Notes to the Financial Statements

For the year ended 31 March 2006

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" in the annual report.

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

The Company is engaged in investment holding, treasury investment and the operation of public godowns. The principal activities of its principal subsidiaries are set out in note 35.

2. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group and the Company has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRSs has resulted in changes to the Group's and the Company's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented.

Owner-occupied leasehold interests in land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. The change in accounting policy has been applied retrospectively and comparative figures have been restated (see Note 3 for the financial impact). Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

2. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (Continued)

Investment properties

In the current year, the Group has applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in profit or loss for the year in which they arise. In previous years, investment properties under the predecessor standard were measured at open market values, with revaluation surplus or deficit credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and a revaluation surplus subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 retrospectively. Comparative figures have been restated (see Note 3 for the financial impact).

Deferred taxes related to investment properties

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequences that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor interpretation. In the current year, the Group has applied HK(SIC) Interpretation 21 ("HK(SIC)-INT 21") "Income Taxes-Recovery of Revalued Non-Depreciable Assets" which removes the presumption that the carrying amounts of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC)-INT 21, this change in accounting policy has been applied retrospectively. Comparative figures have been restated (see Note 3 for the financial impact).

Financial instruments

In the current year, the Group and the Company has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for accounting periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group and the Company are presented in the financial statements for current and prior accounting years. The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets that are within the scope of HKAS 39 and the principal effects are summarised below:

2. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Classification and measurement of financial assets and financial liabilities

By 31 March 2005, the Group and the Company classified and measured its investments in equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice 24 ("SSAP 24") "Accounting for Investments in Securities". Under SSAP 24, the Group's and the Company's investments in equity securities are classified as "trading securities" or "non-trading securities" as appropriate. Both "trading securities" and "non-trading securities" are measured at fair value. Unrealised gains or losses of "trading securities" are reported in the profit or loss for the year in which gains or losses arise. Unrealised gains or losses of "non-trading securities" are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit and loss for that year. From 1 April 2005 onwards, the Group and the Company classified and measured its "investments in non-trading securities" and "investments in trading securities" as "available-for-sale investments" and "investments held for trading", respectively in accordance with the transitional provisions of HKAS 39. "Available-for-sale investments" and "investments held for trading" are carried at fair value, with changes in fair values recognised in equity and profit and loss, respectively. This change in accounting policy has had no effect on the results for the current and prior accounting years.

Newly issued standards or interpretations but not yet effective

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

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

2. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (Continued)

Newly issued standards or interpretations but not yet effective (Continued)

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

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

The effects of the changes in the accounting policies described in note 2 are summarised as follows:

(a) Effect on the Group's results for the current and prior years:

	2006 *HK$'000*	2005 *HK$'000*
Increase in fair value of investment properties	133,600	90,400
Increase in deferred tax relating to investment properties	(23,380)	(17,022)
Increase in profit for the year	110,220	73,378

Analysis by line items presented according to their nature:

	2006 *HK$'000*	2005 *HK$'000*
Increase in fair value of investment properties	133,600	90,400
Increase in taxation	(23,380)	(17,022)
Increase in profit for the year	110,220	73,378

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

(b) Effects on the balance sheets as at 31 March 2005 and 1 April 2005:

	At 31.3.2005 (originally stated)	HKAS 17	HKAS 40	HK(SIC)-INT 21	At 31.3.2005 (restated)	HKAS 39	At 1.4.2005 (restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP							
Property, plant and equipment	43,717	(22,598)	–	–	21,119	–	21,119
Prepaid lease payments							
– non-current portion	–	22,157	–	–	22,157	–	22,157
– current portion	–	441	–	–	441	–	441
Investments in non-trading securities	46,408	–	–	–	46,408	(46,408)	–
Available-for-sale investments	–	–	–	–	–	46,408	46,408
Investments in trading securities	37,249	–	–	–	37,249	(37,249)	–
Investments held for trading	–	–	–	–	–	37,249	37,249
Deferred tax liabilities	(16,438)	–	–	(49,932)	(66,370)	–	(66,370)
Total effects on assets and liabilities	110,936	–	–	(49,932)	61,004	–	61,004
Retained profits	553,387	–	286,949	(49,932)	790,404	–	790,404
Investment property revaluation reserve	286,949	–	(286,949)	–	–	–	–
Total effects on equity	840,336	–	–	(49,932)	790,404	–	790,404
THE COMPANY							
Investments in non-trading securities	46,408	–	–	–	46,408	(46,408)	–
Available-for-sale investments	–	–	–	–	–	46,408	46,408
Investments in trading securities	37,212	–	–	–	37,212	(37,212)	–
Investments held for trading	–	–	–	–	–	37,212	37,212
Total effects on assets	83,620	–	–	–	83,620	–	83,620

