FOR THE YEAR ENDED 30 SEPTEMBER 2006

1. ORGANISATION AND PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in Bermuda on 27 May 2004 under the Companies Act (1981) of Bermuda and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 17 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of Preparation of the Financial Statements

The consolidated financial statements for the year ended 30 September 2006 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Subsidiaries and Minority Interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, minority interests are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits under the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interest and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with note 2(l).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)).

(d) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investment in associates for the year (see notes 2(e) and (i)). The Group's share of reserves of the associates are included in the consolidated reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates (Continued)

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(i)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associates.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in profit or loss.

On disposal of a cash generating unit, an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other Investments in Debt and Equity Securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in securities held for trading are classified as current assets and are initially stated at fair value. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with an resultant gain or loss being recognised in profit or loss.

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less impairment losses (see note 2(i)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(i)).

Available-for-sale investments are investments in unlisted equity securities and stated at fair value, except for those equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any accumulated identified losses.

Investment are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or they expire.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(i)).

Gain or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold improvements	Over lease terms
Cruise	5%
Plant and machinery	20%
Furniture, fittings and office equipment	20% – 33 1/3%
Motor vehicles	30% – 33 1/3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Operating Lease Charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(i) Impairment of Assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unquoted equity securities are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade and other current receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of Assets (Continued)

(i) Impairment of investments in debt and equity securities and other receivables (Continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

In respect of available-for-sale investments carried at cost less any accumulated impairment losses, when there is objective evidence that an impairment loss has been incurred on an investment, the carrying amount of the investment should be reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and the amount of the impairment is charged to the consolidated income statement in the year in which it arises. Impairment losses recognised shall not be reversed in subsequent periods.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment
- investments in subsidiaries and associates; and
- goodwill

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- *Calculation of recoverable amount*

  The recoverable amount of an asset is the greater of its 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- *Recognition of impairment losses*

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of Assets (Continued)

(ii) Impairment of other assets (Continued)

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase computed using the first-in, first-out formula. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(k) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 2(i)).

(l) Trade and Other Payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(n) Employee Benefits

(i) Retirement benefit scheme

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee Benefits (Continued)

(ii) Share-based compensation

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(o) Income Tax

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

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

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with interests in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference, and the carry forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary difference associated with interests in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income Tax (Continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue Recognition

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

(i) cruise leasing income is recognised on an accrual basis in accordance with the terms of the leasing agreement.

(ii) cruise management fee income and revenue from travel agent services is recognised when the management services and trade agent services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue Recognition (Continued)

(iii) dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(iv) interest income on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

(r) Translation of Foreign Currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(s) Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(t) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Segment Reporting (Continued)

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group's entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, trade receivables, trade payables and bank balances and cash. 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.

(a) Interest rate risk

As the Group has no significant interest bearing liabilities, the Group's exposure to market risk for changes in interest rates relates primarily to the cash and bank balances and short term time deposits. Floating-rate interest income is charged to the income statement as incurred.

(b) Foreign currency risk

Most of the Group's monetary assets and liabilities are denominated in Hong Kong Dollars, and the Group conducted its business transactions principally in Hong Kong Dollars. The exchange rate risk of the Group is not significant.

(c) Credit risk

The Group has no significant concentrations of credit risk and trade debtors are managed in accordance with the credit policies. The details of the Group credit policies are set out in note 22.

(d) Liquidity risk

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

(e) Fair value

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(a) Property, plant and equipment and depreciation

The Group assesses annually whether property, plant and equipment have any indication of impairment. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

(b) Impairment of assets

The Group tests annually whether assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined on the value-in-use calculation. These calculations require use of estimate.

5. SEGMENT REPORTING

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

(a) Business segment

The Group's operating business are structured and managed separately, according to the nature of their operations and the products and services provided. Each of the Group's business segment represents a strategic business unit that offers:

– Cruise leasing and management business: the leasing of cruise and the provision of management services to the cruise.

– Travel business: the provision of travel-related agency services.

