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 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company of the Company is Charron Holdings Limited ("Charron"), a limited liability company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

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

The Company is an investment holding company. The principal activities of the Group are property development and investment, provision of securities brokerage, margin financing services, consultancy and advisory services and hotel operations. The business of printing and publishing services, sales of furniture and marine products and restaurant operations were disposed of in March 2006.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRS"s), Hong Kong Accounting Standards ("HKAS"s) and Interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "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. In particular, the presentation of minority interests and share of tax of associates have been changed as required by HKAS 1 "Presentation of financial statements". 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 that have an effect on how the results for the current or prior accounting periods are prepared and presented:

Business combinations

The Group has applied HKFRS 3 "Business combinations" ("HKFRS 3") in previous year for business combination with the agreement date on or after 1st January, 2005. The principal effects of the application of the transitional provisions of HKFRS 3 for goodwill exist on or before 1st January, 2005 to the Group are summarised below:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Business combinations (continued)

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss in the period in which the acquisition takes place. In accordance with the relevant transitional provisions in HKFRS 3, the Group has derecognised all negative goodwill of HK$12,135,000 at 1st April, 2005 with a corresponding increase in accumulated profits.

Share-based payment

In the current year, the Group has applied HKFRS 2 "Share-based Payment" ("HKFRS 2") which 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 the share options of the Company granted to participants thereunder including the directors and eligible employees of the Group, determined at the date of grant of the share option, over the vesting period. Prior to the application of HKFRS 2, no share options were granted by the Company and accordingly, no retrospective restatement is required.

The adoption of HKFRS 2 has had a significant impact on the results of operations and financial position of the Group for the current year. An amount of HK$4,654,000 representing the fair value of share options granted in August 2005, which vested immediately at the date of grant, was charged to the consolidated income statement during the year, with an corresponding increase in share option reserve of HK$4,654,000.

Financial instruments

In the current year, the Group has applied HKAS 32 "Financial instruments: disclosure and presentation" ("HKAS 32") and HKAS 39 "Financial instruments: recognition and measurement" ("HKAS 39"). HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1st April, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31st March, 2005, the Group classified and measured its equity securities in accordance with the alternative treatment of the Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities" ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in equity. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1st April, 2005 onwards, the Group has classified and measured its equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition.

On 1st April, 2005, the Group classified and measured its equity securities in accordance with the transitional provisions of HKAS 39. As a result of the adoption of HKAS 39, the Group has designated "investments in non-trading securities" recorded in the consolidated balance sheet at 1st April, 2005 amounting to HK$393,000 as "available-for-sale" investments and "investments in trading securities" at 1st April, 2005 amounting to HK$2,913,000 as "financial assets at fair value through profit or loss" investments.

Financial assets and financial liabilities other than debt and equity securities

From 1st April, 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. "Other financial liabilities" are carried at amortised cost using the effective interest method after initial recognition. These requirements of HKAS 39 did not have any financial impact to the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Investment properties

In the current year, the Group has, for the first time, applied HKAS 40 "Investment property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in profit or loss for the year in which they arise. In previous years, investment properties under the predecessor Standard were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the consolidated income statement. Where a decrease had previously been charged to the income statement and a revaluation surplus subsequently arose, that increase was credited to the consolidated income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1st April, 2005. The amount held in investment property revaluation reserve at 1st April, 2005 has been transferred to the Group's accumulated profits (note 3).

Deferred taxes related to investment properties

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current year, the Group has applied Hong Kong Standard Interpretations Committee Interpretation 21 "Income taxes – recovery of revalued non-depreciable assets" ("HK(SIC) Interpretation 21") which removes the presumption that the carrying amount of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflects the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC) Interpretation 21, this change in accounting policy has been applied retrospectively. Comparative figures for 2005 have been restated (note 3).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Owner-occupied leasehold interest 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 year, the Group has applied HKAS 17 "Leases" ("HKAS 17"). Under HKAS 17, the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and building elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight line basis. This change in accounting policy has been applied retrospectively.

As a result of the adoption of HKAS 17, the land element previously recorded in leasehold land and building and hotel properties amounting to HK$377,066,000 was redesignated as "prepaid lease payments" as at 1st April, 2004.

Hotel properties

Hong Kong Interpretation 2 "The appropriate accounting policies for hotel properties" ("HK INT 2") clarifies the accounting policy for owner-operated hotel properties. In previous years, depreciation is provided to write off the carrying value of leasehold land over the unexpired term of the lease. No depreciation is provided in respect of hotel buildings erected on leasehold land with an unexpired term of more than 20 years. It was the Group's policy to maintain the hotel buildings (including integral plant and machinery) in such condition that their value is not diminished by the passage of time. Accordingly, the directors consider that the lives of these assets and their residual values are such that any depreciation would be insignificant. The related maintenance and repairs expenditure is charged to the income statement when incurred. All hotel buildings erected on leasehold land with an unexpired term of less than 20 years are depreciated over their estimated useful lives or the term of the relevant lease, whichever is shorter. HK INT 2 requires owner-operated properties to be classified as property, plant and equipment in accordance with HKAS 16 "Property, plant and equipment", and therefore be accounted for either using the cost model or the revaluation model. The Group has resolved to account for these hotel properties using the cost model. In the absence of any specific transitional provisions in HK INT 2, the new accounting policy has been applied retrospectively. Comparative figures have been restated (see note 3).

The Group has not early applied the following new standards, amendments 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 consolidated financial statements of the Group, except that the Group is not yet in a position to determine the financial impact of HKAS 39 and HKFRS 4 (Amendments) which requires the recognition of financial guarantee at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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 and 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 annual periods beginning on or after 1st January, 2007.

[2] Effective for annual periods beginning on or after 1st January, 2006.

[3] Effective for annual periods beginning on or after 1st December, 2005.

[4] Effective for annual periods beginning on or after 1st March, 2006.

[5] Effective for annual periods beginning on or after 1st May, 2006.

[6] Effective for annual periods beginning on or after 1st June, 2006.

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described in note 2 on the results for the current and prior years are as follows:

	2006	2005
	HK$'000	*HK$'000*
Share option granted to employees, included in administrative expenses	**(4,654)**	–
Fair value change in investment properties	**370,669**	–
Increase in depreciation of self-operated hotel properties, included in direct operating expenses	**(4,867)**	(4,867)
Increase in deferred taxation charge arising from fair value change in investment properties	**(64,867)**	–
Increase (decrease) in profit for the year	**296,281**	(4,867)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March, 2006

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (continued)

The cumulative effects of the application of the new HKFRSs as at 31st March, 2005 and 1st April, 2005 are summarised below:

	At 31st March, 2005	Effect of HKAS 1	Effect of HKAS 17	Effect of HK INT 2	Effect of HK INT 21	At 31st March, 2005	Effect of HKFRS 3	Effect of HKAS 40	At 1st April, 2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(As previously stated)					(As restated)			(As restated)
Balance sheet items affected:									
Property, plant and equipment	820,547	–	(371,104)	(38,925)	–	410,518	–	–	410,518
Prepaid lease payments	–	–	371,104	–	–	371,104	–	–	371,104
Negative goodwill	(12,135)	–	–	–	–	(12,135)	12,135	–	–
Deferred taxation assets	8,051	–	–	–	–	8,051	–	–	8,051
Deferred taxation liabilities	(32,850)	–	–	–	(44,559)	(77,409)	–	–	(77,409)
Minority interests	(8,115)	8,115	–	–	–	–	–	–	–
Total effects on assets and liabilities	775,498	8,115	–	(38,925)	(44,559)	700,129	12,135	–	712,264
Investment property revaluation reserve	254,620	–	–	–	(44,559)	210,061	–	(210,061)	–
Accumulated profits	622,893	–	–	(38,925)	–	583,968	12,135	210,061	806,164
Equity attributable to equity holders of the Company	877,513	–	–	(38,925)	(44,559)	794,029	12,135	–	806,164
Minority interests	–	(8,115)	–	–	–	(8,115)	–	–	(8,115)
Total effects on equity	877,513	(8,115)	–	(38,925)	(44,559)	785,914	12,135	–	798,049

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (continued)

The financial effects of the application of the new HKFRSs to the Group's equity at 1st April, 2004 are summarised below:

	As previously stated	**Effect of HKAS 1**	**Effect of HK INT 2**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share capital and other reserves	2,227,934	–	–	2,227,934
Accumulated profits	150,352	–	(34,058)	116,294
Minority interests	–	(9,984)	–	(9,984)
Total effects on equity	2,378,286	(9,984)	(34,058)	2,334,244

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the 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.

