1. CORPORATE INFORMATION

Jiuzhou Development Company Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Units 3709-10, 37th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

During the period, the Group was engaged in the following principal activities:

- investment holding
- management of a holiday resort
- management of a theme park
- management of an amusement park
- provision of port facilities and ticketing services

2.1 CORPORATE INFORMATION AND BASIS OF PRESENTATION

By an order of the High Court of the Hong Kong Special Administrative Region (the "High Court") dated 14 August 2003, provisional liquidators of Zhu Kuan Group Company Limited ("Zhu Kuan Macau") and Zhu Kuan (Hong Kong) Company Limited ("Zhu Kuan (HK)") were appointed following the filing of winding-up petitions by one of their creditors. Both Zhu Kuan Macau and Zhu Kuan (HK) were the then controlling shareholders of the Company.

337 million shares of the Company are registered in the name of and are directly held by Pioneer Investment Ventures Limited ("PIV"), a wholly-owned subsidiary of Zhu Kuan Macau incorporated in the British Virgin Islands. By an order of the High Court and the Court of the British Virgin Islands, provisional liquidators (the "Provisional Liquidators") of PIV were appointed following the filing of a voluntary winding-up petition by the provisional liquidators of Zhu Kuan Macau on behalf of Zhu Kuan Macau.

During the year ended 30 April 2005, a winding-up order was granted by the Court of First Instance of the Macau Special Administrative Region (the "Macau Court") against Zhu Kuan Macau. In addition, a winding-up order was granted by the High Court against Zhu Kuan (HK). Liquidators (the "Liquidators") have been appointed in respect of the two winding-up orders.

The 337 million shares attributable to PIV (the "PIV Charged Shares") have been pledged to Longway Services Group Limited ("Longway"), a wholly-owned subsidiary of Zhuhai Jiuzhou Port Group Corporation ("Zhuhai Jiuzhou Port Group"), a substantial shareholder of the Company, the minority shareholder of Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd. ("Jiuzhou Port Company"), a 90%-owned subsidiary of the Group, and the joint venture partner of Zhuhai High-Speed Passenger Ferry Co., Ltd. ("Ferry Company"), the Group's jointly-controlled entity. Steps have been taken by Longway to perfect the security conferred to it by the share charge. The Provisional Liquidators however consider that due to the petitions, the transfer of the PIV Charged Shares cannot be effected.

2.1 CORPORATE INFORMATION AND BASIS OF PRESENTATION *(continued)*

On 5 August 2006, (1) a debt restructuring agreement (the "Debt Restructuring Agreement") was made between, among other parties, Zhu Kuan Macau, Zhu Kuan (HK), the Liquidators and 珠海市國源投資有限公司 ("Zhuhai Guoyuan"), and (2) a conditional settlement agreement (the "Settlement Agreement") was made between, among other parties, Zhu Kuan Macau, PIV, Longway and the Liquidators. Upon the completion of the Debt Restructuring Agreement, which should be completed within 18 months from 5 August 2006 unless otherwise agreed by the parties to the Debt Restructuring Agreement, Zhuhai Guoyuan will take full ownership of the assets of Zhu Kuan Macau and Zhu Kuan (HK) and their respective winding-up petitions will be removed. Pursuant to the Settlement Agreement, Longway and the Liquidators agreed that the legal proceedings between both parties for the transfer of the PIV Charged Shares will be stayed until the completion of the Debt Restructuring Agreement, following which Longway will be able to enforce its rights over the PIV Charged Shares.

The above pledges were not used as security against any of the Group's borrowing facilities. Furthermore, the Group is not the subject of any of the winding-up petitions/orders mentioned above.

As at 31 December 2006 and up to the date of approval of these financial statements, the Group has neither given financial assistance (such as loans or guarantees) to Zhu Kuan Macau, Zhu Kuan (HK), PIV or any of their subsidiaries and associates, nor has the Group received any financial assistance from Zhu Kuan Macau, Zhu Kuan (HK), PIV or any of their subsidiaries and associates. The major connected transactions made between (a) the Group on the one part and (b) the group of companies comprising Zhu Kuan Macau and Zhu Kuan (HK) and their respective subsidiaries (other than the Group) on the other part are certain lease arrangements under which the Group is the lessee. The subject premises of such lease arrangements are certain of the facilities (including villas, a health centre and recreational facilities) of Zhuhai Holiday Resort Hotel Co., Ltd., a subsidiary of the Company. Further details of such transactions are set out in note 40 to the financial statements.

Further details concerning the above are also set out in the Company's various press announcements during the period from August 2003 to August 2006.

The financial statements of the Group have been prepared in the assumption that the Group will continue to operate as a going concern for the foreseeable future.

The directors of the Company believed that entering into the Debt Restructuring Agreement with the Liquidators is a significant step towards to the resolution of the legal proceedings faced by Zhu Kuan Macau and Zhu Kuan (HK). However, up to the date of these financial statements, the directors of the Company cannot give absolute assurance that the future business and financial operations of the Group will not be significantly affected if the conditions of the Settlement Agreement are not fulfilled which is in turn subject to the completion of the Debt Restructuring Agreement.

Should the Group be unable to continue as a going concern as a result of the winding-up petitions/orders and/or any subsequent changes in the registered holders of the PIV Charged Shares, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of such adjustments have not been reflected in these financial statements.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include 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. They have been prepared under the historical cost convention, except for certain buildings and investments, which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand, except when otherwise indicated.

Pursuant to a resolution of the board of directors of the Company passed on 24 August 2006, the Company's financial year end date was changed from 30 April to 31 December to be coterminous with the financial year end date of the major operating subsidiaries. Accordingly, the current accounting period covers the Group's eight months of operation from 1 May 2006 to 31 December 2006, and the comparative amounts shown in the consolidated income statement, statement of changes in equity, cash flow statement and related notes may not be fully comparable with the amounts for the period.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the period from 1 May 2006 to 31 December 2006. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the period's financial statements and applicable to its operations:

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC) — Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC) — Int 8	Scope of HKFRS 2

The adoption of the above new and revised HKFRSs have had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

2.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied any new and revised HKFRSs, that have been issued but are not yet effective for the accounting period ended 31 December 2006, in these financial statements. Of the new and revised HKFRSs, the following may be relevant to the Group's operations and financial statements:

HKAS 1 Amendment	Presentation of Financial Statements: Capital Disclosure
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC) — Int 12	Service Concession Arrangements

HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information on the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 *Segment Reporting*.

HK(IFRIC) — Int 9, HK(IFRIC) — Int 10, HK(IFRIC) — Int 11 and HK(IFRIC) — Int 12 shall be applied for annual periods beginning on or after 1 June 2006, 1 November 2006, 1 March 2007 and 1 January 2008, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKAS 1 Amendment, HKFRS 7 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture company is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39 *Financial Instruments: Recognition and Measurements*, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of a jointly-controlled entity is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in a jointly-controlled entity is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries and a jointly-controlled entity represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is on or after 1 May 2005

Goodwill arising on acquisition is initially recognised in the consolidated balance sheet as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. In the case of associates and jointly-controlled entities, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 *Segment Reporting*.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill *(continued)*

Goodwill on acquisitions for which the agreement date is on or after 1 May 2005 *(continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill previously eliminated against consolidated reserves

Prior to the adoption of the HKICPA's Statement of Standard Accounting Practice 30 *Business Combinations* ("SSAP 30") in 2001, goodwill arising on acquisition was eliminated against consolidated reserves in the year of acquisition. On the adoption of HKFRS 3 *Business Combinations*, such goodwill remains eliminated against consolidated reserves and is not recognised in the consolidated income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the consolidated income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets other than goodwill *(continued)*

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefits of the employees of the Group, or of any entity that is a related party of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the consolidated income statement. Any subsequent revaluation surplus is credited to the consolidated income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life as follows:

Medium-term leasehold buildings outside Hong Kong	20 years or over the lease terms, whichever is shorter
Furniture, fixtures, equipment, motor vehicles, plant and machinery and leasehold improvements	5 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents building structures under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Rights to use port facilities

Rights to use port facilities are stated at cost less accumulated amortisation and any impairment losses. Amortisation is provided on the straight-line basis to write off the cost of the rights over the contracted period of 40 years.