5. SEGMENT REPORTING (Continued)

(a) Business segment (Continued)

Group

	Cruise leasing and management		Travel		Consolidated	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Revenue						
Turnover	**95,717**	95,382	**7,813**	5,523	**103,530**	100,905
Other revenue	**108**	12	**85**	42	**193**	54
Total revenue	**95,825**	95,394	**7,898**	5,565	**103,723**	100,959
Results						
Segment results	**45,046**	43,413	**(459)**	(789)	**44,587**	42,624
Interest income					**20,465**	4,420
Unallocated corporate income					**4,325**	1,385
Unallocated corporate expenses					**(20,460)**	(16,537)
Profit from operations					**48,917**	31,892
Share of results of associates					**(386)**	(12)
Finance costs					**–**	(97)
Profit before taxation					**48,531**	31,783
Taxation					**(372)**	–
Profit for the year					**48,159**	31,783
Minority interests					**(19,779)**	(19,492)
Profit attributable to equity shareholders of the Company					**28,380**	12,291
Balance Sheet						
Assets						
Segment assets	**106,778**	131,909	**1,314**	924	**108,092**	132,833
Interest in associates					**376,015**	339,042
Unallocated corporate assets					**494,288**	240,219
Consolidated total assets					**978,395**	712,094
Liabilities						
Segment liabilities	**9,021**	28,901	**231**	208	**9,252**	29,109
Unallocated corporate liabilities					**2,223**	2,251
Consolidated total liabilities					**11,475**	31,360

5. SEGMENT REPORTING (Continued)

(a) Business segment (Continued)

	Cruise leasing and management		Travel		Unallocated		Consolidated	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Other information								
Depreciation	**6,720**	5,781	**24**	21	**768**	672	**7,512**	6,474
Capital expenditure	**7,839**	397	**24**	6	**940**	338	**8,803**	741

(b) Geographical segments

The Group's business is managed on a worldwide basis, but participates in three principal economic environments. The cruise leasing and management income is mainly derived from South China Sea, other than in Hong Kong. In Hong Kong, the main business is the provision of travel-related agency services.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	South China Sea, other than in Hong Kong		Hong Kong		Macau		Consolidated	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Segment revenue								
Turnover	**95,717**	95,382	**7,813**	5,523	**–**	–	**103,530**	100,905
Segment assets	**116,873**	184,491	**484,978**	188,044	**376,544**	339,559	**978,395**	712,094
Capital expenditure	**7,839**	397	**964**	344	**–**	–	**8,803**	741

6. TURNOVER

The principal activities of the Group are leasing and management of cruise and tourist-related business.

Turnover represents cruise leasing income, management fee income and travel agent service fee income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2006 HK$'000	2005 HK$'000
Cruise leasing and management fee income	**95,717**	95,382
Travel agent service fee income	**7,813**	5,523
	103,530	100,905

7. OTHER REVENUE

	2006 HK$'000	2005 HK$'000
Commission income	**60**	34
Dividend from available-for-sale investment	**1,133**	1,133
Interest income	**20,574**	4,420
Management income	**2,877**	–
Written back of amortisation of goodwill	**–**	66
Others	**339**	206
	24,983	5,859

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging / (crediting):

(a) Finance costs

	2006 HK$'000	2005 HK$'000
Interest expenses on other borrowings wholly repayable within five years	**–**	97

8. PROFIT BEFORE TAXATION (Continued)

(b) Staff costs

	2006 HK$'000	2005 HK$'000
Salaries, wages and other benefit (including directors' emoluments)	**31,337**	28,584
Contribution to defined contribution retirement plan	**489**	432
	31,826	29,016

(c) Other items

	2006 HK$'000	2005 HK$'000
Auditors' remuneration	**651**	518
Depreciation		
Owned fixed assets	**7,512**	6,474
Operating lease rentals		
Land and buildings	**2,011**	1,385
Plant and machinery	**23**	12
Exchange gain	**(47)**	(15)
Cost of inventories	**9,534**	10,045

9. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2006 HK$'000	2005 HK$'000
Hong Kong Profits Tax		
– Charge for the year	**157**	–
Deferred taxation relating to the origination and reversal of temporary differences	**215**	–
	372	–

The provision for Hong Kong Profits Tax for 2006 is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

9. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2006 HK$'000	2005 HK$'000
Profit before tax	**48,531**	31,783
Share of results of associates	**386**	12
Profit before tax attributable to the Company and its subsidiaries	**48,917**	31,795
Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	**8,561**	5,564
Tax effect of non-deductible expenses	**1,182**	965
Tax effect of non-taxable revenue	**(11,042)**	(8,702)
Tax effect of unrecognised tax losses	**1,748**	2,348
Unrecognised temporary differences	**407**	137
Tax effect on utilisation of previously unrecognised tax losses	**(484)**	(312)
Tax charge	**372**	–