The consolidated financial statements have been prepared under the historical cost convention except for investment properties and certain financial instruments which are measured at fair values, as explained in the accounting policies set out below.

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 dates of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on acquisition prior to 1st January, 2005

Goodwill arising on an acquisition of a subsidiary or an associate for which the agreement date is before 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary or associate at the date of acquisition.

For previously capitalised goodwill arising on acquisition after 1st January, 2001, the Group has discontinued amortisation from 1st January, 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisition on or after 1st January, 2005

Goodwill arising on an acquisition of a subsidiary or an associate for which the agreement date is on or after 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or associate at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet. Capitalised goodwill arising on an acquisition of an associate is included in the cost of the investment on the relevant associate.

For the purposes of impairment testing, goodwill arising from an acquisition of subsidiary is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary or an associate, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

For goodwill arising on acquisition of an associate, the goodwill included in the carrying amount of interests in an associate is not separately tested for impairment. Instead, the entire carrying amount of the interests in an associate is tested for impairment by comparing the Group's share of the present value of the estimated future cash flows expected to be generated by the associate with its carrying amount. Any impairment loss identified is recognised and is allocated first to goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Excess of an acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisition")

A discount on acquisition arising on an acquisition of a subsidiary for which an agreement date is on or after 1st January, 2005 represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognised immediately in profit or loss.

As explained in note 2 above, all negative goodwill as at 1st April, 2005 has been derecognised with a corresponding adjustment to the Group's accumulated profits.

Interests in associates

The results and assets and liabilities of associates are incorporated in the financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimates residual value, using the straight line method, at the following rates per annum:

Buildings	Over the estimated useful lives of 40 years or the unexpired terms of the relevant leases, whichever is shorter
Hotel properties	Over the estimated useful lives of 40 years or the unexpired terms of the relevant leases, whichever is shorter
Leasehold improvements	10 – 20%
Machinery and equipment	10 – 20%
Others	10 – $33^1/_3$%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in fair value of investment properties are included in profit or loss for the period in which they arise.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property under development

Property under development for sale after completion are stated at lower of cost or net realisable value. Cost relating to the development of properties, including amortisation of leasehold land, borrowing costs, are capitalised and included as properties held for under development unit such time they are completed for transfer to properties for sale. Net realisable value is determined by management based on prevailing market condition.

Property under development, other than for sale after completion are stated at cost less any identified impairment losses. Cost comprises the cost of acquisition of the properties under development together with direct costs attributable to the development of the properties and borrowing costs capitalised during the period of development upon completion.

Borrowings costs

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

All other borrowing costs are recognised as expenses in the period in which they are incurred.

Intangible assets

The trading rights held in the Stock Exchange and the Hong Kong Futures Exchange Limited (the "Futures Exchange") and the copyright, trademarks and intellectual rights attaching to magazines are stated at cost less amortisation and impairment losses, and are amortised on a straight line basis over a period of 10 years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Properties held for sale

Properties for sale are completed properties and are classified under current assets and are stated at the lower of cost and net realisable value.

Others

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

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.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represent financial assets held for trading. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

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 amounts due from associates, loan receivables and debtors) 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.

Cash and cash equivalents

Cash and cash equivalents comprise demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories (set out above). At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group 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 Group's financial liabilities generally include other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities including creditors, amount due to a shareholder, bank borrowings and amounts due to minority shareholders of subsidiaries are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's consolidated balance sheet when, and only when they are extinguished (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

Sales of properties are recognised when unconditional sale and purchase agreements have been signed during the year and legal completion takes place.

Before 1st January, 2005, when properties under development are sold in advance of completion, income is recognised over the course of the development only when income can be anticipated with reasonable certainty and is computed as a proportion of the total estimated income to completion or the sale deposits received from the pre-sale, whichever is the lower; the proportion used being that of the construction costs incurred at the balance sheet date to estimated total construction costs.

From 1st January, 2005, when properties under development are sold, income is recognised when the property is completed and the relevant occupation permit is issued by the relevant authorities. Payments received from the purchasers prior to this stage are recorded as customers' deposits received.

Rental income from properties under operating leases is recognised on a straight-line basis over the period of the relevant leases.

Service income is recognised when the management, consultancy and advisory services are rendered.

Commission and brokerage and advisory service income is recognised when the service is rendered, the revenue can be reliably estimated and it is probable that the revenue will be received.

Sales of investments in securities are recognised when the related bought and sold note is executed.

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

Revenue from sale of newspapers and other publications is recognised when the products are delivered and title has passed to distributors or dealers and the Group retains no significant obligation. Allowances for subsequent returns and exchanges are recorded in the period in which the related revenue is recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Advertising income is recognised on the publication date.

Income from provision of printing services is recognised when the services are rendered.

Dividend income from investments is recognised when the Group's rights to receive dividend payment have been established.

Interest income from a financial asset 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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Income arising from the hotel and restaurant operations is recognised when the services are rendered.

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 profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable and deductible. The Group's liability for current tax is calculated using tax rates that enacted or substantially enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts 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 taxation liabilities are generally recognised for all taxable temporary differences, and deferred taxation 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 assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that sufficient taxable profits 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 consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

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 re-translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are dominated in foreign currencies are re-translated 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 foreign currency are not translated.

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 translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the translation 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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in 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 still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies set out in note 4, the management had made the following estimate that have the most significant effect on the amounts recognised in the financial statements.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st March, 2006, the carrying amount of goodwill is HK$1,940,000. Details of the recoverable amount calculation are set out in note 26.

Deferred tax assets

As at 31st March, 2006, a deferred tax asset of HK$27,738,000 in relation to tax losses have been recognised in the Group's consolidated balance sheet. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which such a reversal takes place.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include loan receivable, amounts due from associates, debtors, bank balances and cash, creditors, amount due to a shareholder, amounts due to minority shareholders of subsidiaries and bank borrowings. 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. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings and interest bearing assets. The Group currently does not have any policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

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 order to minimise the credit risk, the management of the Group monitor the procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual amounts due from associates and trade debt at each balance sheet date to ensure that adequate impairment losses are made 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 liquid funds is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March, 2006

7. TURNOVER

An analysis of the Group's turnover, for both continuing and discontinued operations, is as follows:

	2006	2005
	HK$'000	*HK$'000*
Continuing operations		
Rental income from investment properties	**130,482**	104,684
Income from hotel operations	**63,348**	51,889
Commission from the provision of securities and futures brokerage services and related advisory services	**50,377**	43,659
Interest income from margin financing and other loan receivables	**46,906**	29,372
Consultancy and advisory service income	**30,323**	30,309
Proceeds from sales of properties	**4,241**	141,933
	325,677	401,846
Discontinued operations *(note 15)*		
Income from printing and publishing	**460,519**	422,141
Sales of furniture	**154,102**	137,946
Income from restaurant operations	**23,227**	26,414
Sales of marine products	**22,009**	158,869
	659,857	745,370
Total	**985,534**	1,147,216

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into four operating divisions, namely, lease of properties, sales of properties, securities brokerage and consultancy services and hotel operations. These divisions are the basis on which the Group reports its primary segment information.

The Group's operation in printing and publishing, wholesaling and retailing of furniture, restaurant operations and sale of marine products were discontinued in the current year.

Information about these business segments is as follows:

	Continuing operations						Discontinued operations					
	Lease of properties	Sales of properties	Securities brokerage and consultancy services	Hotel operations	Others	Total	Printing and publishing	Wholesaling and retailing of furniture	Sales of marine products	Restaurant operations	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31st March, 2006												
INCOME STATEMENT												
Turnover												
External sales	130,482	4,241	127,606	63,348	–	325,677	460,519	154,102	22,009	23,227	659,857	985,534
Segment results	597,172	(758)	78,870	4,119	158	679,561	3,339	3,008	819	(1,562)	5,604	685,165
Interest income						2,482					234	2,716
Unallocated corporate expenses						(40,621)					(15)	(40,636)
Finance costs						(78,765)					(2,009)	(80,774)
Share of results of associates						58,628					–	58,628
Profit before taxation						621,285					3,814	625,099
Taxation						(87,074)					(1,344)	(88,418)
Profit for the year						534,211					2,470	536,681
OTHER INFORMATION												
Capital additions	402,598	–	1,210	6,408	2,373	412,589	4,623	2,950	170	184	7,927	420,516
Depreciation and amortisation	3,770	–	2,772	9,566	6,763	22,871	17,334	6,200	19	1,249	24,802	47,673
Release of prepaid lease payments	–	–	–	4,387	1,575	5,962	–	–	–	–	–	5,962
Reversal of impairment loss–net	104,016	–	–	–	(990)	103,026	–	–	–	–	–	103,026
Allowance for properties held for sale	–	1,761	–	–	–	1,761	–	–	–	–	–	1,761
Loss (gain) on disposal of properties, plant and equipment	–	–	–	1,329	60	1,389	(1,227)	266	1	2,197	1,237	2,626
Allowance for doubtful debts (written back) made	(120)	–	(425)	(345)	–	(890)	1,615	–	–	83	1,698	808