The unamortised balance of the rights to use port facilities is reviewed at the end of each year and is written off to the extent that the unamortised balance is no longer likely to be recovered.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the consolidated income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the consolidated income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Intangible assets (other than goodwill)

Intangible assets of the Group represented golf club memberships. The useful lives of golf club memberships are assessed to be indefinite. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the Group first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on these financial assets are recognised in the consolidated income statement.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are subsequently measured at amortised cost. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. Gains and losses are recognised in the consolidated income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated income statement.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment, or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the consolidated income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the consolidated income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated income statement, is transferred from equity to the consolidated income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the consolidated income statement.

Impairment losses on debt instruments are reversed through the consolidated income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the consolidated income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables, and amounts due to related companies, are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statement.

Inventories

Inventories, which comprise mainly food, beverages and souvenirs for resale purposes, are stated at the lower of cost and net realisable value, after making due allowances for obsolete or slow-moving items. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

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

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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 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 taxable temporary differences associated with investments in subsidiaries, associates and interests in a joint venture, 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, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits 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 differences associated with investments in subsidiaries, associates and interest in a joint venture, 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.

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 reassessed at each balance sheet date and 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 bases:

(a) service income, when the relevant services have been provided;

(b) from the sale of tickets, when the tickets have been sold to the customers;

(c) from the sale of food and beverages, when the food and beverages have been provided;

(d) from the sale of goods, when the significant risks and title of the goods have been transferred to the customers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(e) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;

(f) rental income, on a time proportion basis over the lease terms; and

(g) dividend income, when the shareholder's right to receive payment has been established.

Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Share-based payment transactions *(continued)*

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The Group has adopted the transitional provisions of HKFRS 2 *Share-based Payment* in respect of equity-settled awards and has applied HKFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested on 1 May 2005 and to those granted on or after 1 May 2005.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The subsidiaries operating in the People's Republic of China excluding Hong Kong and Macau (the "PRC") are members of the state-managed pension scheme operated by the PRC government. The pension scheme contributions, which are based on a certain percentage of the salaries of the PRC employees, are charged to the consolidated income statement of the entities in the period to which they relate and represent the amount of contributions payable to the defined contribution plan.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheets, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries, associates and a jointly-controlled entity are currencies other than Hong Kong dollars. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the period. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the period are translated into Hong Kong dollars at the weighted average exchange rates for the period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Otherwise, the property is classified as owner-occupied property.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements *(continued)*

Impairment of assets (continued)

In determining whether an asset is impaired or whether the event previously causing the impairment no longer exists, the Company has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value, or such an event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows, which are estimated based upon the continued use of the assets; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could have a material effect on the net present value used in the impairment test.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimation of fair value of leasehold buildings

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current gross replacement costs of the improvement less allowance for physical deterioration and all relevant forms of obsolescence and optimisation;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

The carrying amounts of leasehold buildings at 31 December 2006 was HK$316,197,000 (30 April 2006: HK$320,074,000) *(note 12)*.

4. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in the PRC, and over 90% of the Group's assets are located in the PRC.

4. SEGMENT INFORMATION *(continued)*

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the hotel segment consists of the management of a holiday resort hotel in Zhuhai, the PRC (the "Hotel Business");

(b) the tourist attraction segment consists of the management of a theme park and an amusement park in Zhuhai, the PRC;

(c) the provision of port facilities and ticketing services segment provides port facilities and ticketing services in Zhuhai, the PRC; and

(d) the corporate and others segment comprises the Group's investment holding and trading of securities, together with corporate expense items.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the period ended 31 December 2006 and the year ended 30 April 2006.

	Hotel		Tourist attraction		Provision of port facilities and ticketing services		Corporate and others		Consolidated	
	Period ended 31 December 2006 HK$'000	Year ended 30 April 2006 HK$'000	Period ended 31 December 2006 HK$'000	Year ended 30 April 2006 HK$'000	Period ended 31 December 2006 HK$'000	Year ended 30 April 2006 HK$'000	Period ended 31 December 2006 HK$'000	Year ended 30 April 2006 HK$'000	Period ended 31 December 2006 HK$'000	Year ended 30 April 2006 HK$'000
Segment revenue:										
Sales to external customers	119,709	140,581	40,740	50,220	29,242	39,906	–	–	189,691	230,707
Segment results	(1,092)	315	3,937	(3,441)	12,489	18,152	14,153	(7,054)	29,487	7,972
Interest income									3,715	3,512
Share of profits and losses of:										
A jointly-controlled entity	–	–	–	–	16,058	28,982	–	–	16,058	28,982
Associates	–	–	–	–	–	–	–	189	–	189
Profit before tax									49,260	40,655
Tax									(3,995)	(4,247)
Profit for the period/year									45,265	36,408

4. SEGMENT INFORMATION *(continued)*

	Hotel		Tourist attraction		Provision of port facilities and ticketing services		Corporate and others		Consolidated	
	31 December 2006 HK$'000	30 April 2006 HK$'000	31 December 2006 HK$'000	30 April 2006 HK$'000	31 December 2006 HK$'000	30 April 2006 HK$'000	31 December 2006 HK$'000	30 April 2006 HK$'000	31 December 2006 HK$'000	30 April 2006 HK$'000
Assets and liabilities:										
Segment assets	338,011	250,409	407,679	402,710	70,150	71,828	304,217	280,249	1,120,057	1,005,196
Interest in a jointly-controlled entity	—	—	—	—	80,096	81,007	—	—	80,096	81,007
Interests in associates	—	—	—	—	—	—	—	1,968	—	1,968
Total assets									1,200,153	1,088,171
Segment liabilities	39,470	32,107	14,554	12,518	20,249	16,232	7,996	6,792	82,269	67,649
Unallocated liabilities									17,714	16,484
Total liabilities									99,983	84,133
Other segment information:										
Depreciation and amortisation	7,934	12,202	15,222	22,436	1,163	1,494	366	565	24,685	36,697
Capital expenditure	1,538	2,588	816	7,589	2,985	6,668	1,382	128	6,721	16,973
Impairment of golf club memberships	2,475	2,282	—	—	—	—	—	—	2,475	2,282
Impairment/(write-back of impairment) of trade and other receivables	145	(158)	208	2	(13)	—	—	—	340	(156)
Net fair value losses/(gains) on securities measured at fair value through profit or loss	—	—	—	—	—	—	(1,074)	25	(1,074)	25

5. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents proceeds from the provision of services, sale of goods, tickets, food and beverages, and the provision of port facilities and ticketing services, less sales tax and after trade discounts and returns, during the period.

An analysis of the Group's revenue, other income and gains is as follows:

	Period ended 31 December 2006	Year ended 30 April 2006
	HK$'000	*HK$'000*
Revenue		
Sale of goods and provision of services	**189,691**	230,707
Other income and gains		
Interest income	**3,715**	3,512
Net fair value gains/(losses) on securities measured at fair value through profit or loss	**1,074**	(25)
Gains on disposal of securities measured at fair value through profit or loss	**15,382**	6
Gain on disposal of an available-for-sale equity investment	**3,101**	—
Dividend income from listed equity investments	**27**	31
Gross rental income	**6,782**	9,661
Foreign exchange differences, net	**5,971**	2,573
Others	**1,830**	2,356
	37,882	18,114
	227,573	248,821

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Period ended 31 December 2006	Year ended 30 April 2006
	HK$'000	*HK$'000*
Cost of inventories sold	**17,667**	20,970
Cost of services provided*	**126,718**	157,290
Depreciation	**19,614**	29,059
Amortisation of prepaid land lease payments	**4,745**	7,080
Amortisation of rights to use port facilities	**326**	558
Minimum lease payments under operating leases in respect of land and buildings	**8,938**	13,648
Auditors' remuneration	**1,070**	930
Employee benefits expenses (including directors' remuneration — note 7):		
Wages and salaries	**42,648**	55,939
Pension scheme contributions	**1,688**	1,873
	44,336	57,812
Loss on disposal and write-offs of items of property, plant and equipment**	**292**	914
Gain on disposal of a subsidiary**	**(212)**	—
Loss on disposal of an associate**	**538**	—
Net fair value losses/(gains) on securities measured at fair value through profit or loss	**(1,074)**	25
Gains on disposal of securities measured at fair value through profit or loss	**(15,382)**	(6)
Gain on disposal of an available-for-sale equity investment	**(3,101)**	—
Impairment of interest in an associate**	**612**	—
Impairment of golf club memberships**	**2,475**	2,282
Impairment/(write-back of impairment) of trade receivables	**206**	(156)
Impairment of other receivables	**134**	—
Foreign exchange differences, net	**(5,971)**	(2,331)

* Cost of services provided includes HK$55,918,000 (year ended 30 April 2006: HK$78,995,000) in respect of employee benefits expenses, depreciation of property, plant and equipment, amortisation of prepaid land lease payments, amortisation of rights to use port facilities and minimum lease payments under operating leases in respect of land and buildings, which are also included in the respective total amounts disclosed separately above for these types of expenses.