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange and Section 161 of the Hong Kong Companies Ordinance as follows:

Name	Directors' fees		Salaries, allowances and benefits in kind		Retirement scheme contributions		Total	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Executive Directors								
Yeung Hoi Sing, Sonny	–	–	–	–	–	–	–	–
William Chan (resigned on 28 September 2006)	–	–	**638**	328	**12**	12	**650**	340
Lee Siu Cheung	–	–	**1,343**	528	**12**	12	**1,355**	540
Non-executive Director								
Choi Kin Pui, Russelle	–	–	**90**	80	–	–	**90**	80
Independent Non-executive Directors								
Luk Ka Yee, Patrick	–	–	**90**	80	–	–	**90**	80
Yeung Mo Sheung, Ann	–	–	**90**	80	–	–	**90**	80
Yim Kai Pung	–	–	**90**	80	–	–	**90**	80
	–	–	**2,341**	1,176	**24**	24	**2,365**	1,200

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals with the highest emoluments, two (2005: one) are directors whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the other three (2005: four) individuals are as follows:

	2006 HK$'000	2005 HK$'000
Salaries, allowances and benefits in kind	**2,010**	2,036
Retirement benefit scheme contributions	**38**	42
	2,048	2,078

The emoluments of the three (2005: four) individuals with the highest emoluments are within the following band:

	Number of individuals	
	2006	2005
HK$Nil – HK$1,000,000	**3**	4

12. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of approximately HK$2,889,000 (2005: loss of approximately HK$116,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2006 HK$'000	2005 HK$'000
Amount of consolidated profit/(loss) attributable to equity shareholders dealt with in the Company's financial statements	**2,889**	(116)
Dividend from a subsidiary attributable to the profits of the financial year, approved and paid during the year	**–**	68,100
Company's profit for the year *(note 28)*	**2,889**	67,984

13. DIVIDEND

	2006 HK$'000	2005 HK$'000
Interim dividend declared and paid of HK0.15 cents per ordinary share (2005: HK$ Nil)	**3,209**	–

14. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to equity shareholders of the Company of approximately HK$28,380,000 (2005: HK$12,291,000) and on the weighted average number of 2,010,697,000 ordinary shares (2005: 1,869,724,000) in issue during the year.

Weighted average number of ordinary shares

	'000
Issued ordinary shares at 1 October 2004	1,587,464
Effect of share placing	282,260
Weighted average number of ordinary shares at 30 September 2005	1,869,724
Issued ordinary shares at 1 October 2005	1,904,464
Effect of share placing	106,233
Weighted average number of ordinary shares at 30 September 2006	2,010,697

(b) Diluted earnings per share

There was no dilution effect on the basic earnings per share for the year ended 30 September 2006 and 30 September 2005 respectively as there were no dilutive instruments outstanding during both years.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Cruise HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture fittings and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 October 2004	93,600	2,195	2,021	2,816	230	100,862
Additions	–	98	3	640	–	741
At 30 September 2005 and 1 October 2005	93,600	2,293	2,024	3,456	230	101,603
Additions	–	503	7,829	471	–	8,803
Disposals	–	–	–	(4)	–	(4)
At 30 September 2006	93,600	2,796	9,853	3,923	230	110,402
Accumulated depreciation						
At 1 October 2004	3,510	694	281	352	45	4,882
Charge for the year	4,680	672	404	642	76	6,474
At 30 September 2005 and 1 October 2005	8,190	1,366	685	994	121	11,356
Charge for the year	4,680	685	1,318	752	77	7,512
Written back on disposals	–	–	–	(2)	–	(2)
At 30 September 2006	12,870	2,051	2,003	1,744	198	18,866
Net book value						
At 30 September 2006	80,730	745	7,850	2,179	32	91,536
At 30 September 2005	85,410	927	1,339	2,462	109	90,247

16. GOODWILL

	Group HK$'000
Cost	
At 1 October 2004	1,135
Acquisition of a subsidiary	178
At 30 September 2005 and 30 September 2006	1,313
Accumulated amortisation	
At 1 October 2004	66
Written back of amortisation	(66)
At 30 September 2005 and 30 September 2006	–
Net book value	
At 30 September 2006	1,313
At 30 September 2005	1,313

17. INTEREST IN SUBSIDIARIES

	2006 HK$'000	2005 HK$'000
Unlisted shares, at cost	**15,874**	15,874
Amounts due from subsidiaries	**260,027**	284,236
Amount due to a subsidiary	**(1,239)**	–
	274,662	300,110

The balances with subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

17. INTEREST IN SUBSIDIARIES (Continued)

All of these are controlled subsidiaries as defined under note 2(c) and have been consolidated into the Group financial statements.