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March, 2006

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)
Business segments (continued)

	Lease of properties	Sales of properties	Securities brokerage and consultancy services	Hotel operations	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31st March, 2006						
BALANCE SHEET						
Assets						
Segment assets	3,786,339	405,394	283,355	457,627	179	4,932,894
Interests in associates						481,365
Amounts due from associates						70,495
Unallocated corporate assets						336,709
Consolidated total assets						5,821,463
Liabilities						
Segment liabilities	43,756	7,681	204,260	4,405	–	260,102
Unallocated corporate liabilities						1,772,695
Consolidated total liabilities						2,032,797

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments (continued)

	Continuing operations						Discontinued operations					
	Lease of properties HK$'000	Sales of properties HK$'000	Securities brokerage and consultancy services HK$'000	Hotel operations HK$'000	Others HK$'000	Total HK$'000	Printing and publishing HK$'000	Wholesaling and retailing of furniture HK$'000	Sales of marine products HK$'000	Restaurant operations HK$'000	Total HK$'000	Consolidated HK$'000
Year ended 31st March, 2005												
INCOME STATEMENT												
Turnover												
External sales	104,684	141,933	103,340	51,889	–	401,846	422,141	137,946	158,869	26,414	745,370	1,147,216
Segment results	450,442	31,389	71,083	(5,321)	83	547,676	(11,542)	1,907	3,314	(1,479)	(7,800)	539,876
Interest income						1,153					23	1,176
Unallocated corporate expenses						(50,860)					(1,995)	(52,855)
Finance costs						(17,773)					(1,356)	(19,129)
Share of results of associates						6,145					–	6,145
Gain on deemed partial disposal of interest in an associate						3,632					–	3,632
Profit (loss) before taxation						489,973					(11,128)	478,845
Taxation						(12,161)					(412)	(12,573)
Profit (loss) for the year						477,812					(11,540)	466,272
OTHER INFORMATION												
Capital additions	770,526	–	1,735	210	1,843	774,314	5,417	4,830	8	239	10,494	784,808
Depreciation and amortisation	1,929	–	1,853	9,315	2,702	15,799	24,235	9,577	65	1,235	35,112	50,911
Release of prepaid lease payments	–	–	–	4,387	1,575	5,962	–	–	–	–	–	5,962
Reversal of impairment losses–net	8,467	–		–	–	8,467	–	–	–	–	–	8,467
Revesal of allowance for properties held for sale	–	2,673	–	–	–	2,673	–	–	–	–	–	2,673
Loss (gain) on disposal of properties, plant and equipment	102	–	–	–	(87)	15	132	94	–	–	226	241
Allowance for doubtful debts made (written back)	9	(10,359)	–	–	–	(10,350)	2,496	23	(13)	–	2,506	(7,844)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments (continued)

	Continuing operations						Discontinued operations					
	Lease of properties	Sales of properties	Securities brokerage services	Hotel operations	Others	Total	Printing and publishing	Wholesaling and retailing of furniture	Sales of marine products	Restaurant operations	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31st March, 2005												
BALANCE SHEET												
Assets												
Segment assets	3,046,211	111,295	221,390	464,320	2,913	3,846,129	162,392	137,409	3,901	6,768	310,470	4,156,599
Interests in associates						400,155					–	400,155
Amounts due from associates						6,414					–	6,414
Unallocated corporate assets						364,165					–	364,165
Consolidated total assets						4,616,863					310,470	4,927,333
Liabilities												
Segment liabilities	46,785	9,133	170,818	4,013	–	230,749	63,805	24,939	1,877	2,058	92,679	323,428
Unallocated corporate liabilities						1,260,157					–	1,260,157
Consolidated total liabilities						1,490,906					92,679	1,583,585

Geographical segments

The Group's turnover and contribution to profit for the year have been derived from activities which are substantially carried out in Hong Kong. In addition, a substantial portion of the Group's assets are located in Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

9. OTHER INCOME – NET

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The amount for the year includes:						
Gain on disposal of non-trading securities	**315**	490	**–**	–	**315**	490
Gain on disposal of discontinued operations	**–**	–	**7**	–	**7**	–
(Loss) gain on disposal of/winding up of subsidiaries	**(107)**	275	**–**	–	**(107)**	275
Interest income from:						
– bank deposits	**1,466**	644	**234**	23	**1,700**	667
– amount receivable from an associate	**1,016**	509	**–**	–	**1,016**	509
Gain on disposal of intangible assets	**238**	–	**–**	–	**238**	–
Unrealised holding loss on trading securities	**507**	493	**–**	–	**507**	493

10. REVERSAL OF IMPAIRMENT LOSSES – NET

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Impairment losses reversed (recognised) in respect of:						
Properties under development *(note)*	**104,016**	8,467	**–**	–	**104,016**	8,467
Motor vehicle registration marks	**(990)**	–	**–**	–	**(990)**	–
	103,026	8,467	**–**	–	**103,026**	8,467

Note: The amount represents the reversal of impairment of properties under development which was recognised in the consolidated income statement in previous years. The amount of reversal was made by the directors with reference to professional valuation prepared on an open market value basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

11. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on:						
– bank borrowings wholly repayable within five years	**30,269**	8,999	**1,735**	1,061	**32,004**	10,060
– other borrowings wholly repayable within five years	**15,643**	1,643	**–**	–	**15,643**	1,643
– bank borrowings not wholly repayable within five years	**31,841**	6,501	**–**	–	**31,841**	6,501
	77,753	17,143	**1,735**	1,061	**79,488**	18,204
Interest on finance leases	**–**	–	**–**	17	**–**	17
Total borrowing costs	**77,753**	17,143	**1,735**	1,078	**79,488**	18,221
Bank charges	**1,012**	630	**274**	278	**1,286**	908
Amount charged to consolidated income statement	**78,765**	17,773	**2,009**	1,356	**80,774**	19,129

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

12. PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit before taxation has been arrived at after charging:						
Amortisation of intangible assets, included in administrative expenses	**1,617**	944	**404**	404	**2,021**	1,348
Amortisation of publishing library, included in administrative expenses	**–**	–	**555**	555	**555**	555
Auditors' remuneration	**2,351**	2,035	**1,094**	912	**3,445**	2,947
Depreciation						
– owned assets	**21,254**	14,855	**23,573**	34,114	**44,827**	48,969
– assets held under finance leases	**–**	–	**270**	39	**270**	39
Release of prepaid lease payments	**5,962**	5,962	**–**	–	**5,962**	5,962
Loss on disposal of property, plant and equipment	**1,389**	15	**1,237**	226	**2,626**	241
Operating lease rentals in respect of:						
– rented premises	**1,049**	1,424	**20,498**	20,608	**21,547**	22,032
– equipment	**2,511**	1,534	**–**	–	**2,511**	1,534
Staff costs, including directors' remuneration and retirement benefit scheme contributions *(note 13)*	**99,895**	88,819	**196,123**	198,234	**296,018**	287,053
and after crediting:						
Gain on disposal of investment properties	**–**	26,636	**–**	–	**–**	26,636
Gross rental income less outgoings of approximately HK$7,453,000 (2005: HK$7,112,000)	**123,029**	97,572	**–**	–	**123,029**	97,572

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(i) Directors' emoluments

	Wong Chi Fai	Fan Man Seung, Vanessa	Mok Fun Lin, Ivy	Chan Pak Lam, Tom	Luk Siu Man, Semon	Yeung Lik Sing, Michael	Law Ka Ming, Michael	Chan Man Hon, Eric	Wan Chi Keung	Liu Hing Hung	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2006											
Fees	100	100	100	100	–	100	159	100	–	92	851
Other emoluments:											
Salaries and other benefits	2,448	1,488	2,088	906	–	–	–	–	–	–	6,930
Retirement benefit scheme contributions	130	84	113	52	–	–	–	–	–	–	379
Share-based payments	2,327	2,327	–	–	–	–	–	–	–	–	4,654
Total emoluments	5,005	3,999	2,301	1,058	–	100	159	100	–	92	12,814
2005											
Fees	100	100	100	100	–	100	100	100	–	–	700
Other emoluments:											
Salaries and other benefits	4,340	2,160	1,733	1,807	–	–	–	–	–	–	10,040
Retirement benefit scheme contributions	108	84	101	39	–	–	–	–	–	–	332
Total emoluments	4,548	2,344	1,934	1,946	–	100	100	100	–	–	11,072