** These items are included in "Other operating expenses, net" on the face of the consolidated income statement.

7. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration

Directors' remuneration for the period, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	Period ended 31 December 2006	Year ended 30 April 2006
	HK$'000	*HK$'000*
Fees		
— Independent non-executive directors	**399**	600
— Non-executive director	**133**	200
	532	800
Salaries, allowances and benefits in kind	**310**	583
Performance related bonuses	**491**	130
Pension scheme contributions	**34**	45
	835	758
	1,367	1,558

There were no share options granted to the directors during the period ended 31 December 2006 (year ended 30 April 2006: Nil). 44,410,000 share options were granted to the directors in prior years in respect of their services to the Group. All the previously granted share options were exercised during the period.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the period were as follows:

	Period ended 31 December 2006	Year ended 30 April 2006
	HK$'000	*HK$'000*
Mr. Hui Chiu Chung, Stephen	**133**	200
Mr. Chu Yu Lin, David	**133**	200
Mr. Albert Ho	**133**	200
	399	600

There were no other emoluments payable to the independent non-executive directors during the period (year ended 30 April 2006: Nil).

7. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(continued)*

Directors' remuneration *(continued)*

(b) *Executive directors and a non-executive director*

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Period ended 31 December 2006					
Executive directors:					
Mr. Zhu Lifu	—	—	—	—	—
Mr. Gu Zengcai	—	—	—	—	—
Mr. Huang Xin	—	106	321	9	436
Mr. Jin Tao	—	—	—	—	—
Mr. Yu Huaguo	—	48	28	5	81
Mr. Chen Yonglin	—	78	71	10	159
Mr. Wu Hanqiu	—	78	71	10	159
	—	310	491	34	835
Non-executive director:					
Mr. Liang Han	133	—	—	—	133
	133	310	491	34	968
Year ended 30 April 2006					
Executive directors:					
Mr. Zhu Lifu	—	—	—	—	—
Mr. Gu Zengcai	—	—	—	—	—
Mr. Jin Tao	—	—	—	—	—
Mr. Yu Huaguo	—	199	33	10	242
Mr. Yu Jinyao	—	—	—	—	—
Mr. Chen Yonglin	—	165	51	15	231
Mr. Wu Hanqiu	—	219	46	20	285
Mr. Chen Yuanhe	—	—	—	—	—
	—	583	130	45	758
Non-executive director:					
Mr. Liang Han	200	—	—	—	200
	200	583	130	45	958

There was no arrangement under which a director waived or agreed to waive any remuneration during the period.

7. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(continued)*

Five highest paid employees

The five highest paid employees during the period included one (year ended 30 April 2006: three) director, details of whose remuneration are set out above. Details of the remuneration of the remaining four (year ended 30 April 2006: two) non-director, highest paid employees for the period are as follows:

	Group	
	Period ended 31 December 2006	Year ended 30 April 2006
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,482**	1,257
Pension scheme contributions	**43**	23
	1,525	1,280

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	Period ended 31 December 2006	Year ended 30 April 2006
Nil to HK$1,000,000	**4**	1
HK$1,000,001 to HK$1,500,000	**—**	1
	4	2

No emoluments were paid by the Group to the non-director, highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

There were no share options granted to the non-director, highest paid employees during the period ended 31 December 2006 (year ended 30 April 2006: Nil). 2,800,000 share options were granted to the non-director, highest paid employees in prior years in respect of their services to the Group. No value in respect of these share options had been charged to the consolidated income statement, or is otherwise included in the above non-director, highest paid employees' remuneration disclosures for the year ended 30 April 2006 as the Group had adopted the transitional provisions of HKFRS 2. All the previously granted share options were exercised during the period.

8. TAX

Provision for Hong Kong profits tax has not been made as the Group has available tax losses carried forward from prior years to offset the estimated assessable profits arising in Hong Kong during the period. For the year ended 30 April 2006, Hong Kong profits tax had not been provided as the Group did not generate any assessable profits arising in Hong Kong during that year. The Group's subsidiaries established in the PRC are subject to a PRC income tax rate of 15% (year ended 30 April 2006: 15%).

	Group	
	Period ended 31 December 2006 *HK$'000*	Year ended 30 April 2006 *HK$'000*
Group:		
Current — Hong Kong	**—**	—
Current — PRC	**3,995**	4,247
Total tax charge for the period/year	**3,995**	4,247

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the tax jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	Group	
	Period ended 31 December 2006 *HK$'000*	Year ended 30 April 2006 *HK$'000*
Profit before tax	**49,260**	40,655
Tax at the statutory tax rates	**14,463**	15,184
Lower tax rate for specific provinces or local authority	**(6,784)**	(9,370)
Profits and losses attributable to a jointly-controlled entity and associates	**(2,409)**	(4,375)
Income not subject to tax	**(2,104)**	—
Expenses not deductible for tax	**1,282**	1,197
Tax losses utilised from previous periods	**(755)**	(280)
Tax losses not recognised	**—**	1,217
Others	**302**	674
Tax charge at the Group's effective tax rate	**3,995**	4,247

The share of tax attributable to a jointly-controlled entity amounting to HK$3,285,000 (year ended 30 April 2006: HK$5,014,000) is included in "Share of profits and losses of a jointly-controlled entity" on the face of the consolidated income statement. There was no profits tax attributable to the associates of the Group as these associates did not generate any assessable profits during the period (year ended 30 April 2006: Nil).

9. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the period ended 31 December 2006 includes a profit of HK$6,860,000 (year ended 30 April 2006: HK$102,821,000) which has been dealt with in the financial statements of the Company (note 35(b)).

10. DIVIDENDS

	Company	
	Period ended 31 December 2006	Year ended 30 April 2006
	HK$'000	*HK$'000*
Proposed final — HK1 cent (year ended 30 April 2006: HK2 cents) per ordinary share	**10,990**	16,844
Proposed special — Nil (year ended 30 April 2006: HK3 cents) per ordinary share	**—**	25,265
	10,990	42,109

The proposed final dividend for the period is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the period attributable to equity holders of the Company of HK$44,145,000 (year ended 30 April 2006: HK$34,805,000) and the weighted average number of ordinary shares in issue during the period of 996,425,298 (year ended 30 April 2006: 801,028,065).

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to equity holders of the Company of HK$44,145,000 (year ended 30 April 2006: HK$34,805,000). The weighted average number of ordinary shares of 1,027,378,150 (year ended 30 April 2006: 874,749,970) used in the calculation is the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options and warrants of 10,610,661 (year ended 30 April 2006: 73,721,905) and 20,342,191, respectively, during the period. The warrants outstanding during the year ended 30 April 2006 had an anti-dilutive effect on the basic earnings per share for that year.