(c) The effects on the Group's equity as at 1 April 2004 are that investment property revaluation reserve decreased by HK$196,549,000 and retained profits increased by HK$163,639,000.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The principal accounting policies adopted are below:

Basis of consolidation

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

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

All intercompany transactions and balances within the Group are eliminated on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost, less any identified impairment loss. Results of subsidiaries are accounted for by the Company on the basis of dividends received or receivable during the year.

Revenue recognition

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

Godown operation income is recognised on an accrual basis when the godown facilities are utilised and services are rendered.

Sale of trading securities is recognised on a trade-date basis.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

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

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

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any identified impairment loss.

Depreciation is provided to write off the cost of the assets over their estimated useful lives, using the straight line method.

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

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

Financial assets

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

Financial assets held for trading

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

Loans and receivables

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories (under HKAS 39). At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse to profit or loss in subsequent periods.

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities (including other payables, amounts due to subsidiaries, and bank loan) are measured at amortised cost, using the effective interest method after initial recognition.

Foreign currencies

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

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

Leasing

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

Rental income from operating leases is recognised in the income statement on a straight line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

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

Borrowings costs

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

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

5. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into three operating divisions-godown operations, property investment and treasury investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Godown operations	–	Operation of godown
Property investment	–	Leasing of investment properties
Treasury investment	–	Securities trading and investment

5. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Segment information about these businesses is presented below:

For the year ended 31 March 2006

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Revenue					
External income	30,769	51,816	59,817	–	142,402
Inter-segment income	–	5,676	–	(5,676)	–
Total	30,769	57,492	59,817	(5,676)	142,402

Inter-segment income is charged by reference to prevailing market rates.

Segment result	12,514	177,267	17,802	–	207,583
Unallocated corporate expenses					(6,417)
Finance costs					(134)
Profit before taxation					201,032
Taxation					(33,605)
Profit for the year attributable to shareholders					167,427

5. SEGMENT INFORMATION (Continued)

Business segments (Continued)

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	49,898	1,052,477	157,779	1,260,154
Unallocated corporate assets				11,995
Consolidated total assets				1,272,149
Liabilities				
Segment liabilities	12,065	25,494	–	37,559
Unallocated corporate liabilities				97,717
Consolidated total liabilities				135,276

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Consolidated *HK$'000*
Other information				
Capital expenditure	453	319	–	772
Depreciation of property, plant and equipment	3,109	405	–	3,514

5. SEGMENT INFORMATION (Continued)

Business segments (Continued)

For the year ended 31 March 2005 (restated)

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Revenue					
External income	30,944	50,520	42,223	–	123,687
Inter-segment income	–	5,676	–	(5,676)	–
Total	30,944	56,196	42,223	(5,676)	123,687

Inter-segment income is charged by reference to prevailing market rates.

Segment result	12,266	124,592	14,061	–	150,919
Unallocated corporate expenses					(5,735)
Finance costs					(242)
Profit before taxation					144,942
Taxation					(26,025)
Profit for the year attributable to shareholders					118,917

5. SEGMENT INFORMATION (Continued)

Business segments (Continued)

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	50,000	916,102	128,551	1,094,653
Unallocated corporate assets				4,389
Consolidated total assets				1,099,042
Liabilities				
Segment liabilities	12,284	27,465	–	39,749
Unallocated corporate liabilities				90,128
Consolidated total liabilities				129,877

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Consolidated *HK$'000*
Other information				
Capital expenditure	239	63	–	302
Depreciation of property, plant and equipment	3,059	510	–	3,569

Geographical segments

More than 90% of the Group's revenue, profit before taxation, assets and liabilities were derived from and located in Hong Kong and, therefore, no geographical segments are presented.

