 2006.

The fair value of the bank overdraft at 31st March 2006 approximates its carrying amount.

30. Deferred Tax

The major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years are summarised below:

	THE GROUP			
	Fair value of trademark HK$'000	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1st April 2004	–	–	–	–
(Credit) charge for the year	–	173	(173)	–
At 1st April 2005	–	173	(173)	–
Acquisition of a subsidiary	845	–	–	845
Charge (credit) for the year	–	392	(392)	–
At 31st March 2006	**845**	**565**	**(565)**	**845**

At the balance sheet date, the Group has unused tax losses of approximately **HK$249 million** (2005: HK$249 million) available for offset against future profits that are subject to Hong Kong Profits Tax. A deferred tax asset amounting to approximately **HK$565,000** (2005: HK$173,000) in respect of tax loss amounting to approximately **HK$3,230,000** (2005: HK$989,000) has been recognised. No deferred tax asset has been recognised in respect of the remaining unused tax losses due to the unpredictability of future profit streams. Such losses may be carried forward indefinitely.

The Group had no other significant unprovided deferred tax liability at the balance sheet date.

31. Share Capital

	Authorised		Issued and fully paid	
	Number of shares	HK$'000	Number of shares	HK$'000
Ordinary shares of HK$0.1 each				
At 1st April 2004	10,000,000,000	100,000	5,442,325,172	54,423
Share consolidation (note a)	(9,000,000,000)	–	(4,898,092,655)	–
At 31st March 2005	1,000,000,000	100,000	544,232,517	54,423
Issue of shares (note b)	**–**	**–**	**108,840,000**	**10,884**
Shares issued for acquisition of Procare (Holdings) Company Limited (note c)	**–**	**–**	**65,307,250**	**6,531**
At 31st March 2006	**1,000,000,000**	**100,000**	**718,379,767**	**71,838**

Notes:

(a) Pursuant to the shareholders' approval at the special general meeting of the Company held on 20th December 2004, every 10 ordinary shares of HK$0.01 each in the issued and unissued share capital of the Company have been consolidated into one consolidated share of HK$0.10 each of the Company.

(b) In September 2005, the Company entered into a share placing agreement to procure subscribers to subscribe for 108,840,000 new shares at a price of HK$0.105 per share, representing a discount of approximately 8.7% to the closing price of the share of HK$0.115 quoted on the Stock Exchange on 28th September 2005 (the date of share placing agreement). The proceeds were used as a general working capital of the Company. These new shares were issued under the general mandate granted to the directors at the Company's special general meeting held on 31st December 2004. These new shares ranked pari passu with existing shares in all respects. The shares were issued by the Company in October 2005.

(c) On acquisition by the Company of the entire equity interest in Procare (Holdings) Company Limited ("Procare"), the consideration was satisfied by the issue of 65,307,250 new ordinary shares of the Company at an issue price of HK$0.161 per share on completion. Details of the acquisition are set out in note 34.

31. Share Capital (Continued)

In April 2006, the Company issued 43,530,000 ordinary shares of HK$0.10 each in the Company to Billion Pacific Ventures Limited ("Billion Pacific"), a substantial shareholder and ultimate holding company of the Company, at a price of HK$0.195 per share, in return for placing the same number of the Company's ordinary shares owned by Billion Pacific at a price of HK$0.195 per share on the same day to other investors. The placing price represented a discount of approximately 11.36% to the closing price of HK$0.22 per share as quoted on the Stock Exchange on 6th April 2006 (the day before the date of the share placing agreement). The proceeds will be used for the business expansion of Procare. The transaction was completed and the placing shares were issued in April 2006. These new shares were issued under the general mandate granted to the directors at the Company's annual general meeting held on 30th September 2005. These new shares ranked pari passu with existing shares in all respects.

32. Share Option Scheme

A share option scheme (the "Scheme") was adopted by the Company pursuant to a resolution passed on 26th August 2003. Under the Scheme, the directors of the Company may invite any director (including non-executive director and independent non-executive director) or employee of the Company or any of its subsidiaries or associated companies to take up options to subscribe for share of HK$0.01 each (which was adjusted to HK$0.1 per share following the consolidation of the Company's shares on 20th December 2004) in the capital of the Company.

Upon acceptance of the option, a nominal consideration of HK$1.00 will be paid by each grantee for each lot of share option granted within 21 days from the date of making offer of option. The options are exercisable within ten years after date of grant.

32. Share Option Scheme (Continued)

Movement in the number of share options outstanding during the year is as follows:

	Number of options at an exercise price of HK$0.196
Granted and fully vested in March 2005 and at 1st April 2005	32,653,950
Lapsed during the year	(32,653,950)
At 31st March 2006	–

During the year ended 31st March 2006, the share options lapsed upon the resignation of the option holders.

33. Disposal of Subsidiaries

In March 2006, the Group disposed of the business operation of medicinal and winery products through disposal of subsidiaries at a consideration of HK$1.

The net liabilities of the disposed subsidiaries at the date of disposal were as follows:

	2006 HK$'000
Inventories	267
Trade and other receivables	191
Bank balances and cash	1
Other payables	(910)
Gain on disposal	(451)
Net cash outflow arising on disposal of subsidiaries:	
Consideration received	–
Bank balances and cash disposed of	(1)
	(1)

The impact of the disposal on the Group's results in the current and prior year is disclosed in note 14.