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Construction in progress HK$'000	Medium-term leasehold buildings outside Hong Kong HK$'000	Furniture, fixtures, equipment, motor vehicles, plant and machinery and leasehold improvements HK$'000	Total HK$'000
31 December 2006				
At 30 April 2006 and 1 May 2006:				
Cost or valuation	2,188	320,074	159,368	481,630
Accumulated depreciation	—	—	(109,512)	(109,512)
Net carrying amount	2,188	320,074	49,856	372,118
At 1 May 2006, net of accumulated depreciation	2,188	320,074	49,856	372,118
Additions	2,610	397	3,714	6,721
Disposals and write-offs	(768)	(4)	(494)	(1,266)
Disposal of a subsidiary *(note 36)*	—	—	(130)	(130)
Deficit on revaluation	—	(3,518)	—	(3,518)
Depreciation provided during the period	—	(10,259)	(9,355)	(19,614)
Transfers	(214)	—	214	—
Exchange realignment	65	9,507	1,466	11,038
At 31 December 2006, net of accumulated depreciation	3,881	316,197	45,271	365,349
At 31 December 2006:				
Cost or valuation	3,881	316,197	169,827	489,905
Accumulated depreciation	—	—	(124,556)	(124,556)
Net carrying amount	3,881	316,197	45,271	365,349
Analysis of cost or valuation:				
At cost	3,881	—	169,827	173,708
At 31 December 2006 valuation	—	316,197	—	316,197
	3,881	316,197	169,827	489,905

12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group

	Construction in progress HK$'000	Medium-term leasehold buildings outside Hong Kong HK$'000	Furniture, fixtures, equipment, motor vehicles, plant and machinery and leasehold improvements HK$'000	Total HK$'000
30 April 2006				
At 1 May 2005:				
Cost or valuation	873	350,210	148,276	499,359
Accumulated depreciation	—	—	(101,630)	(101,630)
Net carrying amount	873	350,210	46,646	397,729
At 1 May 2005, net of accumulated depreciation	873	350,210	46,646	397,729
Additions	2,796	19	14,158	16,973
Disposals and write-offs	(463)	(2)	(1,075)	(1,540)
Deficit on revaluation	—	(23,428)	—	(23,428)
Depreciation provided during the year	—	(16,827)	(12,232)	(29,059)
Transfers	(1,043)	—	1,043	—
Exchange realignment	25	10,102	1,316	11,443
At 30 April 2006, net of accumulated depreciation	2,188	320,074	49,856	372,118
At 30 April 2006:				
Cost or valuation	2,188	320,074	159,368	481,630
Accumulated depreciation	—	—	(109,512)	(109,512)
Net carrying amount	2,188	320,074	49,856	372,118
Analysis of cost or valuation:				
At cost	2,188	—	159,368	161,556
At 30 April 2006 valuation	—	320,074	—	320,074
	2,188	320,074	159,368	481,630

12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company

	Furniture, fixtures, equipment, motor vehicles and leasehold improvements
	HK$'000
31 December 2006	
At 30 April 2006 and 1 May 2006:	
Cost	**1,217**
Accumulated depreciation	**(902)**
Net carrying amount	**315**
At 1 May 2006, net of accumulated depreciation	**315**
Additions	**1,355**
Depreciation provided during the period	**(245)**
At 31 December 2006, net of accumulated depreciation	**1,425**
At 31 December 2006:	
Cost	**2,572**
Accumulated depreciation	**(1,147)**
Net carrying amount	**1,425**
30 April 2006	
At 1 May 2005:	
Cost	1,217
Accumulated depreciation	(553)
Net carrying amount	664
At 1 May 2005, net of accumulated depreciation	664
Depreciation provided during the year	(349)
At 30 April 2006, net of accumulated depreciation	315
At 30 April 2006:	
Cost	1,217
Accumulated depreciation	(902)
Net carrying amount	315

12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

On 31 December 2006, the medium-term leasehold buildings of the Group were revalued by Castores Magi (Hong Kong) Limited ("Castores"), an independent firm of professionally qualified valuers. Depending on the nature of the properties, various leasehold buildings of the Group were revalued at approximately HK$104,830,000, HK$179,980,000 and HK$31,387,000 on the depreciated replacement cost basis, the income capitalisation basis and the open market basis, respectively. Net revaluation deficits resulting therefrom of HK$3,518,000 were charged to the asset revaluation reserve.

Had the Group's medium-term leasehold buildings been carried at cost less accumulated depreciation, they would have been included in the financial statements at a net book value of HK$265,274,000.

13. PREPAID LAND LEASE PAYMENTS

	Group	
	31 December 2006	30 April 2006
	HK$'000	*HK$'000*
Carrying amount at beginning of period/year	**205,653**	211,396
Exchange realignment	**1,377**	1,337
Amortisation recognised during the period/year	**(4,745)**	(7,080)
Carrying amount at end of period/year	**202,285**	205,653
Current portion included in prepayments, deposits and other receivables under current assets	**(7,118)**	(7,080)
Non-current portion	**195,167**	198,573

The prepaid land lease payments are held under medium-term leases and are situated outside Hong Kong.

14. RIGHTS TO USE PORT FACILITIES

	Group HK$'000
31 December 2006	
At 30 April 2006 and at 1 May 2006:	
Cost	**22,199**
Accumulated amortisation	**(3,312)**
Net carrying amount	**18,887**
At 1 May 2006, net of accumulated amortisation	**18,887**
Amortisation recognised during the period	**(326)**
Exchange realignment	**561**
At 31 December 2006, net of accumulated amortisation	**19,122**
At 31 December 2006:	
Cost	**22,915**
Accumulated amortisation	**(3,793)**
Net carrying amount	**19,122**
30 April 2006	
At 1 May 2005:	
Cost	21,577
Accumulated amortisation	(2,677)
Net carrying amount	18,900
At 1 May 2005, net of accumulated amortisation	18,900
Amortisation recognised during the year	(558)
Exchange realignment	545
At 30 April 2006, net of accumulated amortisation	18,887
At 30 April 2006:	
Cost	22,199
Accumulated amortisation	(3,312)
Net carrying amount	18,887

The balance represents the Group's rights to use certain buildings and structures erected at the Jiuzhou Port in Zhuhai, the PRC, for a term up to 27 March 2040 *(note 40(b))*.

15. INTANGIBLE ASSET

	Group HK$'000
31 December 2006	
At 30 April 2006:	
Cost	**22,120**
Accumulated impairment	**(12,015)**
Net carrying amount	**10,105**
At 30 April 2006, net of accumulated impairment	**10,105**
Impairment during the period	**(2,475)**
Exchange realignment	**300**
At 31 December 2006	**7,930**
At 31 December 2006:	
Cost	**22,420**
Accumulated impairment	**(14,490)**
Net carrying amount	**7,930**
30 April 2006	
At 30 April 2005:	
Cost	21,500
Accumulated impairment	(9,460)
Net carrying amount	12,040
At 30 April 2005, net of accumulated impairment	12,040
Impairment during the year	(2,282)
Exchange realignment	347
At 30 April 2006	10,105
At 30 April 2006:	
Cost	22,120
Accumulated impairment	(12,015)
Net carrying amount	10,105

15. INTANGIBLE ASSET *(continued)*

The balance represents memberships of a golf club in Zhuhai, the PRC, held by the Group. The memberships are perpetual and are freely transferrable. The memberships were acquired by the Group to provide golf club facilities for the Group's customers.

The recoverable amount of the golf club memberships as at the balance sheet date were determined by the Group with reference to the open market basis assessed by Castores. An impairment charge resulting therefrom of HK$2,475,000 was charged to the period's consolidated income statement.

16. GOODWILL

As detailed in note 2.5 to the financial statements, the Group applied the transitional provisions of HKFRS 3 that permitted goodwill in respect of business combinations which occurred prior to 2001, to remain eliminated against consolidated reserves.

The amount of goodwill remaining in the consolidated reserves as at 1 May 2006 and 31 December 2006, arising from the acquisition of subsidiaries prior to the adoption of SSAP 30 in 2001, was HK$200,573,000.