Name of subsidiary	Place of incorporation/ operation	Particulars of issued and paid up share capital	Group's effective interest	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activity
Macau Success (Hong Kong) Limited	Hong Kong	10,000,000 shares of HK$0.01 each	100	100	–	Investment holding
New Shepherd Assets Limited	British Virgin Islands	1 share of US$1 each	100	100	–	Investment holding
Access Success Developments Limited	British Virgin Islands	1 share of US$1 each	100	–	100	Investment holding
Ace Horizon Limited	British Virgin Islands	1 share of US$1 each	100	–	100	Investment holding
Capture Success Limited*	British Virgin Islands/ South China Sea, other than in Hong Kong	100 shares of US$1 each	55	–	55	Cruise leasing
Golden Sun Profits Limited	British Virgin Islands	1 share of US$1 each	100	–	100	Investment holding
Hover Management Limited*	Hong Kong/ South China Sea, other than in Hong Kong	100 shares of HK$1 each	55	–	55	Provision of cruise management services
Joyspirit Investments Limited	British Virgin Islands	1 share of US$1 each	100	–	100	Investment holding
Macau Success Management Services Limited	Hong Kong	100 shares of HK$1 each	100	–	100	Provision of administration services
Precise Innovation Limited	British Virgin Islands	1 share of US$1 each	100	–	100	Investment holding and provision of nominee services
Top Region Assets Limited	British Virgin Islands	1 share of US$1 each	100	–	100	Investment holding

17. INTEREST IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Particulars of issued and paid up share capital	Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Travel Success Limited	Hong Kong	500,000 shares of HK$1 each	100	–	100	Travel agency
Travel Success (Macau) Limited	Macau	3 shares of MOP750,000, MOP749,000 and MOP1,000 respectively	100	–	100	Travel agency
World Fortune Limited	Hong Kong	100 shares of HK$1 each	100	–	100	Investment holding

* Not audited by CCIF CPA Limited.

18. INTEREST IN ASSOCIATES

	Group 2006 HK$'000	Group 2005 HK$'000
Share of net assets	**283,738**	284,124
Goodwill	**4,581**	4,581
	288,319	288,705
Amounts due from associates	**87,696**	50,337
	376,015	339,042

The amounts due from associates are unsecured, interest free and has no fixed terms of repayment.

18. INTEREST IN ASSOCIATES (Continued)

The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

Name of associate	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Pier 16 – Property Development Limited	Macau	100,000 shares of MOP100 each	36.75	–	36.75	Investment, development and operation of an integrated hotel resort project "Ponte 16"
Pier 16 – Management Limited	Macau	2 shares of MOP24,000 and MOP1,000 respectively	36.75	–	36.75	Provision of management services for development of an integrated hotel resort project "Ponte 16"

Summary financial information on associates

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenues HK$'000	Profit/ (loss) HK$'000
2006					
100 per cent	1,084,329	312,252	772,077	–	(1,051)
Group's effective interest	398,491	114,753	283,738	–	(386)
2005					
100 per cent	926,420	153,238	773,182	327	2
Group's effective interest	340,459	56,315	284,144	120	(12)

19. AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2006	2005
	HK$'000	HK$'000
Unlisted shares, at cost	**25,239**	25,239

On 13 July 2005, Top Region Assets Limited, a wholly-owned subsidiary of the Company, entered into an agreement with two independent third parties for the acquisition of 8.13% interest in the then issued share capital of Triumph Up Investments Limited ("Triumph Up"), a company incorporated in the British Virgin Islands, for a consideration of HK$22,800,000. Including the acquisition expenses, the total investment cost was approximately HK$25,239,000.