34. Acquisition of a Subsidiary

In March 2006, the Group acquired the entire equity interest in Procare and Procare is engaged in the business segment of health and beauty products. The transaction has been accounted for by purchase method of accounting:

The net assets acquired in the transaction are as follows:

	Acquiree's carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired:			
Property, plant and equipment	50	–	50
Intangible asset	–	8,800	8,800
Inventories	26	–	26
Trade and other receivables	4,204	–	4,204
Taxation recoverable	112	–	112
Pledged bank deposits	2,606	–	2,606
Bank balances and cash	327	–	327
Trade and other payables	(1,415)	–	(1,415)
Bank overdraft	(3,351)	–	(3,351)
Deferred tax liabilities	–	(845)	(845)
	2,559	7,955	10,514
Satisfied by:			
Issue of shares, at fair value			10,514
Net cash inflow of the Group:			
Bank balances and cash acquired			327

No significant turnover, results and cash flows were contributed by the subsidiary acquired during the year ended 31st March 2006.

35. Operating Lease Commitments/Arrangements

The Group as Lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	THE GROUP	
	2006 HK$'000	2005 HK$'000
Within one year	1,125	726
In the second to fifth year inclusive	750	419
	1,875	1,145

Operating lease payments represent rental payable by the Group for certain of its office premises and warehouse. Leases are negotiated for an average terms of two years.

35. Operating Lease Commitments/Arrangements (Continued)

The Group as Lessor

Property rental income earned during the year was approximately **HK$460,000** (2005: HK$481,000). The relevant outgoings incurred during the year was approximately **HK$17,000** (2005: HK$61,000).

At the balance sheet date, the Group had minimum lease receipts, which represent rentals receivable by the Group from its investment properties under non-cancellable operating leases, which fall due as follows:

	2006 HK$'000	2005 HK$'000
Within one year	**508**	432
In the second to fifth year inclusive	**232**	216
	740	648

The investment properties held have committed tenants for an average term of one to three years.

36. Retirement Benefits Scheme

The Group participates in Mandatory Provident Fund Schemes (the "MPF Schemes") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the MPF Schemes are held separately from those of the Group in an independently administered fund.

The Group contributes certain percentage of relevant payroll costs each month to the MPF Schemes.

37. Pledge of Assets

At the balance sheet date, certain assets of the Group with the following carrying amounts had been pledged to secure banking facilities granted to the Group:

	2006 HK$'000	2005 HK$'000
Prepaid lease payments	2,955	3,071
Leasehold buildings	2,004	2,093
Bank deposits	2,606	–
	7,565	5,164

38. Particulars of the Principal Subsidiaries

The following table lists the subsidiaries of the Group as at 31st March 2006 which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Name of subsidiaries	Place of incorporation/ and operations	Issued and fully paid share capital	Attributable to proportion of nominal value of issued capital held by the Company Directly	Indirectly	Principal activities
Ultronics Enterprise Limited	Hong Kong	11 ordinary shares of HK$0.5 each and 8,627,759 deferred shares of HK$1 each (Note)	–	100%	Trading of medical equipment and supplies
eQuality Group Limited	Hong Kong	4 ordinary shares of HK$1 each	–	100%	Trading of medical equipment and supplies
Procare (Holdings) Company Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	–	Trading of health and beauty products

None of the subsidiaries had issued any debt securities at the end of the year.

Note: 100,000 deferred shares, which are not held by the Group, carry practically no rights to dividends or to receive notice of or to attend or vote at any general meeting of the Company or to participate in any distribution on winding up.

39. Post Balance Sheet Events

In April 2006, the Company completed a placing of new shares and 43,530,000 new shares were issued and consideration (net of expenses) of approximately HK$8,258,000 was being received. Details of the share issues are set out in note 31.

Pursuant to a special resolution passed at the special general meeting of the Company held on 19th April 2006 and approval by the Registrars of Companies in Bermuda and Hong Kong, the name of the Company was changed from Wanji Pharmaceutical Holdings Limited 萬基藥業控股有限公司 to Nubrands Group Holdings Limited 滙保集團控股有限公司 with effect on 19th April 2006.

40. Summarised Balance Sheet of the Company

The balance sheet of the Company as at 31st March 2006 are as follows:

	2006 HK$'000	2005 HK$'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	360	234
Investments in subsidiaries	31,880	21,366
	32,240	21,600
Current assets		
Receivables	652	539
Amounts due from subsidiaries	2,339	–
Bank balances and cash	394	40
	3,385	579
Current liabilities		
Payables	2,279	1,646
Amount due to a former ultimate holding company	–	2,560
Amount due to ultimate holding company	214	–
Convertible note	9,267	–
	11,760	4,206
Net current liabilities	(8,375)	(3,627)
Total assets less current liabilities	23,865	17,973
Non-current liabilities		
Convertible note	–	8,470
	23,865	9,503
CAPITAL AND RESERVES		
Share capital	71,838	54,423
Reserve	(47,973)	(44,920)
	23,865	9,503

Loss for the year of the Company amounted to approximately **HK$7,318,000** (2005: HK$8,566,000) which has been dealt with in the consolidated income statement.