17. INTERESTS IN SUBSIDIARIES

	Company	
	31 December 2006	30 April 2006
	HK$'000	*HK$'000*
Unlisted shares, at cost	**892,808**	892,808
Due from subsidiaries	**227,717**	233,657
	1,120,525	1,126,465

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from subsidiaries approximate to their fair values.

17. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity attributable to the Company *Direct*	*Indirect*	Principal activities
Jiuzhou Tourist Development Company Limited	British Virgin Islands/ Hong Kong	US$15,600	100	—	Investment and property holding
Zhuhai Holiday Resort Hotel Co., Ltd. *(note a)*	PRC	HK$184,880,000	—	100	Management of a holiday resort
The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z. *(note a)*	PRC	RMB60,000,000	—	100	Management of a theme park
珠海水上娛樂有限公司 *(note a)*	PRC	RMB22,500,000	—	100	Management of an amusement park
Jiuzhou Port Company *(note b)*	PRC	RMB42,330,000	—	90	Provision of port facilities and ticketing services

Notes:

(a) Registered as wholly-foreign-owned enterprises under the PRC law.

(b) Registered as a contractual joint venture under the PRC law.

The statutory financial statements of the subsidiaries listed above were not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

The above table lists the subsidiaries of the Company which, in the opinion of the Company's board of directors, principally affected the results for the period 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.

18. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	Group	
	31 December 2006	30 April 2006
	HK$'000	*HK$'000*
Share of net assets of an unlisted jointly-controlled entity	**80,096**	81,007

Particulars of the jointly-controlled entity indirectly held by the Company are as follows:

		Place of	Percentage of			
Name	**Paid-up capital**	**registration and operations**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activity**
Ferry Company	RMB65,374,000	PRC	49	49	49	Provision of ferry services

The statutory financial statements were not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

The following table illustrates the summarised financial information of the Group's jointly-controlled entity:

	31 December 2006	30 April 2006
	HK$'000	*HK$'000*
Share of the jointly-controlled entity's assets and liabilities:		
Non-current assets	**57,024**	48,154
Current assets	**73,453**	73,562
Current liabilities	**(42,562)**	(32,890)
Non-current liabilities	**(7,819)**	(7,819)
Net assets	**80,096**	81,007

18. INTEREST IN A JOINTLY-CONTROLLED ENTITY *(continued)*

	Period ended 31 December 2006 HK$'000	Year ended 30 April 2006 HK$'000
Share of the jointly-controlled entity's results:		
Revenue	84,557	98,222
Other income	1,740	5,186
Total revenue	86,297	103,408
Total expenses	(66,954)	(69,412)
Tax	(3,285)	(5,014)
Profit after tax	16,058	28,982

19. INTERESTS IN ASSOCIATES

	Group 31 December 2006 HK$'000	Group 30 April 2006 HK$'000
Share of net assets of unlisted associate	—	1,968

Particulars of the associate are as follows:

Name	Particulars of issued share capital	Place of incorporation and operations	Percentage of ownership interest attributable to the Group	Principal activity
Allways Internet Limited	Ordinary shares of HK$3,000,000	Hong Kong	50	Investment holding

The statutory financial statements of the associate were not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

20. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	31 December 2006	30 April 2006	**31 December 2006**	30 April 2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong listed equity investment, at fair value#	**—**	7,480	**—**	7,480
Unlisted equity investment, at cost	**619**	601	**—**	—
	619	8,081	**—**	7,480
Less: Amount classified under current portion	**—**	(7,480)	**—**	(7,480)
Non-current portion	**619**	601	**—**	—

On 27 June 2006, the Group disposed of the listed equity investment to two independent private investors for an aggregate cash consideration of HK$7,480,000. As a result, the cumulative change in fair value of HK$3,101,000 previously recognised in equity was credited to the period's consolidated income statement.

21. PREPAYMENTS AND DEPOSITS

	Group	
	31 December 2006	30 April 2006
	HK$'000	*HK$'000*
Rental prepayments	**4,668**	4,708
Deposits	**150,084**	1,538
	154,752	6,246

21. PREPAYMENTS AND DEPOSITS *(continued)*

Included in the deposits was HK$148.5 million paid by the Group for certain transactions as further explained below:

(a) On 30 June 2006, the Group entered into a letter of intent with Zhuhai Guoyan (the "First Intent Letter"). Pursuant to the First Intent Letter, the Group has the first right of acquisition over several parcels of land (the "Hotel Land") leased to the Group where certain building structures of the Hotel Business were erected. In return, the Group paid a refundable deposit of RMB78 million (equivalent to HK$77.2 million) to Zhuhai Guoyan. Pursuant to the First Intent Letter, the deposit will be refunded to the Group should no formal legal binding agreement be entered on or before 31 December 2006.

On 29 December 2006, the Group and Zhuhai Guoyan entered into a conditional sale and purchase agreement (the "Land Agreement") for the acquisition of the Hotel Land for an aggregate cash consideration of RMB90.9 million.

Pursuant to the Land Agreement, the acquisition of the Hotel Land is conditional upon the completion of the Debt Restructuring Agreement. If the completion of the above land acquisition is not completed by 16 April 2008 or other later date as agreed, the Group has the right to terminate the transaction and demand full refund of the deposit, together with the interest calculated at the prevailing PRC bank borrowing rate from 29 December 2006, from Zhuhai Guoyan. Details of the Land Agreement, which constituted a connected party transaction under the Listing Rules, was announced by the Company in a press announcement dated 26 January 2007.

(b) On 5 July 2006, the Group entered into a letter of intent with 珠海市國資委(State-owned Assets Supervision and Administration Commission of Zhuhai Municipal Government) ("SASAC") (the "Intent Letter"). Pursuant to the Intent Letter, the Group has the first right of acquiring certain equity interests of two PRC companies with interests in certain public transportation services and in racing circuit, golf club and property development businesses in Zhuhai, respectively, from SASAC. In return, the Group paid refundable deposits in aggregate of RMB72 million (equivalent to HK$71.3 million) to SASAC.

On 29 December 2006, the Group entered into a supplementary letter of intent (the "Supplementary Letter") with SASAC, pursuant to which the Group ceased the negotiation with SASAC regarding the proposed acquisition of the equity interest in the PRC company which is engaged in public transportation services. The aggregate deposit of RMB72 million paid by the Group thus will serve as a refundable deposit solely for the proposed acquisition of the equity interest in the PRC company which is engaged in racing circuit, golf club and property development businesses in Zhuhai. The deposit, together with the interest calculated at the prevailing PRC bank borrowing rate from 5 January 2007, will be refunded to the Group if no formal agreement be entered into by 4 July 2007. Details of the Supplementary Letter was announced by the Company in a press announcement dated 4 January 2007.

22. SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	31 December 2006	30 April 2006	**31 December 2006**	30 April 2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Held-for-trading:				
Listed equity investments in Hong Kong	**—**	1,425	**—**	1,425
Unlisted investments in the PRC	**—**	60,577	**—**	—
Listed debt investments in the PRC	**60,329**	—	**—**	—
	60,329	62,002	**—**	1,425
Designated as securities measured at fair value through profit or loss:				
Unlisted debt investments in the PRC#	**60,188**	57,692	**—**	—
	120,517	119,694	**—**	1,425

Subsequent to the balance sheet date, HK$5.5 million of the listed debt investments were disposed of for an aggregate cash consideration of HK$5.6 million.

\# The unlisted debt investments have a fixed maturity of 1 year from April 2006. The returns of the unlisted debt investments are conditional upon certain future events and resulted in embedded derivatives that will significantly modify the returns/cash flows from the investments.

The fair values of the unlisted debt investments were determined with reference to the valuation performed by RHL Appraisal Limited, an independent firm of professional qualified valuers, using the discounted cash flow method.

23. HELD-TO-MATURITY INVESTMENTS

	Group	
	31 December 2006	30 April 2006
	HK$'000	*HK$'000*
Unlisted debt investments in the PRC	**—**	48,077

The debt investments with an effective interest rate of 2% per annum matured and were redeemed during the period.