(ii) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2005: three) were directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2005: two) highest paid individuals are as follows:

	2006	2005
	HK$'000	*HK$'000*
Salaries and other benefits	**9,074**	4,989
Retirement benefit scheme contributions	**35**	24
	9,109	5,013

The emoluments of the individuals fall within the following bands:

	Number of employees	
	2006	2005
HK$2,000,001 to HK$2,500,000	**1**	1
HK$2,500,001 to HK$3,000,000	**1**	1
HK$3,500,001 to HK$4,000,000	**1**	–
	3	2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(iii) Retirement benefit scheme contributions

	2006 HK$'000	2005 HK$'000
Retirement benefit scheme contributions to the Group's defined contribution scheme	2,534	2,494
Less: Forfeited contributions	(506)	(354)
	2,028	2,140
Contributions to mandatory provident fund scheme ("MPF Scheme")	8,007	7,586
Amount charged to income statement	10,035	9,726

The Group participates in both a defined contribution scheme which is registered under the Hong Kong Occupational Retirement Scheme Ordinance (the "ORSO" Scheme) and the MPF Scheme established under the Hong Kong Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

The retirement benefit cost charged to the income statement represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, forfeited contributions of approximately HK$510,000 (2005: HK$288,000), which arose upon employees leaving the ORSO Scheme, are available to reduce the contributions payable in future years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March, 2006

14. TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)				(Restated)
The charge comprises:						
Current tax						
Hong Kong Profits Tax	**(9,268)**	(9,493)	**(1,418)**	(102)	**(10,686)**	(9,595)
PRC enterprise income tax	**–**	(117)	**–**	–	**–**	(117)
	(9,268)	(9,610)	**(1,418)**	(102)	**(10,686)**	(9,712)
Overprovision in prior years						
Hong Kong Profits Tax	**170**	363	**–**	–	**170**	363
PRC enterprise income tax	**11**	–	**–**	–	**11**	–
	181	363	**–**	–	**181**	363
Deferred tax (charge) credit *(note 30)*	**(77,987)**	(2,914)	**74**	(310)	**(77,913)**	(3,224)
	(87,074)	(12,161)	**(1,344)**	(412)	**(88,418)**	(12,573)

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the year.

The PRC enterprise income tax is calculated at the rates prevailing in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

14. TAXATION (continued)

The tax charge for the year can be reconciled to the profit before taxation per consolidated income statement and note 15 as follows:

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Profit before taxation		
Continuing operations	**621,285**	489,973
Discontinued operations *(note 15)*	**3,814**	(11,128)
	625,099	478,845
Tax charge at Hong Kong Profits Tax of 17.5% (2005: 17.5%)	**(109,392)**	(83,798)
Tax effect of share of results of associates	**10,260**	1,075
Tax effect of income that is not taxable for tax purposes	**23,333**	73,374
Tax effect of expenses that are not deductible for tax purposes	**(10,666)**	(1,373)
Utilisation of tax losses previously not recognised	**6,818**	7,026
Tax effect of tax losses not recognised	**(7,902)**	(7,025)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(2)**	19
Overprovision in prior years	**181**	363
Others	**(1,048)**	(2,234)
Taxation charge for the year	**(88,418)**	(12,573)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March, 2006

15. DISCONTINUED OPERATIONS

On 15th September, 2005, the Group entered into an agreement to dispose to Gain Wealth Investments Limited ("Gain Wealth") of a subsidiary, Profit Noble Holdings Limited, which is a holding company of the Group's printing and publishing business, wholesaling and retailing of furniture business and restaurant operations. The transaction was completed on 31st March, 2006.

Gain Wealth is a company incorporated in the British Virgin Islands with limited liability indirectly owned by The Albert Yeung Discretionary Trust of which Mr. Yeung Sau Shing, Albert, the deemed substantial shareholder of the Company, is the founder.

During the year, the Group also discontinued its operations of sales of marine products.

The results of the discontinued operations for the year, which have been included in the consolidated income statement, were as follows:

	2006	2005
	HK$'000	*HK$'000*
Turnover	**659,857**	745,370
Cost of sales	**(452,305)**	(572,967)
Direct operating expenses	**(11,154)**	(12,351)
Other income – net	**8,513**	9,301
Selling and marketing expenses	**(92,692)**	(84,496)
Administrative expenses	**(104,698)**	(92,123)
Allowance for doubtful debts written off	**(1,698)**	(2,506)
Finance costs	**(2,009)**	(1,356)
Profit before taxation	**3,814**	(11,128)
Taxation	**(1,344)**	(412)
Profit (loss) for the year	**2,470**	(11,540)

The discontinued operations contributed approximately HK$16,505,000 (2005: HK$18,534,000) to the Group's net operating cash flows, paid HK$3,783,000 (2005: HK$10,135,000) in respect of investing activities and generated HK$4,859,000 (2005: paid HK$9,878,000) in respect of financing activities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

16. DIVIDENDS

	2006 HK$'000	2005 HK$'000
Paid:		
2006 interim dividend of HK$0.05 (2005: HK$0.033) per share	**56,134**	28,489
2005 final dividend of HK$0.068 (2004: HK$0.38; HK$0.038 after adjusting for effect of 1 to 10 share sub-division) per share	**76,342**	32,805
	132,476	61,294
Proposed:		
2006 final proposed dividend after the balance sheet date of HK$0.051 (2005: HK$0.068) per share	**68,706**	76,342

The final dividend proposed of HK$0.051 per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

17. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2006	2005
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share	**532,392**	466,354

	2006	2005
Number of shares		
Weighted average number of ordinary share for the purpose of basic earnings per share	**1,122,678,181**	890,258,038

From continuing operations

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

	2006	2005
	HK$'000	*HK$'000*
Profit for the year attributable to equity holders of the Company	**532,392**	466,354
Less: Profit (loss) for the year from discontinued operations, net of minority interests	**2,185**	(11,540)
Earnings for the purpose of basic earnings per share from continuing operations	**530,207**	477,894

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

17. EARNINGS PER SHARE (continued)

From discontinued operations

Basic earnings per share for discontinued operations is HK$0.002 per share (2005: loss per share of HK$0.01), based on the profit for the year from discontinued operations of HK$2,185,000 (2005: loss of HK$11,540,000).

No diluted earnings per share has been presented in respect of the Company's potential ordinary shares as the exercise price of these potential ordinary shares was higher than the average market price of the shares during the year.

No effect on earnings and number of shares due to the dilutive potential share on the share of results of a listed associate has been presented as the exercise price of these potential ordinary shares of the associate was higher than the average market price of the shares of the associate during the year.

No disclosure of diluted earnings per share was presented for 2005 as there were no dilutive potential ordinary shares in issue in that year.

The following table summarises the impact of adoption of new HKFRSs on the basic earnings per share:

	2006	2005
	HK cents	*HK cents*
Reported figures before adjustments	**0.21**	0.52
Adjustments arising from the adoption of new HKFRSs	**0.26**	–
Restated	**0.47**	0.52

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

18. INVESTMENT PROPERTIES

	2006	2005
	HK$'000	HK$'000
AT FAIR VALUE		
At beginning of the year	2,815,656	1,580,950
Additions	388,114	743,190
Reclassification from leasehold land and buildings	137,781	–
Disposals	–	(114,844)
Change in fair value	370,669	–
Surplus arising on revaluation	–	606,360
At end of the year	3,712,220	2,815,656

The carrying amount of investment properties at the balance sheet date comprises:

	2006	2005
	HK$'000	HK$'000
Situated in Hong Kong:		
– long leases	1,869,646	1,452,066
– medium-term leases	1,776,658	1,363,590
Situated in Macau:		
– short-term lease	65,916	–
	3,712,220	2,815,656

The investment properties were valued at 31st March, 2006 by an employee of the Group, who is a professional qualified surveyor, on an open market value basis. All the investment properties are held for rental under operating leases.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

19. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Hotel properties HK$'000	Leasehold improvements HK$'000	Machinery and equipment HK$'000	Others HK$'000	Total HK$'000
COST OR DEEMED COST						
At 1st April, 2004	265,377	523,202	108,670	60,898	97,849	1,055,996
Effect of change in accounting policies *(see note 3)*	(91,725)	(329,000)	–	–	–	(420,725)
At 1st April, 2004 as restated	173,652	194,202	108,670	60,898	97,849	635,271
Additions	–	–	6,150	1,518	7,417	15,085
Disposals	–	–	(398)	(94)	(2,660)	(3,152)
At 31st March, 2005 and 1st April, 2005	173,652	194,202	114,422	62,322	102,606	647,204
Additions	–	–	3,123	1,677	13,118	17,918
Disposal of subsidiaries	–	–	(51,182)	(63,864)	(42,492)	(157,538)
Disposals	–	–	(2,848)	(135)	(3,125)	(6,108)
Surplus on revaluation	8,430	–	–	–	–	8,430
Reclassification to investment properties	(137,781)	–	–	–	–	(137,781)
At 31st March, 2006	**44,301**	**194,202**	**63,515**	**–**	**70,107**	**372,125**
Comprising:						
At cost	28,626	–	63,515	–	70,107	162,248
At deemed cost	15,675	194,202	–	–	–	209,877
	44,301	194,202	63,515	–	70,107	372,125
DEPRECIATION						
At 1st April, 2004, as originally stated	18,202	35,096	49,029	24,977	72,631	199,935
Effect of changes in accounting policies *(see note 3)*	(8,563)	(1,038)	–	–	–	(9,601)
At 1st April, 2004 as restated	9,639	34,058	49,029	24,977	72,631	190,334
Provided for the year	5,153	4,867	13,239	16,294	9,455	49,008
Eliminated on disposals	–	–	(172)	(32)	(2,452)	(2,656)
At 1st April, 2005	14,792	38,925	62,096	41,239	79,634	236,686
Provided for the year	5,134	4,867	13,377	11,726	9,993	45,097
Eliminated on disposal of subsidiaries	–	–	(40,681)	(52,928)	(33,499)	(127,108)
Eliminated on disposals	–	–	(196)	(37)	(2,846)	(3,079)
Eliminated on revaluation	(8,457)	–	–	–	–	(8,457)
At 31st March, 2006	**11,469**	**43,792**	**34,596**	**–**	**53,282**	**143,139**
NET BOOK VALUES						
At 31st March, 2006	**32,832**	**150,410**	**28,919**	**–**	**16,825**	**228,986**
At 31st March, 2005	158,860	155,277	52,326	21,083	22,972	410,518

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

19. PROPERTY, PLANT AND EQUIPMENT (continued)

The hotel properties were transferred from investment properties in 1997 based on valuation as at 31st March, 1996 carried out by Mr. Tse Wai Chuen, FRICS, FHKIS, ("Mr. Tse"), a former director of the Company, on an open market value basis.

Certain buildings were transferred from investment properties in 2001 based on valuation as at 31st March, 2000 carried out by Chesterton Petty Limited, a firm of international property consultants, on an open market value basis.

At 31st March, 2005, the net book value of the Group's machinery and equipment includes an amount of approximately HK$102,000 in respect of assets held under finance leases.

20. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	2006	2005
	HK$'000	*HK$'000*
Situated in Hong Kong:		
– long leases	**311,355**	315,972
– medium-term leases	**53,787**	55,132
	365,142	371,104
Analysed for reporting purposes as:		
– non-current portion	**359,180**	365,142
– current portion	**5,962**	5,962
	365,142	371,104

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

21. PROPERTIES UNDER DEVELOPMENT

	2006	2005
	HK$'000	*HK$'000*
The amounts comprises		
– non-current	**302,500**	184,000
– current	**81,270**	77,452
	383,770	261,452
The movement of properties under development is as follows:		
At beginning of the year	**261,452**	197,660
Additions	**17,104**	55,299
Exchange realignment	**1,198**	26
Reversal of impairment losses	**104,016**	8,467
At end of the year	**383,770**	261,452

The balance classified under current assets represented projects developed for sales after completion. The projects are expected to be completed and recoverable within one year from the balance sheet date.

The balance classified under non-current assets represented a project development in Hong Kong for rental purposes. The project is expected to be completed and recoverable in 2007.

21. PROPERTIES UNDER DEVELOPMENT (continued)

The properties under development at the balance sheet date comprise:

	2006	2005
	HK$'000	*HK$'000*
Situated in Hong Kong:		
– long leases	**302,500**	184,000
– medium-term leases	**30,359**	29,550
Situated in the PRC and held under land use rights for:		
– terms not less than 50 years	**3,000**	3,000
– terms expiring within 50 years	**47,911**	44,902
	383,770	261,452

The carrying amounts of properties under development were adjusted to their net recoverable amount estimated by the Company's directors, with reference to professional valuations prepared on an open market value basis.

Included in the properties under development at the balance sheet date is net interest capitalised of approximately HK$4,527,000 (2005: HK$4,527,000). No interest was capitalised in both years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

22. INTERESTS IN ASSOCIATES

	2006	2005
	HK$'000	*HK$'000*
Cost of investment in associates		
– listed	**577,473**	555,869
– unlisted	**–**	–
	577,473	555,869
Share of post-acquisition profit, net of dividends	**(96,108)**	(155,714)
	481,365	400,155
Market value of share of an associate listed on the Stock Exchange as at 31st March	**1,031,685**	521,031

The movement of goodwill included in the cost of investment in associate is as follows:

	HK$'000
COST	
On acquisition of additional interests in an associate during the year ended 31st March, 2005 and at 31st March, 2005	46,922
On acquisition of additional interests in an associate	7,662
At 31st March, 2006	54,584

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March, 2006

22. INTERESTS IN ASSOCIATES (continued)

The summarised financial information in respect of associates based on its audited financial statements for the year ended 31st March, 2006 and relevant information in respect of the Group's interest in associate are as follows:

Result for the year

	2006	2005
	HK$'000	*HK$'000*
Turnover	**345,796**	18,236
Profit for the year	**168,263**	19,329
Profit attributable to the Group	**58,628**	6,145

Financial position

	2006	2005
	HK$'000	*HK$'000*
Non-current assets	**2,232,863**	748,594
Current assets	**510,480**	539,454
Current liabilities	**(416,001)**	(27,350)
Non-current liabilities	**(816,779)**	(209,947)
Minority interests	**(281,648)**	451
Net assets	**1,228,915**	1,051,202
Share of net assets	**426,781**	353,233

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

22. INTERESTS IN ASSOCIATES (continued)

Particulars of the Group's principal associate as at 31st March, 2006, are as follows:

Name of associate	Place of incorporation	Effective proportion of issued share capital held by the Group	Principal activities
Emperor Entertainment Hotel Limited ("EEH")	Bermuda	34.71%	Property development and cruise and hotel operations

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

23. AMOUNTS DUE FROM ASSOCIATES

The amounts are unsecured and have no fixed terms of repayment. Other than an amount of HK$67,796,000 (2005: Nil) which carries interest at the prime rate quoted by The Hong Kong and Shanghai Banking Corporation Limited ("Prime Rate") (2005: Prime Rate), the remaining amount is interest free. In the opinion of the directors, no demand for repayment will be made by the Group in the next twelve months. Accordingly, the amounts are shown as non-current assets.

The directors consider the fair value of the amounts due from associates approximates its carrying amount.

24. LOANS RECEIVABLE

The loans were advanced to purchasers for financing the acquisition of the properties sold by the Group. The amounts carry interest ranging from Prime Rate to 0.5% over Prime Rate (2005: Prime Rate to 0.5% over Prime Rate) and are secured by second mortgages over the properties acquired by the purchasers. The maturity dates of the balance are ranging from 19 years to 25 years.

The directors consider the fair value of the loans receivable approximates its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

25. INTANGIBLE ASSETS

	7 trading rights at the Stock Exchange	2 trading rights at the Futures Exchange	Copyright, trademarks and intellectual rights	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1st April, 2004, 31st March, 2005 and 1st April, 2005	24,447	999	6,620	32,066
Additions	–	–	696	696
Disposals	(6,397)	–	–	(6,397)
Disposal of subsidiaries	–	–	(7,316)	(7,316)
At 31st March, 2006	18,050	999	–	19,049
AMORTISATION				
At 1st April, 2004	20,223	500	3,594	24,317
Charge for the year	844	100	404	1,348
At 31st March, 2005 and 1st April, 2005	21,067	600	3,998	25,665
Charge for the year	1,280	337	404	2,021
Eliminated on disposals	(5,666)	–	–	(5,666)
Eliminated on disposal of subsidiaries	–	–	(4,402)	(4,402)
At 31st March, 2006	16,681	937	–	17,618
CARRYING AMOUNTS				
At 31st March, 2006	1,369	62	–	1,431
At 31st March, 2005	3,380	399	2,622	6,401

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

26. GOODWILL

At 31st March, 2006, the carrying amount of goodwill of approximately HK$1,940,000 (2005: HK$1,940,000) in relation to business combination with agreement date on or after 1st January, 2005. For the purpose of impairment test, goodwill had been allocated to the cash generating unit ("CGU") for the lease of properties.