6. FINANCE COSTS

	2006 ***HK$'000***	2005 *HK$'000*
Interest on bank borrowings wholly repayable within five years	**134**	242

7. DIRECTORS' EMOLUMENTS

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

Name of directors	Lui Sin	Lui Chi Lung	Lu Yong Lee	Lee Ka Sze, Carmelo	Gan Khai Choon	Lam Ming Leung	Oen Min Tjin	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2006								
Fees	60	30	20	110	80	80	110	490
Other emoluments								
Salaries and other benefits	2,119	1,171	–	–	–	–	–	3,290
Retirement benefits scheme contributions	–	24	–	–	–	–	–	24
Total emoluments	2,179	1,225	20	110	80	80	110	3,804
2005								
Fees	60	30	20	110	80	80	47	427
Other emoluments								
Salaries and other benefits	2,119	1,171	–	–	–	–	–	3,290
Retirement benefits scheme contributions	–	24	–	–	–	–	–	24
Total emoluments	2,179	1,225	20	110	80	80	47	3,741

8. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2005: two) were executive directors of the Company whose emoluments are included in note 7 above. The emoluments of the remaining three (2005: three) individuals were as follows:

	2006	2005
	HK$'000	*HK$'000*
Salaries and other benefits	1,438	1,445
Retirement benefit scheme contributions	36	36
	1,474	1,481

The aggregate emoluments for each of the above-mentioned three (2005: three) employees during the year were less than HK$1,000,000.

9. PROFIT BEFORE TAXATION

	2006 *HK$'000*	2005 *HK$'000*
Profit before taxation has been arrived at after charging:		
Auditors' remuneration	650	450
and after crediting:		
Gross rental income from investment properties	51,816	50,520
Less: direct operating expenses from investment properties that generated rental income during the year	(4,520)	(3,060)
Net rental income	47,296	47,460
Dividend income from listed securities		
– Available-for-sale investments/investments in non-trading securities	1,605	1,531
– Investments held for trading/investments in trading securities	799	679
Gain on disposal of listed trading securities	9,761	7,985
Interest income	1,828	122

10. TAXATION

	2006 *HK$'000*	2005 *HK$'000* (restated)
The charge comprises:		
Hong Kong Profits Tax		
Current year	5,747	5,219
Overprovision in prior years	(597)	(504)
	5,150	4,715
Deferred taxation *(note 28)*	28,455	21,310
	33,605	26,025

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

10. TAXATION (Continued)

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

	2006 *HK$'000*	2005 *HK$'000* (restated)
Profit before taxation	201,032	144,942
Tax at the domestic income tax rate of 17.5% (2005: 17.5%)	35,181	25,365
Tax effect of expenses not deductible for tax purpose	367	207
Tax effect of income not taxable for tax purpose	(691)	(406)
Tax effect of tax losses not recognised	60	1,447
Tax effect of utilisation of deductible temporary differences previously not recognised	(13)	(404)
Tax effect of utilisation of tax losses previously not recognised	(671)	–
Effect of different tax rates of a subsidiary operating in other jurisdictions	(57)	(29)
Overprovision in prior years	(597)	(504)
Others	26	349
Taxation charge for the year	33,605	26,025

11. DIVIDENDS

	2006 *HK$'000*	2005 *HK$'000*
Dividend paid:		
Interim dividend paid during the year – HK 7 cents (2005: HK 7 cents) per ordinary share	9,450	9,450
Final dividend in respect of 2005, approved and paid during 2006 – HK 7 cents per ordinary share	9,450	–
Final dividend in respect of 2004, approved and paid during 2005 – HK 6 cents per ordinary share	–	8,100
	18,900	17,550
Dividend proposed:		
Final dividend – HK 7 cents (2005: HK 7 cents) per ordinary share	9,450	9,450
Special dividend – HK 2 cents (2005: Nil) per ordinary share	2,700	–
	12,150	9,450

A final dividend of HK 7 cents per share and a special dividend of HK 2 cents per share, amounting to HK$12,150,000, for the year have been proposed by the directors and is subject to the approval by shareholders in the forthcoming annual general meeting.

12. EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share is based on the profit for the year attributable to shareholders of HK$167,427,000 (2005: HK$118,917,000 restated) and on 135,000,000 shares in issue throughout both years.

The following table summaries the impact on basic earnings per share as a result of the changes in accounting policies as described in note 2.

	2006	2005
	HK$	*HK$*
Figures before adjustments	**0.42**	0.34
Adjustments arising from changes in accounting policies *(see Note 3)*	**0.82**	0.54
As reported/restated	**1.24**	0.88

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue in both years.