The unlisted investment in Triumph Up are measured at cost less accumulated impairment losses at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

20. LOAN RECEIVABLE

	Group	
	2006	2005
	HK$'000	HK$'000
Loan receivable	**–**	51,562

The loan receivable was due from King Seiner Palace Promotor De Jogos, Limitada (the "Borrower"), which is owned as to 56% by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being an executive director of the Company), 24% by Mr. Chan Hon Keung ("Mr. Chan") and 20% by an independent third party pursuant to a loan agreement entered between the Borrower and Joyspirit Investments Limited (the "Lender") on 7 March 2005 (the "Loan Agreement"). The loan was secured by the guarantee from Mr. Yeung and Mr. Chan and repayable in full on or before 5 August 2010. Interest payable on the loan was the higher of (i) 20% per annum; and (ii) the amount equivalent to 18% of the net profit of the Borrower before all interest payments on the loan for the latest financial year of the Borrower as shown in the audited financial statements of the Borrower.

The Lender terminated the Loan Agreement on 29 September 2006 and the Borrower repaid the loan on the same date.

21. INVENTORIES

	Group	
	2006	2005
	HK$'000	HK$'000
Fuel oil	**1,178**	1,181

Inventories are stated at the lower of cost and net realisable value.

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**1,972**	1,624	**–**	–
Deposits, prepayments and other receivables	**11,537**	11,213	**165**	195
	13,509	12,837	**165**	195

All of the trade and other receivables are expected to be recovered within one year.

Included in trade and other receivables are trade debtors with the following aging analysis as of the balance sheet date:

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current	**1,924**	1,584	**–**	–
31 to 60 days	**4**	11	**–**	–
61 to 90 days	**9**	13	**–**	–
Over 90 days	**35**	16	**–**	–
	1,972	1,624	**–**	–

The Group normally allows a credit period of 30 days (2005: 30 days).

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**229**	156	**–**	–
Accrued charges and other payables	**5,818**	4,996	**1,940**	601
	6,047	5,152	**1,940**	601

All of the trade and other payables are expected to be settled within one year.

23. TRADE AND OTHER PAYABLES (Continued)

Included in trade and other payables are trade creditors with the following aging analysis as of the balance sheet date:

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current	**217**	137	**–**	–
31 to 60 days	**1**	5	**–**	–
61 to 90 days	**–**	–	**–**	–
Over 90 days	**11**	14	**–**	–
	229	156	**–**	–

24. LOANS FROM MINORITY SHAREHOLDERS

The loans are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the Company's directors, the loans are not repayable within the next twelve months.

25. DEFERRED TAX LIABILITIES

(a) Recognised deferred tax liabilities

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

	Group
	Accelerated depreciation
	HK$'000
At 1 October 2004 and 30 September 2005	–
At 1 October 2005	–
Charged to the income statement	215
At 30 September 2006	215

(b) Unrecognised deferred tax assets

Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through utilisation against future taxable profits is probable. At 30 September 2006, the Group had tax losses of approximately HK$70 million (2005: HK$60 million) that are available to carry forward indefinitely for offsetting against future taxable profits.

No deferred tax asset has been recognised in relation to tax losses as it is not probable that taxable profit will be available against which the tax losses can be utilised.

26. SHARE CAPITAL

	Notes	Number of shares '000	Nominal value HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 October 2004		10,000	100
Increased on authorised shares	*(a)*	159,990,000	1,599,900
At 30 September 2005		160,000,000	1,600,000
At 1 October 2005 and 30 September 2006		160,000,000	1,600,000
Issued and fully paid:			
At 1 October 2004		–	–
Shares issued to shareholders of MSHK as consideration for cancellation of shares of MSHK	*(b)*	1,587,464	15,875
Shares placement	*(c)*	317,000	3,170
At 30 September 2005		1,904,464	19,045
At 1 October 2005		1,904,464	19,045
Share placement	*(d)*	235,000	2,350
At 30 September 2006		2,139,464	21,395

The change in the authorised and issued share capital of the Company which took place during the period from 1 October 2004 to 30 September 2006, were as follows:

(a) By a written resolution passed by a sole member of the Company dated 20 August 2004 and effective on 8 November 2004, the authorised share capital of the Company was increased from HK$100,000 to HK$1,600,000,000 by the creation of a further 159,990,000,000 shares of HK$0.01 each, ranking *pari passu* with the existing share capital of the Company.