24. INVENTORIES

	Group	
	31 December 2006	30 April 2006
	HK$'000	*HK$'000*
Food, beverages and souvenirs held for resale	**2,123**	1,745

25. TRADE RECEIVABLES

A defined credit policy is maintained within the Group. The general credit terms range from one to three months, except for certain well-established customers with a good repayment history, where the terms are extended to 18 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables at the balance sheet date, net of provisions, is as follow:

	Group	
	31 December 2006	30 April 2006
	HK$'000	*HK$'000*
Current to 3 months	**9,956**	11,279
4 to 6 months	**334**	3,552
7 to 12 months	**762**	3,449
Over 12 months	**10,408**	6,196
	21,460	24,476

As at 31 December 2006, the Group had a receivable from the Zhuhai Municipal Government arising from the use of the Group's hotel facilities amounting to approximately HK$15,327,000 (30 April 2006: HK$12,532,000). Such balance was included in trade receivables under current assets. The trade receivable with the Zhuhai Municipal Government is unsecured and interest-free, and the credit term granted is as mentioned above.

The carrying amounts of trade receivables approximate to their fair values.

26. DUE FROM A JOINTLY-CONTROLLED ENTITY

The amount due from a jointly-controlled entity is unsecured, interest-free and has no fixed term of repayment. The carrying value approximates to its fair value.

27. DUE FROM A SHAREHOLDER

The balance represented an amount due from Zhuhai Jiuzhou Port Group Corporation, a substantial shareholder of the Company as further explained in note 2.1 to the financial statements. The balance was unsecured and interest-free and was fully settled during the period.

28. BALANCES WITH RELATED COMPANIES

Particulars of the amounts due from related companies are as follows:

Group

	At 1 May 2006 HK$'000	Maximum amount during the period HK$'000	**At 31 December 2006 HK$'000**
Macau-Mondial Travel & Tours Ltd. ("Macau-Mondial")	5,398	5,398	**5,398**
Zhuhai Special Economic Zone Hotel ("Zhuhai SEZ Hotel")	458	458	**458**
濠江旅行社	1,009	1,009	**—**
	6,865		**5,856**
Impairment	(5,856)		**(5,856)**
	1,009		**—**

The amounts due from Macau-Mondial and Zhuhai SEZ Hotel, subsidiaries of Zhu Kuan Macau, represented the outstanding balances arising from the sale of tickets in prior years. Full provision in respect of the amounts had been made in prior years.

The amount due from 濠江旅行社, a subsidiary of Zhuhai Jiuzhou Port Group Corporation, at 30 April 2006, represented the outstanding balance arising from the sale of tickets and was fully settled during the period.

The balances with related companies are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts approximate to their fair values.

29. CASH AND CASH EQUIVALENTS

	Group		Company	
	31 December 2006 HK$'000	30 April 2006 HK$'000	**31 December 2006 HK$'000**	30 April 2006 HK$'000
Cash and bank balances	**173,431**	55,666	**66,986**	16,007
Time deposits with original maturity:				
Within three months	**25,034**	15,631	**25,034**	13,035
Over three months	**9,927**	92,378	**—**	—
	208,392	163,675	**92,020**	29,042

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$114,182,000 (30 April 2006: HK$129,386,000). RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between seven days and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The carrying amounts of cash and cash equivalents approximate to their fair values.

30. TRADE PAYABLES

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

	Group	
	31 December 2006 HK$'000	30 April 2006 HK$'000
Current to 3 months	**9,368**	6,724
4 to 6 months	**178**	347
7 to 12 months	**291**	389
Over 12 months	**3,566**	2,953
	13,403	10,413

The trade payables are non-interest-bearing and are normally settled on 60-day terms. The carrying amounts approximate to their fair values.

31. CONSTRUCTION PAYABLES

Construction payables, which represent amounts due to construction contractors, are unsecured, interest-free and repayable in accordance with the terms of the respective construction contracts. The carrying amounts approximate to their fair values.

32. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities of the Group during the period is as follows:

	Revaluation of leasehold buildings *HK$'000*
31 December 2006	
At 1 May 2006	**6,299**
Deferred tax credited to equity during the period	**(457)**
At 31 December 2006	**5,842**
30 April 2006	
At 1 May 2005	9,813
Deferred tax credited to equity during the year	(3,514)
At 30 April 2006	6,299

The Group has tax losses arising in Hong Kong of HK$27,235,000 (30 April 2006: HK$44,633,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in companies that have been loss-making for some time and/or the future income stream to recoup such losses is unpredictable.

33. SHARE CAPITAL

Shares	31 December 2006 HK$'000	30 April 2006 HK$'000
Authorised:		
2,000,000,000 ordinary shares of HK$0.10 each	200,000	200,000
Issued and fully paid:		
1,098,980,000 (30 April 2006: 832,590,000) ordinary shares of HK$0.10 (30 April 2006: HK$0.10) each	109,898	83,259
Fully paid but not yet issued:		
Nil (30 April 2006: 9,588,000) ordinary shares of HK$0.10 (30 April 2006: HK$0.10) each (note b)	—	959
	109,898	84,218

During the year ended 30 April 2006 and the period ended 31 December 2006, the movements in the share capital of the Company were as follows:

(a) 33,590,000 shares of HK$0.10 each were issued during the year ended 30 April 2006 for cash at a subscription price of HK$0.55 per share pursuant to the exercise of the Company's warrants for a total cash consideration, before issue expenses, of approximately HK$18,475,000.

(b) 9,588,000 warrants of the Company were exercised immediately prior to 30 April 2006 at a subscription price of HK$0.55 each for 9,588,000 shares of HK$0.10 each for a total cash consideration, before issue expenses, of approximately HK$5,273,000. The 9,588,000 shares were issued to the subscribers in May 2006.

(c) 159,800,000 share options were exercised during the period ended 31 December 2006 for 159,800,000 shares of HK$0.10 each for a total cash consideration of approximately HK$47,141,000, before issue expenses.

(d) 97,002,000 warrants of the Company were exercised during the period ended 31 December 2006 at a subscription price of HK$0.55 each for 97,002,000 shares of HK$0.10 each for a total cash consideration, before issue expenses, of approximately HK$53,351,000.

33. SHARE CAPITAL *(continued)*

A summary of the transactions during the year ended 30 April 2006 and the period ended 31 December 2006 with reference to the above movements in the Company's share capital is as follows:

	Number of shares in issue	Issued capital *HK$'000*	Share premium account *HK$'000*	Total *HK$'000*
At 1 May 2005	799,000,000	79,900	359,599	439,499
Warrants exercised:				
Shares fully paid and issued	33,590,000	3,359	15,116	18,475
Shares fully paid but not yet issued	—	959	4,314	5,273
	33,590,000	4,318	19,430	23,748
Share issue expenses	—	—	(514)	(514)
At 30 April 2006 and 1 May 2006	832,590,000	84,218	378,515	462,733
Warrants exercised:				
Shares fully paid before 30 April 2006 but issued in May 2006	9,588,000	—	—	—
Shares fully paid and issued	97,002,000	9,700	43,651	53,351
	106,590,000	9,700	43,651	53,351
Share options exercised:				
Shares fully paid and issued	159,800,000	15,980	31,161	47,141
Share issue expenses	—	—	(1,055)	(1,055)
At 31 December 2006	1,098,980,000	109,898	452,272	562,170

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 34 to the financial statements.

33. SHARE CAPITAL *(continued)*

Warrants

On 4 April 2006, the Company placed 159,800,000 warrants of HK0.55 cent each to certain independent third parties for total proceeds of approximately HK$879,000, before issue expenses of HK$526,000. Each warrant entitles the holder thereof to subscribe for one ordinary share of HK$0.10 of the Company at a subscription price of HK$0.55 per share, payable in cash and subject to adjustment, from the date of issue to 3 April 2007.

As at 1 May 2006, the Company had 116,622,000 warrants outstanding. During the period ended 31 December 2006, 97,002,000 warrants were exercised for a total cash consideration of HK$53,351,000, before issue expenses. At the balance sheet date, the Company had 19,620,000 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in the issue of 19,620,000 additional ordinary shares of HK$0.10 each and additional share capital of HK$1,962,000 and share premium of approximately HK$8,829,000 (before issue expenses).