13. INVESTMENT PROPERTIES

	THE GROUP
	HK$'000
AT FAIR VALUE	
At 1 April 2004	823,000
Increase in fair value	90,400
At 31 March 2005	913,400
Increase in fair value	133,600
At 31 March 2006	1,047,000

13. INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties at 31 March 2006 has been arrived at on the basis of a valuation carried out on that date by Messrs. Jones Lang LaSalle Limited and A A Property Services Limited, Chartered Surveyors, independent qualified professional valuers not connected with the Group. Messrs. Jones Lang LaSalle Limited and A A Property Services Limited, Chartered Surveyors are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conformed to Hong Kong Institute of Surveyors Valuation Standards on Properties, was arrived at by reference to market evidence of transaction prices for similar properties. The revaluation gave rise to a gain arising from changes in fair value of HK$133,600,000 which has been credited to the consolidated income statement.

All the investment properties of the Group are rented out under operating leases.

The carrying amount of investment properties comprises properties on land in Hong Kong as follows:

	2006	2005
	HK$'000	*HK$'000*
Long leases	**149,000**	118,400
Medium-term leases	**898,000**	795,000
	1,047,000	913,400

14. PROPERTY, PLANT AND EQUIPMENT

	Godown premises in Hong Kong held under long leases HK$'000	Godown premises in Hong Kong held under medium-term leases HK$'000	Office premises and carpark in Mainland China held under medium-term land use rights HK$'000	Leasehold improvements, furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
THE GROUP						
COST						
At 1 April 2004						
– as originally stated	74,498	32,975	1,668	19,977	2,536	131,654
– effect of changes in accounting policies *(note 2)*	(26,886)	–	–	–	–	(26,886)
– as restated	47,612	32,975	1,668	19,977	2,536	104,768
Additions	–	–	–	302	–	302
At 31 March 2005	47,612	32,975	1,668	20,279	2,536	105,070
Exchange adjustments	–	–	46	–	–	46
Additions	–	–	–	772	–	772
Written off	–	–	–	(113)	–	(113)
At 31 March 2006	47,612	32,975	1,714	20,938	2,536	105,775
DEPRECIATION						
At 1 April 2004						
– as originally stated	38,200	26,068	770	17,941	1,250	84,229
– effect of changes in accounting policies *(note 2)*	(3,847)	–	–	–	–	(3,847)
– as restated	34,353	26,068	770	17,941	1,250	80,382
Provided for the year	1,904	213	52	997	403	3,569
At 31 March 2005	36,257	26,281	822	18,938	1,653	83,951
Exchange adjustments	–	–	15	–	–	15
Provided for the year	1,904	213	52	942	403	3,514
Eliminated on written off	–	–	–	(113)	–	(113)
At 31 March 2006	38,161	26,494	889	19,767	2,056	87,367
CARRYING VALUES						
At 31 March 2006	9,451	6,481	825	1,171	480	18,408
At 31 March 2005	11,355	6,694	846	1,341	883	21,119

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
THE COMPANY			
COST			
At 1 April 2004	7,014	258	7,272
Additions	102	–	102
At 31 March 2005	7,116	258	7,374
Additions	237	–	237
At 31 March 2006	7,353	258	7,611
DEPRECIATION			
At 1 April 2004	6,877	258	7,135
Provided for the year	120	–	120
At 31 March 2005	6,997	258	7,255
Provided for the year	115	–	115
At 31 March 2006	7,112	258	7,370
CARRYING VALUES			
At 31 March 2006	241	–	241
At 31 March 2005	119	–	119

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Land and buildings of godown premises in Hong Kong	Shorter of the useful life of the buildings or the unexpired term of the land lease
Office premises and carparks in the Mainland China under medium-term land use rights	Shorter of the useful life of the buildings or the unexpired term of the land lease
Leasehold improvements, furniture, fixtures and equipment	25% per annum
Motor vehicles	25% per annum

15. PREPAID LEASE PAYMENTS

The prepaid lease payments represent leasehold interest in land in Hong Kong held under long-term leases and are analysed for reporting purposes as:

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
		(restated)
Current assets	**441**	441
Non-current assets	**21,716**	22,157
	22,157	22,598

16. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2006	2005
	HK$'000	*HK$'000*
		(restated)
Unlisted shares, at cost	**31,780**	31,780
Less: Impairment loss recognised	**(1,749)**	(1,749)
	30,031	30,031

Details of the principal subsidiaries at 31 March 2006 are set out in note 35.