(b) On 8 November 2004, as part of the Group Reorganisation, the Company issued an aggregate of 1,587,464,233 shares of HK$0.01 each. In consideration for the cancellation of the shares of Macau Success (Hong Kong) Limited ("MSHK"), the former holding company of the Group, the holders of MSHK's shares received the Company's shares, credited as fully paid, on the basis of one Company's share for every one MSHK's share cancelled.

26. SHARE CAPITAL (Continued)

(c) On 10 November 2004, a substantial shareholder entered into a placing agreement and a subscription agreement with a placing agent and the Company respectively. Pursuant to the placing agreement, the placing agent has agreed to place, on a fully underwritten basis, the placing shares to not less than six independent placees at a price of HK$1.28 per placing shares. Pursuant to the subscription agreement, the substantial shareholder has conditionally agreed to subscribe for the subscription shares at a price of HK$1.28 per subscription share. On 23 November 2004, the Company issued and allotted 317,000,000 new shares for a total consideration of HK$405,760,000 before expenses to the substantial shareholder.

(d) On 12 April 2006, a substantial shareholder entered into a placing agreement and a subscription agreement with a placing agent and the Company respectively. Pursuant to the placing agreement, the placing agent agreed to place to not less than six independent placees for up to 235,000,000 shares at HK$1.09 each per placing share on behalf of the substantial shareholder. Pursuant to the subscription agreement, the substantial shareholder conditionally agreed to subscribe for such number of new shares as is equal to the number of placing shares successfully placed by the placing agent at a price of HK$1.09 per subscription share. On 25 April 2006, the Company issued and allotted 235,000,000 new shares for a total consideration of HK$256,150,000 before expenses to the substantial shareholder.

27. EMPLOYEE RETIRE BENEFITS

(a) Defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

(b) Share option scheme

The Company operates a share option scheme (the "Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors and other employees of the Group. The Option Scheme became effective on 8 November 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Under the Option Scheme, the directors of the Company are authorised at their absolute discretion, to invite any employee, executive or officer of any member of the Group or any entity in which the Group holds any equity interest (including the executive and non-executive directors) and any vendor, supplier, consultant, agent, adviser or customer who is eligible to participate in the Option Scheme, to take up options to subscribe for shares in the Company.

There is no provision in the Option Scheme to require a grantee to fulfill any performance target or to hold the option for a certain period before exercising the option, but the Company may at its absolute discretion from time to time provide such requirements in the offer of grant of options.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10 per cent. of the total number of shares in issue as at the date of adoption of the Option Scheme.

The Company may seek approval of the shareholders in general meeting for refreshing the 10 per cent. limit under the Option Scheme save that the total number of shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes of the Company under the limit as "refreshed" shall not exceed 10 per cent. of the total number of shares in issue as at the date of approval of the limit. Options previously granted under the Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the other scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as "refreshed".

27. EMPLOYEE RETIRE BENEFITS (Continued)

(b) Share option scheme (Continued)

Notwithstanding aforesaid in this paragraph, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the total number of shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1 per cent. of the total number of shares in issue.

The exercise price in respect of any particular option shall be such price as determined by the board in its absolute discretion at the time of the making of the offer but in any case the exercise price shall not be less than the highest of (i) the official closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant, which must be a business day; (ii) the average of the official closing price of the shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

The offer of a grant of share options must be accepted not later than 28 days after the date of the offer, upon payment of a consideration of HK$1 by the grantee. The exercise period of the share options granted is determined by the board of directors, save that such period shall not be more than a period of ten years from the date upon which the share options are granted or deemed to be granted and accepted.

As at the balance sheet date, no share options have been granted under the Option Scheme since its adoption.