The recoverable amounts of the CGU is determined from value in use calculations. The value in use calculations use cash flow projections based on most recent financial budgets for the next two years prepared by the management with discount rate of 5%. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the past performance and management's expectation on the market development.

27. NEGATIVE GOODWILL

	HK$'000
GROSS AMOUNT	
At 1st April, 2004 and 31st March, 2005	(12,135)
Derecognised upon application of HKFRS 3	12,135
At 1st April, 2005 and 31st March, 2006	–

28. INVESTMENTS IN NON-TRADING/TRADING SECURITIES

Upon the application of HKAS 39 on 1st April, 2005, investments in securities were reclassified to appropriate categories under HKAS 39 (see note 2 for details). Investments in securities at 31st March, 2006 are set out below:

	2006	2005
	HK$'000	*HK$'000*
Non-trading securities shown under non-current assets:		
Shares listed in Hong Kong, at market value	**2**	393
Trading securities shown under current assets:		
Shares listed in Hong Kong, at market value	**179**	2,913

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March, 2006

29. OTHER ASSETS

	2006	2005
	HK$'000	*HK$'000*
Club debentures and membership, at cost	**3,997**	4,444
Deposits	**4,408**	4,660
Publishing library, at cost less amortisation and impairment loss	**–**	4,285
	8,405	13,389

The club debentures and membership have indefinite life. Their fair values at the balance date are determined with reference to the current similar transaction prices.

At 31st March, 2005 the publishing library mainly comprises past issues of Oriental Sunday Magazine and Fashion & Beauty Magazine and the related published and non-published negatives, prints and articles as well as reference books and materials. Amortisation of approximately HK$555,000 (2005: HK$555,000) was charged to the consolidated income statement for the year. The publishing library is disposed of during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

30. DEFERRED TAXATION

The major deferred taxation (liabilities) assets recognised and movements thereon during the year are as follows:

	Accelerated tax depreciation HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000	Total HK$'000
At 1st April, 2004	(45,134)	(12,540)	35,868	(21,806)
Charge to consolidated income statement	(2,114)	–	(1,110)	(3,224)
Charge to equity	–	(44,328)	–	(44,328)
At 31st March, 2005	(47,248)	(56,868)	34,758	(69,358)
Charge to consolidated income statement	(6,026)	(64,867)	(7,020)	(77,913)
Credit to equity	–	231	–	231
Disposal of subsidiaries	1,047	–	–	1,047
At 31st March, 2006	(52,227)	(121,504)	27,738	(145,993)

For the purposes of balance sheet presentation, certain deferred taxation assets and liabilities have been offset. The following is an analysis of the deferred taxation balances for financial reporting purposes:

	2006 ***HK$'000***	2005 *HK$'000* (Restated)
Deferred taxation assets	**3,474**	8,051
Deferred taxation liabilities	**(149,467)**	(77,409)
	(145,993)	(69,358)

30. DEFERRED TAXATION (continued)

At 31st March, 2006, the Group had tax losses of approximately HK$1,500,577,000 (2005: HK$1,535,483,000) available for offset against future profits. A deferred taxation asset has been recognised in respect of HK$158,503,000 (2005: HK$198,617,000) of such losses. No deferred taxation asset has been recognised in respect of the remaining HK$1,342,074,000 (2005: HK$1,336,866,000) due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

Certain subsidiaries engaged in the lease of properties suffered from tax losses in previous year and the utilisation of tax losses in current year is based in the estimate future taxable profits with reference to the rental income commitment with tenants at the balance sheet date.

At 31st March, 2006, the Group had deductible temporary differences of approximately HK$4,212,000 (2005: HK$4,096,000) arising from the impairment of the property under development and properties held for sales. No deferred taxation asset was recognised in respect of such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

There were no other significant temporary differences arising during the year or at the balance sheet date.

31. INVENTORIES

	2006	2005
	HK$'000	*HK$'000*
Furniture	**–**	29,629
Newsprint papers	**–**	2,035
Catering goods	**1,153**	1,478
Others	**–**	832
	1,153	33,974

The cost of inventories recognised as an expense during the year amounted to approximately HK$145,551,000 (2005: HK$275,261,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

32. PROPERTIES HELD FOR SALE

At 31st March, 2006, the properties held for sale comprise:

	2006	2005
	HK$'000	*HK$'000*
Situated in Hong Kong and held under medium-term leases	182	2,918
Situated in the PRC and held under land use rights with terms expiring within 50 years	10,000	11,000
	10,182	13,918

At 31st March, 2006, properties of approximately HK$10,000,000 (2005: HK$11,000,000) were carried at net realisable value.

The cost of properties recognised as an expense during the year amounted to approximately HK$2,098,000 (2005: HK$498,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

33. DEBTORS, DEPOSITS AND PREPAYMENTS

In general, the Group allows credit periods ranging from 30 days to 180 days to its customers in its trading business.

The Group does not grant credit to the majority of its customers in other business. Loans to share margin clients are secured by clients' pledged securities and are repayable on demand. No aged analysis is disclosed in respect of loans to share margin clients as, in the opinion of the directors, the aged analysis does not give relevant information in view of the nature of the business of share margin financing.

An aged analysis of trade debtors at the balance sheet date is set out as follows:

	2006	2005
	HK$'000	*HK$'000*
0 – 30 days	**84,242**	121,017
31 – 90 days	**843**	22,124
91 – 180 days	**101**	32,070
Over 180 days	**97,625**	16,369
	182,811	191,580
Loans to share margin clients	**87,899**	74,960
Other receivables, deposits and prepayments	**39,566**	51,945
	310,276	318,485

Loans to share margin clients carry interest ranging from Prime Rate to 8% over Prime Rate (2005: Prime Rate to 8% over Prime Rate) per annum upon the due dates, and are secured by securities traded by the Group on behalf of its customers.

Included in the balance of over 180 days at 31st March, 2006 are term loans of approximately HK$97,596,000 (2005: HK$14,728,000), and carry interest ranging from 1% to 2.5% (2005: 1% to 2.5%) per month.

The directors consider the fair value of the debtors, deposits and prepayments approximates its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

34. BANK BALANCES – TRUST ACCOUNTS

The amount represents bank balances held on behalf of customers for securities trading. The liability to customers are included under other payables under current liabilities.

The directors consider the fair value of the bank balances–trust accounts approximates its carrying amount.

35. BANK BALANCES (GENERAL ACCOUNTS) AND CASH

Bank balances (general accounts) and cash comprise cash held by the Group and short-term bank deposits with originally maturity of three months or less, and carry interests ranging from 0.01% to 3.55% (2005: 0.001% to 1.62%) per annum.

The directors consider that the fair value of the bank balances (general accounts) and cash approximates its carrying amount.

36. CREDITORS, CUSTOMERS' DEPOSITS AND ACCRUED CHARGES

An aged analysis of trade payables at the balance sheet date is set out as follows:

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
0 – 90 days	**2,297**	53,436
91 – 180 days	**–**	3,385
Over 180 days	**7,948**	5,907
	10,245	62,728
Other payables, customers' deposits and accrued charges	**254,114**	264,097
	264,359	326,825

The directors consider the fair value of the creditors, customers' deposits and accrued charges approximates its carrying amount.

37. AMOUNT DUE TO A SHAREHOLDER

The amount is unsecured, carries interest at 0.5% over HIBOR (2005: 0.5% over HIBOR) and is repayable on demand.

The directors consider the fair value of the amount due to a shareholder approximates its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

38. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand.

The directors consider the fair value of the amounts due to minority shareholders of subsidiaries approximates its carrying amount.

39. SECURED BANK BORROWINGS

	2006 *HK$'000*	2005 *HK$'000*
The carrying amount of the floating rate bank borrowings are repayable as follows:		
Within one year or on demand	**554,048**	468,387
Between one to two years	**132,711**	62,066
Between two to three years	**72,990**	62,966
Between three to four years	**73,285**	62,966
Between four to five years	**92,813**	62,966
Over five years	**183,278**	220,131
	1,109,125	939,482
Less: Amount due within one year included under current liabilities	**(554,048)**	(468,387)
Amount due after one year	**555,077**	471,095
An analysis of secured bank borrowings due within one year is as follows:		
Bank loans	**553,852**	444,214
Bank overdrafts	**196**	1,337
Trust receipts and import loans	**–**	22,836
	554,048	468,387

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March, 2006

39. SECURED BANK BORROWINGS (continued)

The bank borrowings carry interest ranging from 0.6875% over HIBOR to 1.25% over HIBOR (2005: 0.7% over HIBOR to 1.0% over HIBOR) and are secured by certain of the Group's assets. The carrying values of these assets at the balance sheet date are as follows:

	2006	2005
	HK$'000	*HK$'000*
Investment properties	**3,490,668**	2,748,266
Buildings, including relevant prepaid lease payments	**112,768**	213,369
Hotel properties, including relevant prepaid lease payments	**435,541**	483,719
Bank deposits	**655**	9,375
	4,039,632	3,454,729

The directors consider the fair value of the secured bank borrowings approximates its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

40. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The obligations under finance leases are repayable as follows:				
Within one year	–	65	–	48
In the second to fifth year inclusive	–	88	–	32
	–	153	–	80
Less: Future finance charges	–	(73)	–	–
Present value of lease obligations	–	80	–	80
Less: Amount due within one year included under current liability			–	(48)
Amount due after one year			–	32

Obligations under finance leases were settled in full in the current year. In prior year, the lease term was 5 years. Interest rates were fixed at the contract date. All leases are on a fixed repayment basis and no arrangements had been entered into for contingent rental payments.