17. INVESTMENTS IN NON-TRADING SECURITIES/TRADING SECURITIES

The Group's and the Company's investments in non-trading securities and trading securities at 31 March 2005 are set out below. Upon the application of HKAS 39 on 1 April 2005, the Group's and the Company's investment in non-trading securities and trading securities were reclassified as available-for-sale investments and investments held for trading respectively.

	Non-trading securities *HK$'000*	Trading securities *HK$'000*
THE GROUP		
Equity securities:		
Listed in Hong Kong, at market value	46,408	37,249
Carrying amount analysed for reporting purposes as:		
Non-current	46,408	–
Current	–	37,249
	46,408	37,249
THE COMPANY		
Equity securities:		
Listed in Hong Kong, at market value	46,408	37,212
Carrying amount analysed for reporting purposes as:		
Non-current	46,408	–
Current	–	37,212
	46,408	37,212

18. AVAILABLE-FOR-SALE INVESTMENTS

Upon the application of HKAS 39 on 1 April 2005, investments in non-trading securities of the Group and the Company of HK$46,408,000 were classified as available-for-sale investments. The available-for-sale investments of the Group and the Company at 31 March 2006 comprise:

	THE GROUP *HK$'000*	THE COMPANY *HK$'000*
Equity securities listed in Hong Kong, at fair value based on quoted market bid prices	69,189	67,287

19. INVESTMENTS HELD FOR TRADING

Upon the application of HKAS 39 on 1 April 2005, investments in trading securities of the Group and the Company of HK$37,249,000 and HK$37,212,000, respectively, were reclassified as investments held for trading. The investments held for trading of the Group and the Company at 31 March 2006 comprise:

	THE GROUP	THE COMPANY
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong, at fair value based on quoted market bid prices	24,673	24,670

20. TRADE AND OTHER RECEIVABLES

The Group and the Company have a policy of allowing credit period of 60 days to its trade customers.

An aged analysis of trade customers of the Group and the Company are as follows:

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables				
Within 60 days	**4,777**	4,067	**3,072**	2,540
61-90 days	**708**	233	**230**	202
Over 90 days	**183**	185	**81**	139
	5,668	4,485	**3,383**	2,881
Other receivables	**9,143**	4,501	**4,899**	722
	14,811	8,986	**8,282**	3,603

The directors consider the carrying amount of trade and other receivables approximate their fair values.

21. AMOUNTS DUE FROM SUBSIDIARIES

Except for the amounts of approximately HK$701,943,000 (2005: HK$731,042,000) and HK$3,621,000 (2005: HK$3,633,000) which bear interest at 0.25% (2005: 0.25%) per annum and prime rate (2005: prime rate), respectively, the amounts due from subsidiaries are unsecured, interest free and repayable on demand. The directors consider the amounts due from subsidiaries approximate their fair values.

22. OTHER FINANCIAL ASSETS

Other financial assets include pledged bank deposits and bank balances and cash. Pledged bank deposits in 2005 comprised deposits held by the Group with an original maturity of three months or less and carrying variable interest rates ranging from 0.1% to 0.7% per annum. Bank balances and cash comprise cash and deposits held by the Group with an original maturity of three months or less, carrying variable interest rates ranging from 1% to 4% (2005: 1% to 2%) per annum. The directors consider the carrying amounts of pledged bank deposits and bank balances and cash approximate their fair values.

23. PROVISION FOR LEGAL CLAIMS

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Balance brought forward	**13,679**	5,027	**3,343**	1,383
Additional provision	**651**	8,652	**651**	1,960
Utilisation during the year	**(651)**	–	**(150)**	–
Reversal of provision	**(4,007)**	–	**–**	–
Balance carried forward	**9,672**	13,679	**3,844**	3,343

The details of the related litigations are set out in note 32.

24. BANK LOAN

The bank loan in 2005 was secured by the Group's cash deposits, with average effective interest rates ranging from 0.4% to 1% per annum and due for repayment within one year.

The directors considered the carrying amount of bank loan approximate their fair values.

25. OTHER FINANCIAL LIABILITIES

Other financial liabilities include other payables and amounts due to subsidiaries. Amounts due to subsidiaries are unsecured, interest free and repayable on demand. The directors consider the carrying amounts of other payables and amounts due to subsidiaries approximate their fair values.

