

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31st March, 2006 apart from the adoption of certain new Hong Kong Financial Reporting Standards, amendments and interpretations (collectively the "New HKFRSs"), issued by HKICPA that are effective for accounting periods beginning on or after 1st December, 2005.

The adoption of the New HKFRSs has had no material effect on how the results for the current or prior periods have been prepared and presented.

The Group has not early applied the HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these HKFRSs will have no material impact on the financial statements of the Group.

3. SEGMENT INFORMATION

For management purpose, the Group is currently organised into lease of properties, sales of properties, property development, hotel operation and securities brokerage and consultancy. These divisions are the basis on which the Group reports its primary segment information.

	Segment revenue		Segment results	
	Six months ended 30th September,		Six months ended 30th September,	
	2006 (unaudited) HK\$'000	2005 (unaudited) HK\$'000	2006 (unaudited) HK\$'000	2005 (unaudited and restated) HK\$'000
Business segments				
<i>Continuing operations:</i>				
Lease of properties	81,616	62,581	170,660	407,630
Sales of properties	-	247	-	(390)
Property development	-	-	37,286	103,985
Hotel operation	32,106	28,644	2,886	501
Securities brokerage and consultancy	86,537	63,002	59,365	43,415
Others	148	337	84	153
	200,407	154,811	270,281	555,294
<i>Discontinued operations:</i>				
Printing and publishing	-	231,765	-	4,169
Wholesaling and retailing of furniture	-	76,572	-	1,092
Restaurant	-	11,776	-	(151)
Sales of marine products	-	22,009	-	819
	-	342,122	-	5,929
	200,407	496,933	270,281	561,223
Interest income			2,826	487
Corporate general and administrative expenses			(18,130)	(20,247)
Finance costs			(62,031)	(29,023)
Share of associates' results after taxation			38,361	6,816
Taxation			(25,913)	(68,541)
Profit after taxation			205,394	450,715

4. DISCONTINUED OPERATIONS

In 2005, the Group entered into agreement to dispose of wholesaling and retailing of furniture, printing and publishing and restaurant and had discontinued sales of marine products businesses. Their operating results are as follows:

	Six months ended 30th September,	
	2006 (unaudited) HK\$'000	2005 (unaudited) HK\$'000
Turnover	-	342,122
Expenses	-	(336,193)
Operating results	-	5,929
Interest income	-	53
Finance costs	-	(956)
Taxation	-	-
Profit after taxation	-	5,026

In 2005, the discontinued operations approximately generated HK\$1,050,000 from operations, used HK\$5,979,000 in investing activities and generated HK\$14,071,000 from financing activities.

5. PROFIT FROM OPERATIONS

Profit from operations for the Period has been arrived at after charging depreciation of approximately HK\$12,117,000 (2005: HK\$27,827,000) in respect of the Group's property, plant and equipment and crediting dividend income from securities of approximately HK\$59,000 (2005: HK\$68,000).

6. TAXATION

	Six months ended 30th September,	
	2006 (unaudited) HK\$'000	2005 (unaudited) HK\$'000
The charge comprises:		
Hong Kong Profits Tax attributable to the Group	(5,046)	(4,185)
Deferred taxation	(20,867)	(64,356)
	(25,913)	(68,541)

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

7. EARNINGS PER SHARE

	Six months ended 30th September,	
	2006 (unaudited) HK\$'000	2005 (unaudited) HK\$'000
The calculation of basic and diluted earnings per share is based on the following data:		
Profit attributable to equity holders for the purpose of calculating basic and diluted earnings per share	203,582	446,635
	Number of shares	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,326,322,990	1,122,678,181
Effect of dilutive potential ordinary shares from share options		<u>5,573,770</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share		<u>1,128,251,951</u>

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

8. ADDITIONS TO INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES UNDER /HELD FOR DEVELOPMENT

During the Period, the Group acquired investment properties, property, plant and equipment and properties under/held for development amounting to approximately HK\$114,220,000, HK\$10,741,000 and HK\$1,397,165,000 (2005: HK\$269,115,000, HK\$9,987,000 and HK\$15,431,000) respectively.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

In general, the Group grants credit periods ranging from 0 to 30 days to its customers other than customers of the securities brokerage business. Certain loans to these customers generally have a repayment period of over 180 days. No aging analysis is disclosed in respect of margin loans to clients of the securities brokerage business as in the opinion of the Directors, the aging analysis does not give relevant information in view of the nature of the loans.

The following is an aging analysis of trade debtors as at the balance sheet date:

	30th September, 2006 (unaudited) HK\$'000	31st March, 2006 (audited) HK\$'000
0-30 days	1,381,894	84,242
31-90 days	35,166	843
91-180 days	6,346	101
Over 180 days	13,064	97,625
	1,436,470	182,811
Other receivables, deposits and prepayments	166,711	127,465
	1,603,181	310,276

10. CREDITORS, CUSTOMER DEPOSITS AND ACCRUED CHARGES

The following is an aging analysis of trade creditors as at the balance sheet date:

	30th September, 2006 (unaudited) HK\$'000	31st March, 2006 (audited) HK\$'000
0-90 days	240,503	2,297
91-180 days	-	-
Over 180 days	4,656	7,948
	245,159	10,245
Other payables, deposits and accruals	263,216	254,114
	508,375	264,359

11. CONTINGENCIES AND COMMITMENTS

Contingent liability

	As at 30th September, 2006 (unaudited)		As at 31st March, 2006 (audited)	
	Guarantees given	Amount utilised	Guarantees given	Amount utilised
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees given to a bank in respect of mortgage loans granted to the purchasers of properties	4,485	4,485	4,408	4,408

Capital commitments

	As at 30th September, 2006 (unaudited) HK\$'000	As at 31st March, 2006 (audited) HK\$'000
Authorised but not contracted for in respect of:		
– property investment and development projects	221,634	412,875
Contracted for but not provided in the financial statements, net of deposits paid, in respect of:		
– property investment and development projects	427,099	749,675
– property, plant and equipment	–	5,000
	648,733	1,167,550

12. RELATED PARTY TRANSACTIONS

During the Period, the Group had the following significant transactions with related parties:

	Six months ended 30th September,	
	2006 (unaudited) HK\$'000	2005 (unaudited) HK\$'000
Rental received from related companies (note ii)	13,361	4,279
Interest paid to a shareholder (note iii)	14,951	3,113
Interest received from an associate (note iii)	1,348	-
Professional and service fees received from an associate and related companies (note ii)	311	1,390
Advertising income received from an associate and related companies (note ii)	-	1,022
Fair value of share options granted to directors	-	4,655
Management fees received from an associate and related companies (note ii)	-	1,369
Sale of furniture to an associate (note ii)	-	886

Notes:

- (i) A director and a substantial shareholder of the Company have beneficial interests in the related companies.
- (ii) These transactions were carried out after negotiations between the Group and the related parties and on the basis of estimated market value as determined by the Directors of the Company.
- (iii) The interest is calculated by reference to the principal outstanding and at the prevailing market interest rates.