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

41. SHARE CAPITAL OF THE COMPANY

	Number of shares	Nominal value
		HK$'000
Authorised:		
Ordinary shares of HK$0.10 each at 1st April, 2004	50,000,000,000	5,000,000
Increase in shares upon share Subdivision *(note (a))*	450,000,000,000	–
Ordinary shares of HK$0.01 each at 31st March, 2005 and 31st March, 2006	500,000,000,000	5,000,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each at 1st April, 2004	86,329,352	8,633
Increase in shares upon share Subdivision *(note (a))*	776,964,168	–
Increase in shares upon the Placing *(note (b))*	129,490,000	1,295
Increase in shares upon the Allotment of Shares *(note (c))*	129,894,661	1,299
Ordinary shares of HK$0.01 each at 31st March, 2005 and 31st March, 2006	1,122,678,181	11,227

Notes:

(a) On 3rd January, 2005, an ordinary resolution was passed at the special general meeting of the Company pursuant to which each issued and unissued share of HK$0.10 each in the Company was subdivided into 10 shares of HK$0.01 each ("Share Subdivision") effective on 4th January, 2005. The subdivided shares rank pari passu in all respects with each other.

(b) Pursuant to a placing agreement dated 5th January, 2005 made between Charron, substantial shareholder of the Company and an independent placing agent ("Placing Agent"), the Placing Agent agreed to place 129,490,000 shares in the Company held by Charron at a placing price of HK$1.80 per share.

Pursuant to a subscription agreement also dated 5th January, 2005 made between the Company and Charron, Charron agreed to subscribe for 129,490,000 shares in the Company and the Company agreed to issue 129,400,000 shares in the share capital of the Company to Charron at a subscription price of HK$1.80 per share ("Subscription").

On completion of the subscription on 17th January, 2005, 129,490,000 shares of HK$0.01 each were issued and allotted to Charron at a consideration of HK$1.80 per share. The Company planned to use the proceeds for general working capital and future business development of the Group. The shares issued rank pari passu in all respects with the then existing shares of the Company.

(c) On 30th March, 2005, the Company allotted 129,894,661 new subdivided shares of HK$0.01 each of the Company at the price of HK$1.27 per share to Pleasure Road Profits Limited as consideration for the acquisition of 104,409,000 ordinary shares of HK$0.0001 each in EEH. The shares issued rank pari passu in all respects with the then existing shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

42. SHARE OPTION

The Company adopted a share option scheme (the "Scheme") which became effective on 9th September, 2003 (the "Adoption Date"). The primary purpose of the Scheme is to provide incentives or rewards to the participants including the directors and eligible employees of the Group, for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that were valuable to the Group or any entity in which the Group held an equity interest.

Under the Scheme, the directors of the Company are authorised, at any time within ten years after the Adoption Date, to offer to grant options to any participant to subscribe for shares in the Company at a price not less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Company's share. The total number of shares in respect of which options may be granted under the Scheme cannot exceed 10% of the total number of shares in issue on the Adoption Date. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company, if any, cannot exceed 30% of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any Participant shall not exceed 1% of the total number of shares in issue in any 12-month period. An option may be exercised at any time within ten years from the date of issue of the relevant options, where the acceptance date should not be later than 28 days from the date of the offer. A nominal consideration of HK$1 is payable on acceptance of the grant of options.

On 11th August, 2005, a total of 20,000,000 share options were granted to two directors of the Company at an exercise price of HK$1.88 under the terms of the Scheme.

A summary of movements of the outstanding share options, which have been granted to the directors of the Company under the Scheme, during the year is as follows:

Date of grant	Exercisable period	Exercise price per share	Granted during the year and outstanding at 31.3.2006
		HK$	
11.08.2005	11.08.2005 – 10.08.2015	1.88	20,000,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

42. SHARE OPTION (continued)

The fair values of options granted were calculated using the Black-Scholes-Merton Option Pricing Model. The inputs into the models are as follows:

Share price at date of grant	HK$1.63
Exercise price	HK$1.88
Weighted average share price	HK$1.77
Expected volatility	65.54%
Expected life in years	2
Risk free rate	3.707%
Expected dividend yield	6.325%

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability and behavioural considerations.

The fair value of each option was HK$0.23 at the date of grant.

During the year, HK$4,654,000 is recognised in the consolidated income statement in respect of the value of options granted.

Notes:

(i) The volatility measured at the standard derivation of expected share price returns is based on a statistical analysis of daily share prices over 1 year preceding the grant date.

(ii) The above calculation is based on the assumption that there is no material difference between the expected volatility over the whole life of the options and the historical volatility of the shares of the Company.

43. WINDING UP OF SUBSIDIARIES

	2006	2005
	HK$'000	*HK$'000*
Net liabilities of subsidiaries wound up comprise:		
Debtors, deposits and prepayments	–	21
Creditors and accrued charges	–	(43)
Contributed surplus	–	(253)
	–	(275)
Gain on winding up of subsidiaries	–	275
	–	–

The subsidiaries wound up did not have significant contribution to the Group's turnover and operating results in previous year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

44. DISPOSAL OF SUBSIDIARIES

In June 2005 and December 2005, the Group disposed of French Trade Marketing Limited and Emerald Star Properties Limited respectively. The aggregate liabilities at the dates of disposal were as follows:

	2006	2005
	HK$'000	HK$'000
Net liabilities of subsidiaries disposed of:		
Debtors, deposits and prepayments	25	–
Bank balance and cash	648	–
Creditors and accrued charges	(563)	–
Intercompany debts	(28,999)	–
	(28,889)	–
Assignment of intercompany indebtedness	28,999	–
Loss on disposal of subsidiaries	(107)	–
Total consideration, satisfied by cash	3	–
Net cash outflow arising from disposal		
Cash consideration	3	–
Bank balances and cash disposed of	(648)	–
	(645)	–

The subsidiaries disposed of did not have any significant impact on the Group's revenue, profit and cash flow for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

45. DISPOSAL OF DISCONTINUED OPERATIONS

The net liabilities of those subsidiaries under discontinued operations as disclosed in note 15 at the date of disposal on 31st March, 2006 were as follows:

	2006 *HK$'000*
Property, plant and equipment	30,430
Intangible assets	2,914
Other assets	3,730
Inventories	37,674
Debtors, deposits and prepayments	88,719
Taxation recoverable	29
Bank balances and cash	37,614
Creditors and accrued charges	(89,100)
Intercompany debts	(961,293)
Amount due to a shareholder	(1,750)
Amounts due to minority shareholders of subsidiaries	(1,190)
Taxation payable	(1,043)
Secured bank borrowings	(817)
Obligations under finance leases	(32)
Deferred taxation liabilities	(1,047)
Minority interests	190
	(854,972)
Assignment of intercompany indebtedness	961,293
Gain on disposal of discontinued operations	7
Total consideration	106,328
Analysis of net cash outflow of cash and cash equivalents in connection with the disposal of discontinued operations:	
Cash consideration	106,328
Bank balances and cash disposed of	(37,614)
	68,714

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March, 2006

46. MAJOR NON-CASH TRANSACTION

On 30th March, 2005, the Company allotted 129,894,661 new subdivided shares of HK$0.01 each of the Company at a price of HK$1.27 per share totalling HK$164,966,000 to Pleasure Road Profits Limited as a consideration for the acquisition of 104,409,000 ordinary shares of HK$0.0001 each of EEH.