26. SHARE CAPITAL

	2006 & 2005	2006 & 2005
	Number of shares	*HK$'000*
Authorised:		
Ordinary shares of HK$1 each	200,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK$1 each	135,000,000	135,000

27. RESERVES

	Share premium	Investment revaluation reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE COMPANY				
At 1 April 2004	43,216	(2,125)	486,840	527,931
Revaluation increase recognised directly in the equity	–	14,627	–	14,627
Profit for the year	–	–	154,578	154,578
Dividends paid	–	–	(17,550)	(17,550)
At 31 March 2005	43,216	12,502	623,868	679,586
Revaluation increase recognised directly in the equity	–	18,370	–	18,370
Profit for the year	–	–	14,942	14,942
Dividends paid	–	–	(18,900)	(18,900)
At 31 March 2006	43,216	30,872	619,910	693,998

At the balance sheet date, the Company's reserves available for distribution to shareholders amounted to approximately HK$478,797,000 (2005: HK$482,755,000) which is analysed as follows:

	2006	2005
	HK$'000	*HK$'000*
The Company's retained profits as stated above	**619,910**	623,868
Less: Profit on transfer of property to a subsidiary	**(141,113)**	(141,113)
	478,797	482,755

28. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2004			
– as originally stated	14,450	(2,300)	12,150
– effects of changes in accounting policies *(note 3)*	40,110	(7,200)	32,910
– as restated	54,560	(9,500)	45,060
Charge to income for the year	19,510	1,800	21,310
At 31 March 2005	74,070	(7,700)	66,370
Charge to income for the year	26,579	1,876	28,455
At 31 March 2006	100,649	(5,824)	94,825

At 31 March 2006, the Group has unused tax losses of HK$42,017,000 (2005: HK$56,552,000) available for offset against future profits. A deferred tax asset has been recognised in respect of such tax losses of HK$33,280,000 (2005: HK$44,000,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$8,737,000 (2005: HK$12,552,000) due to the unpredictability of future profit streams. In addition, the Group has deductible temporary differences of HK$814,000 (2005: HK$888,000) for which no deferred tax has been recognised due to the same reason.

The Company did not have any significant unprovided deferred taxation arising during the year or at the balance sheet date.

29. PROVISION FOR LONG SERVICE PAYMENTS

The Group does not have any formal retirement scheme before participating in the Mandatory Provident Fund Scheme, but makes provision for long service payments on an annual basis. The directors are of the opinion that the provision at the balance sheet date is sufficient to cover the Group's probable obligations. The level of such provision will be reviewed on an annual basis and adjusted as appropriate.

Movements in the provision for long service payments during the year are as follows:

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Balance brought forward	**2,720**	5,294	**1,694**	4,140
Additional provision	**–**	110	**–**	67
Utilisation during the year	**(749)**	(2,684)	**(196)**	(2,513)
Balance carried forward	**1,971**	2,720	**1,498**	1,694

In addition to the provision for long service payments, the Group has contributed to Mandatory Provident Fund Scheme for employees commencing from 1 December 2000 and the amount charged for the year is HK$637,000 (2005: HK$632,000).

30. PLEDGE OF ASSETS

At 31 March 2005, the Company's bank deposit of HK$20,000,000 had been pledged to secure a bank loan of HK$20,000,000. At 31 March 2006, the pledge has been released upon repayment of the bank loan.

In addition, the Group's investment properties and property, plant and equipment with carrying values of HK$898,000,000 (2005: HK$795,000,000) and HK$5,523,000 (2005: HK$5,713,000), respectively, have been pledged to banks to secure general banking facilities of HK$72,000,000 (2005: HK$72,000,000) granted to the Group, none of which was utilised at 31 March 2006.

31. OPERATING LEASE ARRANGEMENTS

The Group as lessor:

Property rental income earned during the year was HK$51,816,000 (2005: HK$50,520,000). The properties held have committed tenants for terms ranging from six months to three years.

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

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Within one year	**48,136**	29,298
In the second to fifth year inclusive	**29,634**	14,844
	77,770	44,142

At the balance sheet date, the Company as lessee did not have any significant operating lease commitment.