28. RESERVES

Group

	Attributable to equity shareholders of the Company							
	Share premium HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Property revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 October 2004	–	54,450	976	–	14,869	70,295	11,743	82,038
Placing of new shares	402,590	–	–	–	–	402,590	–	402,590
Share issuance costs	(39,670)	–	–	–	–	(39,670)	–	(39,670)
Net profit for the year	–	–	–	–	12,291	12,291	19,492	31,783
Redomicile costs	–	(2,117)	–	–	–	(2,117)	–	(2,117)
Surplus on revaluation – associates	–	–	–	187,065	–	187,065	–	187,065
At 30 September 2005	362,920	52,333	976	187,065	27,160	630,454	31,235	661,689
At 1 October 2005	362,920	52,333	976	187,065	27,160	630,454	31,235	661,689
Placing of new shares	253,800	–	–	–	–	253,800	–	253,800
Share issuance costs	(4,204)	–	–	–	–	(4,204)	–	(4,204)
Net profit for the year	–	–	–	–	28,380	28,380	19,779	48,159
Interim dividend declared in respect of current year	–	–	–	–	(3,209)	(3,209)	(10,710)	(13,919)
At 30 September 2006	612,516	52,333	976	187,065	52,331	905,221	40,304	945,525
Reserves retained by								
Company and subsidiaries	362,920	52,333	976	–	27,172	443,401	31,235	474,636
Associates	–	–	–	187,065	(12)	187,053	–	187,053
At 30 September 2005	362,920	52,333	976	187,065	27,160	630,454	31,235	661,689
Company and subsidiaries	612,516	52,333	976	–	52,729	718,554	40,304	758,858
Associates	–	–	–	187,065	(398)	186,667	–	186,667
At 30 September 2006	612,516	52,333	976	187,065	52,331	905,221	40,304	945,525

28. RESERVES (Continued)

Company

	Share premium HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 October 2004	–	(15)	(15)
Placing of new shares	402,590	–	402,590
Share issuance costs	(39,670)	–	(39,670)
Net profit for the year	–	67,984	67,984
At 30 September 2005	362,920	67,969	430,889
At 1 October 2005	362,920	67,969	430,889
Placing of new shares	253,800	–	253,800
Share issuance costs	(4,204)	–	(4,204)
Net profit for the year	–	2,889	2,889
Interim dividend declared in respect of current year	–	(3,209)	(3,209)
At 30 September 2006	612,516	67,649	680,165

29. ACQUISITION OF A SUBSIDIARY

	2005 HK$'000
Fair value of identifiable assets acquired:	
Amount due from shareholders	1,081
Cash and bank balances	377
	1,458
Goodwill	178
Total consideration	1,636
Satisfied by:	
Cash consideration	555
Assumption of debts	1,081
	1,636
Cash outflow on acquisition:	
Cash and cash equivalents in subsidiary acquired	377
Purchase consideration settled in cash	(555)
	(178)

On 26 October 2004, the Group acquired 100% equity interest of Travel Success (Macau) Limited ("TSML") for a total consideration of approximately HK$1,636,000. TSML incurred net loss of approximately HK$57,000 and did not contribute any revenue to the Group for the period since the date of acquisition.

30. COMMITMENTS

(a) Capital commitments outstanding at 30 September 2006 not provided for in the financial statements were as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted but not provided for	**–**	1,021	**–**	–
Authorised but not contracted for	**–**	–	**–**	–
	–	1,021	**–**	–

(b) At 30 September 2006, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**2,390**	972	**821**	–
In the second to fifth years, inclusive	**1,959**	58	**–**	–
	4,349	1,030	**821**	–

31. RELATED PARTY TRANSACTIONS

(a) On 7 March 2005, Joyspirit Investments Limited, a wholly-owed subsidiary of the Company, as lender (the "Lender") entered into a loan agreement (the "Loan Agreement") with King Seiner Palace Promotor De Jogos, Limitada (the "Borrower"), a company incorporated in Macau with limited liability and is owned as to 56% by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being an executive director of the Company), 24% by Mr. Chan Hon Keung ("Mr. Chan") and 20% by an independent third party, as borrower. As at 1 April 2005, Mr. Yeung was beneficially interested in approximately 37.94% of the issued share capital of the Company and Mr. Chan was beneficially interested in approximately 16.26% of the issued share capital of the Company.

Pursuant to the Loan Agreement, the Lender provided a facility of HK$50 million to the Borrower (the "Loan Facility") which was used as general working capital of the Borrower for the purpose of running its gaming intermediaries business at King Seiner Palace in Macau. The interest payable on the loan was the higher of (i) 20% per annum; and (ii) the amount equivalent to 18% of the net profit of the Borrower before all interest payments on the loan for the latest financial year of the Borrower as shown in the audited financial statement of the Borrower.

In consideration of the Lender agreeing to grant the Loan Facility to the Borrower, Mr. Yeung and Mr. Chan executed a guarantee in favour of the Lender as security for the Loan Facility whereby they jointly and severally guaranteed, unconditionally and irrevocably, the due and punctual payment by the Borrower of the secured indebtedness and/or any part thereof which became due from time to time and the due and punctual performance and observance by the Borrower of all its obligations contained in the Loan Agreement.