Subsequent to the balance sheet date and up to the date of these financial statements, all outstanding warrants were exercised.

34. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest ("Invested Entity"). Eligible participants of the Scheme include the (i) directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers of the Group, or (ii) any Invested Entity, any person or entity that provides research, development or other technological support to the Group, or (iii) any Invested Entity, or any shareholder of any member of the Group, or (iv) any Invested Entity, or any holder of any securities issued by any member of the Group or any Invested Entity. The Scheme became effective on 26 September 2002 and, unless otherwise terminated or amended, will remain in force for 10 years.

34. SHARE OPTION SCHEME *(continued)*

The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time. The total number of shares which may be issued upon exercise of all share options granted under the Scheme may not exceed 239,700,000 shares, which represents 10% of the total number of shares in issue as refreshed in the annual general meeting held on 29 October 2004 (i.e., not exceeding 79,900,000 shares in the Company), plus the 159,800,000 share options previously granted. Share options which lapse in accordance with the terms of the Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the Scheme, save that the total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the Scheme or any other share option schemes of the Company (including share options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as refreshed. The total number of shares issued and to be issued upon the exercise of the share options granted to each eligible participant (including both exercised and outstanding options) within any 12-month period shall not exceed 1% of the total number of shares in issue.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates under the Scheme must comply with the requirements of Rule 17.04 of the Listing Rules and must be subject to approval by the independent non-executive directors to whom share options have not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the shares issued and to be issued upon the exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million is subject to prior approval from shareholders in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon the payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and shall not be more than 10 years from the date of offer of the share options, subject to the provisions for early termination as set out in the Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

34. SHARE OPTION SCHEME *(continued)*

The movements in the share options granted under the Scheme during the period are as follows:

Name or category of participant	At 1 May 2006	Exercised during the period	At 31 December 2006	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK$ per share	Price of the Company's shares: At date of grant of options*** HK$ per share	Price of the Company's shares: Immediately before the exercise date^ HK$ per share	Price of the Company's shares: At date of exercise of options^^ HK$ per share
Directors									
Mr. Zhu Lifu	2,700,000	(2,700,000)	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26	0.78	0.78
	4,000,000	(4,000,000)	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34	0.78	0.78
	6,700,000	(6,700,000)	—						
Mr. Gu Zengcai	2,250,000	(2,250,000)	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26	0.78	0.78
	3,200,000	(3,200,000)	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34	0.78	0.78
	5,450,000	(5,450,000)	—						
Mr. Jin Tao	2,700,000	(2,700,000)	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26	0.78	0.78
	3,200,000	(3,200,000)	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34	0.78	0.78
	5,900,000	(5,900,000)	—						
Mr. Yu Huaguo	2,860,000	(2,860,000)	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26	0.78	0.78
	3,600,000	(3,600,000)	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34	0.78	0.78
	6,460,000	(6,460,000)	—						
Mr. Chen Yonglin	2,700,000	(2,700,000)	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26	0.78	0.78
	3,200,000	(3,200,000)	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34	0.78	0.78
	5,900,000	(5,900,000)	—						
Mr. Wu Hanqiu	2,700,000	(2,700,000)	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26	0.78	0.78
	3,200,000	(3,200,000)	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34	0.78	0.78
	5,900,000	(5,900,000)	—						
Mr. Liang Han	1,000,000	(1,000,000)	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26	0.79	0.78
	1,700,000	(1,700,000)	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34	0.79	0.78
	2,700,000	(2,700,000)	—						

34. SHARE OPTION SCHEME *(continued)*

Name or category of participant	At 1 May 2006	Exercised during the period	At 31 December 2006	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK$ per share	Price of the Company's shares At date of grant of options*** HK$ per share	Price of the Company's shares Immediately before the exercise date^ HK$ per share	Price of the Company's shares At date of exercise of options^^ HK$ per share
Directors *(continued)*									
Mr. Hui Chiu Chung,	1,000,000	(1,000,000)	–	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26	0.84	0.81
Stephen	1,700,000	(1,700,000)	–	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34	0.84	0.83
	2,700,000	(2,700,000)	–						
Mr. Chu Yu Lin, David	1,000,000	(1,000,000)	–	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26	0.88	0.89
	1,700,000	(1,700,000)	–	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34	0.88	0.89
	2,700,000	(2,700,000)	–						
Subtotal	44,410,000	(44,410,000)	–						
Other employees									
In aggregate	17,070,000	(17,070,000)	–	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26	0.79	0.78
	18,700,000	(18,700,000)	–	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34	0.78	0.78
	35,770,000	(35,770,000)	–						
Others									
In aggregate	43,920,000	(43,920,000)	–	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26	0.81	0.78
	35,700,000	(35,700,000)	–	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34	0.79	0.78
	79,620,000	(79,620,000)	–						
Total	159,800,000	(159,800,000)	–						

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustments in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The prices of the Company's shares disclosed as at the date of grant of the share options are the Stock Exchange closing price on the trading day immediately prior to the date of grant of the share options.

^ The prices of the Company's shares disclosed are the weighted average Stock Exchange closing price on the date immediately before the exercise date.

^^ The prices of the Company's shares disclosed are the weighted average Stock Exchange closing price on the date of exercise of the share options.

During the period ended 31 December 2006, a total of 159,800,000 share options were exercised for a total cash consideration of approximately HK$47,141,000 (before issue expenses). No share options were outstanding as at the balance sheet date.

35. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the period and prior year are presented in the consolidated statement of changes in equity.

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired, together with the surplus arising on the acquisition of the site of the Group's theme park, pursuant to the Group reorganisation on 30 April 1998, and the nominal value of the Company's shares issued pursuant to the Group reorganisation.

In accordance with the relevant PRC regulations, the subsidiaries and the jointly-controlled entity established in the PRC are required to transfer a certain percentage of their profits after tax to the statutory reserve funds. Subject to certain restrictions set out in the relevant PRC regulations and the articles of association of the subsidiaries and the jointly-controlled entity, the statutory reserve funds may be used to offset against losses and/or may be capitalised as paid-up capital.

Goodwill arising on the acquisition of subsidiaries in prior years of HK$200,573,000 (30 April 2006: HK$200,573,000) remains eliminated against consolidated reserves, as further explained in note 16 to the financial statements.

35. RESERVES *(continued)*

(b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Warrant reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
Balance at 1 May 2005	359,599	628,440	—	—	(38,106)	949,933
Issuance of warrants *(note 33)*	—	—	353	—	—	353
Warrants exercised *(note 33)*	19,430	—	—	—	—	19,430
Share issue expenses *(note 33)*	(514)	—	—	—	—	(514)
Change in fair value of available-for-sale investment	—	—	—	3,101	—	3,101
Profit for the year	—	—	—	—	102,821	102,821
Proposed dividends *(note 10)*	—	—	—	—	(42,109)	(42,109)
At 30 April 2006 and at 1 May 2006	378,515	628,440	353	3,101	22,606	1,033,015
Disposal of an available-for-sale investment *(note 20)*	—	—	—	(3,101)	—	(3,101)
Final dividends declared	—	—	—	—	(12,640)	(12,640)
Warrants exercised *(note 33)*	43,651	—	—	—	—	43,651
Share options exercised *(note 33)*	31,161	—	—	—	—	31,161
Share issue expenses *(note 33)*	(1,055)	—	—	—	—	(1,055)
Profit for the period	—	—	—	—	6,860	6,860
Proposed dividend *(note 10)*	—	—	—	—	(10,990)	(10,990)
At 31 December 2006	452,272	628,440	353	—	5,836	1,086,901

The contributed surplus of the Company represents the excess of the then combined net asset value of the subsidiaries acquired pursuant to the reorganisation scheme referred to in note 35(a), over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is distributable to shareholders in certain circumstances.

36. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Disposal of a subsidiary during the period ended 31 December 2006:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	(130)
Cash and bank balances	(292)
Trade receivables	(639)
Prepayments, deposits and other receivables	(1,251)
Accrued liabilities and other payables	644
	1,668
Gain on disposal of a subsidiary	212
	1,880
Satisfied by:	
Cash	1,880

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary during the period is as follows:

	HK$'000
Cash consideration	1,880
Cash and bank balances disposed of	(292)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	1,588

The results of the subsidiary disposed of during the period had no significant impact on the Group's consolidated revenue or profit attributable to equity holders of the Company for the period.

37. CONTINGENT LIABILITIES

At the balance sheet date, neither the Group nor the Company had any significant contingent liabilities (30 April 2006: Nil).

38. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its leasehold buildings under operating lease arrangements, with leases negotiated for original terms ranging from 1 to 25 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	31 December 2006	30 April 2006
	HK$'000	*HK$'000*
Within one year	**6,809**	8,945
In the second to fifth years, inclusive	**21,132**	21,624
After five years	**7,620**	13,908
	35,561	44,477

(b) As lessee

The Group leases certain of its office premises, hotel and port properties and facilities under operating lease arrangements. Leases are negotiated for original terms ranging from 1 to 44 years.

At the balance sheet date, the Group and the Company had future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	31 December 2006	30 April 2006	**31 December 2006**	30 April 2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**12,900**	12,793	**1,043**	992
In the second to fifth years, inclusive	**39,893**	40,729	**442**	900
After five years	**286,804**	284,692	**—**	—
	339,597	338,214	**1,485**	1,892

39. COMMITMENTS

In addition to the operating leases commitments detailed in note 38(b) above, the Group had the following commitments at the balance sheet date:

	Group	
	31 December 2006 HK$'000	30 April 2006 HK$'000
Capital commitments contracted for:		
Acquisition of items of property, plant and equipment	**352**	1,433
Acquisition of the Hotel Land	**12,900**	—
	13,252	1,433

The Company had no significant commitment at the balance sheet date (30 April 2006: Nil).

40. RELATED PARTY TRANSACTIONS

(a) In addition to those disclosed elsewhere in the financial statements, the Group had the following material transactions with related parties during the period:

Name	*Notes*	**Nature**	**Period ended 31 December 2006 HK$'000**	**Year ended 30 April 2006 HK$'000**
Zhuhai Holiday Resort Co., Ltd (the "Resort Company")	*(i)*	Rental expenses	**5,667**	**8,500**
Ferry Company	*(ii)*	Port service fees	**20,441**	**25,180**
Zhuhai Jiuzhou Port Group Corporation	*(iii)*	Rental expenses	**2,297**	**3,423**
China Marine Bunker Supply Company Jiuzhou Branch	*(iv)*	Diesel fuel expenses	**706**	**—**

40. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Notes:

(i) The rental expense paid to the Resort Company, a subsidiary of Zhu Kuan Macau, was calculated based on the tenancy agreement.

(ii) Jiuzhou Port Company, a subsidiary of the Company, received agency commission fees and service fees for acting as an agent in the sale of ferry tickets to passengers and for the provision of management services for the berthing facilities at the Jiuzhou Port in Zhuhai to Ferry Company, a jointly-controlled entity. The service fees are charged at a rate of 23.5% on the gross proceeds from the sale of ferry tickets.

(iii) Jiuzhou Port Company has entered into certain lease agreements with Zhuhai Jiuzhou Port Group Corporation, a substantial shareholder of the Company, as follows:

(1) Under a lease agreement dated 28 March 2000, Zhuhai Jiuzhou Port Group Corporation agreed to lease to Jiuzhou Port Company the land use rights in respect of the land surrounding the Jiuzhou Port at an annual rental of RMB515,000 (equivalent to approximately HK$510,000) for a period of 40 years starting from 28 March 2000;

(2) Under a lease agreement dated 22 May 2001, Zhuhai Jiuzhou Port Group Corporation agreed to lease to Jiuzhou Port Company the plaza surrounding the Jiuzhou Port at an annual rental of RMB600,000 (equivalent to approximately HK$594,000) for a period of five years starting from 1 June 2001. Upon expiry, the lease expiry was extended without a fixed lease period;

(3) Under a renewed lease agreement dated 10 January 2004, Zhuhai Jiuzhou Port Group Corporation agreed to lease to Jiuzhou Port Company certain office premises at an annual rental of approximately RMB755,000 (equivalent to approximately HK$747,000) for a period of five years starting from 1 January 2004;

(4) Under a lease agreement dated 9 January 2003, Zhuhai Jiuzhou Port Group Corporation agreed to lease to Jiuzhou Port Company certain port facilities at the Jiuzhou Port adjacent to the land referred to in (a) above at an annual rental of RMB960,000 (equivalent to approximately HK$950,000) for a period of five years starting from 1 January 2003;

(5) Under a lease agreement dated 23 December 2003, Zhuhai Jiuzhou Port Group Corporation agreed to lease to Jiuzhou Port Company certain ferry terminals at the Jiuzhou Port adjacent to the land referred to in (a) above at an annual rental of RMB650,000 (equivalent to approximately HK$644,000) for a period of five years starting from 1 January 2004;

(iv) The diesel fuel expenses paid to China Marine Bunker Supply Company Jiuzhou Branch, which is a subsidiary of Zhuhai Jiuzhou Port Group Corporation, were calculated with reference to the diesel fuel supply agreement.

(b) Other transactions with related parties

In addition, in 1994, Jiuzhou Port Company was granted by Zhuhai Jiuzhou Port Group Corporation, who is also the major shareholder of Ferry Company, the rights to use the port facilities at the Jiuzhou Port for a period of 20 years for a lump sum payment of approximately RMB33,000,000 (equivalent to approximately HK$31,000,000). Under a supplemental lease agreement dated 1 March 2000, the terms of the lease were renegotiated, and both parties agreed to extend the lease to Jiuzhou Port Company for the use of the port facilities, which include certain buildings and structures erected at the Jiuzhou Port, to 40 years from that date, up to 27 March 2040, at no additional cost *(note 14)*;

40. RELATED PARTY TRANSACTIONS *(continued)*

(c) Outstanding balances with related parties

Details of the Group's balances with related parties were set out in notes 26, 27 and 28 to the financial statements.

(d) Compensation to key management personnel of the Group

	Period ended 31 December 2006 *HK$'000*	Year ended 30 April 2006 *HK$'000*
Short-term employee benefits	**2,098**	**2,111**
Post-employment benefits	**71**	**74**
Total compensation paid to key management personnel	**2,169**	**2,185**

Further details of directors' remuneration are included in note 7 to the financial statements.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise securities measured at fair value through profit or loss, held-to-maturity investments, available-for-sale investments, balances with related parties, and cash and cash equivalents. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and price risk. The Group had insignificant foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has insignificant transactional currency exposures. Almost all the Group's income and expenses are denominated either in HK$ or RMB. The Group currently has not implemented any procedures to monitor its currency exposures. However, management monitors the foreign exchange exposure and will consider implementing adequate hedging foreign currency procedures should the need arise.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale investments, securities measured at fair value through profit or loss, held-to-maturity investments and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Price risk

It is the Group's policy to measure its available-for-sale investments and securities measured at fair value through profit or loss at fair value at each balance sheet date. Therefore, the Group is exposed to price risk. It is the Group's policy to manage this exposure by maintaining a portfolio of investments with relatively low risk profiles.

42. POST BALANCE SHEET EVENTS

In addition to those disclosed elsewhere in the financial statements, the Group had the following significant post balance sheet events:

(a) During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Since the detailed implementation and administrative rules and regulations have not yet been announced, the financial impact of the New Corporate Income Tax Law on the Group cannot be reasonably estimated at this stage.

(b) Subsequent to the balance sheet date, 19,620,000 warrants were exercised for a total cash consideration of HK$10,791,000 (before issue expenses) resulting in additional issuance of 19,620,000 ordinary shares of HK$0.10 each in the Company.

(c) Subsequent to the balance sheet date, the Group disposed of securities measured at fair value through profit or loss with a carrying value of HK$5.5 million for an aggregate cash consideration of HK$5.6 million.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 April 2007.