47. COMMITMENTS

	2006	2005
	HK$'000	*HK$'000*
Authorised but not contracted for in respect of:		
– property investment and development projects	**412,875**	432,959
Contracted for but not provided in the financial statements, net of deposits paid, in respect of:		
– property investment and development projects	**42,655**	28,757
– investment properties	**707,020**	180,200
– property, plant and equipment	**5,000**	–
	1,167,550	641,916

48. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2006	2005
	HK$'000	*HK$'000*
Within one year	**227**	19,027
In the second to fifth years inclusive	**–**	16,059
	227	35,086

Leases are negotiated for terms ranging from 1 to 3 years and the minimum rentals are pre-determined and fixed. The operating lease rentals of certain retail outlets are based on the higher of a minimum guaranteed rental or a sales level based rental. The minimum guaranteed rental has been used to arrive at the above commitments.

48. OPERATING LEASE COMMITMENTS (continued)

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2006	2005
	HK$'000	*HK$'000*
Within one year	**119,802**	106,196
In the second to fifth years inclusive	**95,518**	67,843
	215,320	174,039

The properties held have committed tenants for the tenancy ranging from 1 to 3 years and the rentals are pre-determined and fixed.

49. CONTINGENT LIABILITIES

(a) The Group has given guarantee to banks in respect of mortgage loans granted to the purchasers of properties sold in the PRC of approximately HK$4,408,000 (2005: HK$4,244,000). The amount utilised as at 31st March, 2006 is approximately HK$4,408,000 (2005: HK$4,244,000).

(b) Certain subsidiaries of the Company were involved in legal proceedings or claims against them in the ordinary course of their business activities during both years. In the opinion of the directors of the Company, resolution of such litigation and claims will not have a material adverse effect on the Group's financial position and accordingly no provision for any potential liability in the Group's consolidated financial statements is considered necessary.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

50. RELATED PARTY TRANSACTIONS

(a) Other than disclosed in note 15 to the financial statements, the Group also had the following significant transactions with related parties:

	2006	2005
	HK$'000	*HK$'000*
Advertising and promotion expenses paid to related companies	**565**	999
Advertising income received from an associate and related companies	**2,522**	1,968
Interest paid to a shareholder	**15,642**	1,643
Interest received from an associate	**1,016**	509
Management fees received from an associate and related companies	**–**	2,323
Professional and service fees received from an associate and related companies	**–**	3,133
Rental received from related companies	**8,891**	7,730
Sales of furniture to an associate	**1,751**	–

(b) The key management personnel includes solely the directors of the Company and the compensation paid to them is set out in note 13.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

51. SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st March, 2006, are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
Directly held				
Emperor Investment Limited	Hong Kong	1,000	100.00	Investment holding and securities trading
Indirectly held				
A-Hing Limited	Hong Kong	2	100.00	Property investment
Active Pace Investment Limited	Hong Kong	100	100.00	Property investment
Actmore Estate Limited	Hong Kong	1,000,000	100.00	Property holding
Bo Shing Real Estate Limited	Hong Kong	1,002	100.00	Investment holding and property investment
Bonus Result Limited	British Virgin Islands	US$1	100.00	Provision of consultancy services
Chance Yield Development Limited	Hong Kong	2	100.00	Property investment
Circle World Limited	Hong Kong	1,000	90.10	Property development
Corpfair Trading Limited	Hong Kong	100	100.00	Property investment
Crown Source Development Limited	Hong Kong	2	100.00	Property development
Distinct Rich Limited	Hong Kong	1,002	100.00	Investment holding and property holding
EIL Property Management Limited	Hong Kong	100	100.00	Provision of property management services

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

51. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
Indirectly held (continued)				
Elegant Hero Enterprise Limited	Hong Kong	100	65.00	Restaurant operation
Emperor Capital Limited	Hong Kong	5,000,000	100.00	Investment adviser
Emperor Finance Limited	Hong Kong	100	100.00	Provision of money lending services
Emperor Futures Limited	Hong Kong	50,000,000	100.00	Provision of commodities brokerage services
Emperor Hotel Limited	Hong Kong	2	100.00	Hotel operations
Emperor Hotel (HK) Limited (formerly known as Mark Pleasure Investment Limited	Hong Kong	2	100.00	Property holding and hotel operating
Emperor Investment (Management) Limited	Hong Kong	100	100.00	Provision of management services
Emperor Project Management (Hong Kong) Limited	Hong Kong	100	100.00	Provision of project management services
Emperor Property Agency Limited	Hong Kong	100	100.00	Provision of property agency services
Emperor Securities Limited	Hong Kong	70,000,000	100.00	Provision of securities brokerage services
Emperor Securities Nominees Limited	Hong Kong	2	100.00	Provision of nominee services
Emperor (Xiamen) Real Estate Investments Limited	PRC *(note a)*	US$5,000,000	95.00	Property development

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

51. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
Indirectly held (continued)				
Forever Crown Limited	Hong Kong	2	100.00	Property investment
Gold Shine Investment Limited	Hong Kong	2	96.35	Property investment
Golden Pegasus Investment Limited	Hong Kong	100,000	100.00	Property holding
Headwise Investment Limited	Hong Kong	2	100.00	Property investment
Hoi Tin Marine Products Limited	Hong Kong	10,000	100.00	Property development
I Soi Limitada	Macau	MOP25,000	100.00	Property investment
I Veng Limitada	Macau	MOP25,000	100.00	Property investment
Jade Palace Properties Limited	Hong Kong	10,000	100.00	Property investment
Majesty Investments Limited	Hong Kong	2	100.00	Property investment
Marvellous Pacific Limited	Hong Kong	100	100.00	Property investment
Megaworld Investments Limited (Formerly known as Diamond Faith Co. Ltd)	Hong Kong	2	100.00	Property development
Planwing Limited	Hong Kong	2	100.00	Property development
Pleasure View Investment Limited	Hong Kong	2	100.00	Property investment
Prestige Gold Investment Limited	Hong Kong	100	100.00	Property holding
Rich Gallant Investment Limited	Hong Kong	2	100.00	Property investment

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March, 2006

51. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
Indirectly held (continued)				
Richorse Limited	Hong Kong	2	100.00	Property investment
Roseley Limited	Hong Kong	10	100.00	Property investment
Sellwell Inc.	British Virgin Islands/ Hong Kong	US$100	100.00	Property investment
Sharp View Investment Limited	Hong Kong	2	100.00	Property holding
Very Sound Investments Limited	Hong Kong	10,000,000	100.00	Property investment
Webster Investments Company Limited	Hong Kong	100,000	100.00	Property development
World Fortune Corporation Limited	Hong Kong	2	100.00	Property investment
Worthly Strong Investment Limited	Hong Kong	100	100.00	Investment holding
Xinhui Emperor Property Development Company Limited	PRC *(note b)*	24,000,000	100.00	Property development
Ying Wong Property Limited	Hong Kong	100	100.00	Property investment
Yorkshore Corporation Limited	Hong Kong	10,000,000	100.00	Property investment
Young Health Investments Limited	Hong Kong	2	100.00	Property investment

* All amounts are in Hong Kong dollars except stated otherwise.

Notes:

(a) A Sino-foreign corporative joint venture established in the PRC.

(b) A wholly foreign owned enterprise established in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

51. SUBSIDIARIES (continued)

All subsidiaries, except for those companies incorporated outside Hong Kong, carry on their businesses in Hong Kong unless stated otherwise.

None of the subsidiaries had issued any debt securities as at 31st March, 2006.

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

52. POST BALANCE SHEET EVENTS

(a) On 10th April, 2006, a wholly-owned subsidiary of the Group, acquired from an independent third parties shares of a company and loan due to one of the vendors. The shares acquired effectively represent 70% interest in a property located at Kaite Building, Yonganxili, Chaoyangmenwai Street, Beijing, PRC (the "Property").

On 11th April, 2006, the joint venture partners of the Property, entered into another agreement with the Group, to sell 30% shareholding in a company which effectively represents the remaining 30% interest of the Property. As a result, the Group effectively acquired 100% interest in the Property.

The consideration for the acquisition is RMB160,000,000. In addition, the Group agreed to pay (a) the consideration of not more than RMB40,000,000 for the acquisition of remaining 30% interest in the Property; (b) the outstanding indebtedness of RMB30,000,000 due by the joint venture partners of the Property; and (c) the land premium and other costs payables relating to the Property of not more than RMB176,106,161 to 北京市國土資源和房屋管理局 .

(b) On 10th April, 2006, the controlling shareholder of the Company, Charron, agreed to place, through a placing agent 224,500,000 shares to independent investors at a price of HK$1.83 per share and Charron will subscribe for 224,500,000 new shares at the price of HK$1.83 per share. The placing shares amounted to approximately 20% of the then existing issued share capital of the Company of 1,122,678,181 shares and approximately 16.66% of the share capital of 1,347,178,181 shares as enlarged by such subscription.