In addition, pursuant to an option deed dated 7 March 2005 entered into between the Borrower and the Lender (the "Option Deed"), the Borrower agreed to grant the option to the Lender which was exercisable at an option price calculated at price not exceeding 4 times of the profits of the Borrower at the time of the exercise of the option multiplied by 20% at any time during 57 months from the date of the Option Deed. Upon exercise of the option, the Lender shall be entitled to 20% of the enlarged share capital of the Borrower as at the date of the completion of allotment and issue of shares under the option.

In the opinion of the directors of the Company, these transactions were conducted in the normal course of business of the Group and after arm's length negotiation between the Borrower and the Lender. Details of these major and connected transactions are set out in the Company's circular dated 7 April 2005.

During the year, the loan interest of approximately HK$9,973,000 (2005: HK$1,562,000) was received from the Borrower.

The Lender terminated the Loan Agreement on 29 September 2006 and the borrower repaid the loan on the same date.

31. RELATED PARTY TRANSACTIONS (Continued)

(b) Apart from the above, the Group also had the following transactions with the related parties during the year:

	Notes	**2006 HK$'000**	2005 HK$'000
Travel service income received and receivable from			
– Associates	*(i)(ii)*	**552**	168
– Key management personnel	*(ii)*	**643**	241
– Closely family members of key management personnel	*(ii)*	**260**	470
		1,455	879
Trade receivable from travel service as at the balance sheet date			
– Associates		**243**	102
– Key management personnel		**–**	10
– Closely family members of key management personnel		**–**	10
		243	122

(i) The Company's directors, Mr. Yeung Hoi Sing, Sonny and Mr. Lee Siu Cheung, are the directors of the associates.

(ii) The travel agent service income was charged according to prices and conditions similar to those offered to other customers.

(c) The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 10.

32. PLEDGE OF ASSETS

As at 30 September 2006, the Group pledged the time deposits of approximately HK$0.7 million (2005: HK$0.7 million) to certain banks for issuance of several bank guarantees approximately to HK$0.7 million (2005: HK$0.7 million) for operation of the Group.

33. NON-ADJUSTING POST BALANCE SHEET EVENT

(a) On 13 June 2006, Top Region Assets Limited (the "Vendor"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with an independent third party, China Star Entertainment Limited (the "Purchaser"), a company listed on the Stock Exchange for the disposal of its 8.13% interest in the issued share capital of Triumph Up Investments Limited for a consideration of HK$36,112,763.57 to the Purchaser. The consideration was determined after arm's length negotiations and with reference to an independent valuer on an open market basis as at 8 June 2006. The Company agreed to act as a guarantor to guarantee the performance of the Vendor's obligations under the Agreement.

On 31 October 2006, the parties entered into a deed of variation to extend the longstop date under the Agreement to 28 February 2007.

(b) On 30 November 2006, World Fortune Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, and Joy Idea Investments Limited (the "Vendor"), an independent third party entered into an Agreement pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase 12.25% equity interest in the issued share capital of Pier 16 – Property Development Limited ("Pier 16 – Property Development") at an aggregate consideration of HK$200 million subject to and upon the terms and conditions of the Agreement. The consideration will be paid by cash of HK$152 million and by the allotment and issue of fully paid shares of the Company of 60 million ordinary shares with nominal value of HK$0.01 each at HK$0.8 per share.

The Purchaser currently owned 36.75% equity interest in Pier 16 – Property Development. Upon completion of the transaction, the Purchaser will increase its equity interest in Pier 16 – Property Development to 49%. Details of the transaction have been disclosed in the Company's announcement dated 6 December 2006.

34. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE, FOR THE YEAR ENDED 30 SEPTEMBER 2006

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

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures[2]
HKAS 21 (Amendment)	Net Investment in a Foreign Operation[2]
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions[2]
HKAS 39 (Amendment)	The Fair Value Option[2]
HKAS 39 & HKFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts – 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[2]
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]
HK(IFRIC)-Int 8	Scope of HKFRS2[5]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[6]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[7]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 January 2006
3 Effective for annual periods beginning on or after 1 December 2005
4 Effective for annual periods beginning on or after 1 March 2006
5 Effective for annual periods beginning on or after 1 May 2006
6 Effective for annual periods beginning on or after 1 June 2006
7 Effective for annual periods beginning on or after 1 November 2006