32. OUTSTANDING LITIGATIONS

At 31 March 2005, the following three outstanding unresolved litigations were brought against the Group. One of these litigations was settled during the year while two were still outstanding at 31 March 2006.

(a) The litigation that was settled in the current year was brought against the Group relating to certain damage alleged to be caused by defects in certain property previously owned by the Group. The case was settled out of court and the claims were fully paid by the Group.

(b) One outstanding unresolved litigation was brought against the Group relating to disputable income received by the Group. Subsequent to the balance sheet date, the case was settled out of court, and the claims were fully paid by the Group. The directors are of the opinion that adequate provision has been made in the financial statements.

(c) Another outstanding unresolved litigation was brought against the Group relating to the loss of storage goods. In April 2005, the Group was adjudged by the Court of First Instance to be liable to the claims. After taking senior counsel's opinion, the Group has appealed against the judgment of the Court of First Instance at the Court of Appeal. Subsequent to the balance sheet date, the Court of Appeal upheld the judgment of the Court of First Instance and the claims were fully paid by the Group. The directors are of the opinion that adequate provision has been made in the financial statements.

33. RELATED PARTY TRANSACTIONS

During the year, the Group received a reimbursement of expenses amounting to HK$240,000 (2005: HK$240,000) from a company in which a director of the Company has a beneficial interest. The reimbursement represents a share of expenses incurred in respect of the occupation of office premises and general administrative services provided to the related company.

The senior management of the Group comprises three (2005: two) executive directors. Details of their remuneration are disclosed in note 7. The remuneration of directors and senior executives is determined by the Remuneration and Nomination Committee and/or the board of directors, having regard to the performance of individuals and market trends.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's major financial instruments include investments in securities, trade and other receivables, pledged bank deposits, bank balances and cash, other payables and bank loan. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Credit risk

The Group's and the Company's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet. The Group's and the Company's credit risk is primarily attributable to its trade receivables. The amounts stated in the balance sheet are net of allowances for doubtful recovery of receivables estimated by management based on the age of the debts, their knowledge of customers' credit-worthiness, management's prior experience and their assessment of the current economic environment. Management reviews the recoverable amounts of significant trade receivables regularly to ensure adequate allowances for doubtful recovery are recognised if considered appropriate.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong with exposure spread over a number of counterparties and customers.

The credit risk on the Group's bank deposits is limited because the majority of the counterparties is banks or corporations with high credit standing.

Foreign exchange risk

The Group's financial assets and financial liabilities are substantially denominated in Hong Kong dollar which is the functional currency of majority subsidiaries. Accordingly, the management considers the foreign exchange risk to the Group is not significant.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

The Group's interest rate risk relates primarily to bank loan and bank deposits. The fair value interest rate risk is limited as the interest rate of bank loan and bank deposits is variable. The management monitors the cash flow interest rate risk exposure and will take action should the need arises.

Price risk

The Group is exposed to equity security price risk through its available-for-sale investments and held-for-trading investments. The management manages this exposure by monitoring closely market fluctuations and maintaining a portfolio of investments with different risk profiles.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at 31 March 2006 are as follows:

Name of company	Place of incorporation/ registration	Paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company Directly	Indirectly	Principal activities
Chi Kee Investment Company Limited	Hong Kong	HK$500,000 Ordinary shares	100%	–	Property investment
Chivas Godown Company Limited	Hong Kong	HK$10,000,000 Ordinary shares	100%	–	Holding and operating godown, and property investment
East Asia (Fujian) Property Development Co. Ltd. *	Mainland China	US$1,619,394 Registered capital	–	100%	Property holding
Gaylake Limited	Hong Kong	HK$1,000 Ordinary shares	100%	–	Property investment and holding godown
Genlink Development Limited	Hong Kong	HK$2 Ordinary shares	100%	–	Property holding

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ registration	Paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			Directly	Indirectly	
Good Ready Investment Limited	Hong Kong	HK$2 Ordinary shares	100%	–	Property investment
On Luen Development Company Limited	Hong Kong	HK$100,000 Ordinary shares	100%	–	Property investment
Rich China Development Limited	Hong Kong	HK$2 Ordinary shares	100%	–	Securities trading
Safety Godown (China) Development Company Limited	Hong Kong	HK$2 Ordinary shares	100%	–	Investment holding
Telerich Corporate Services Limited	Hong Kong	HK$2 Ordinary shares	100%	–	Inactive

* East Asia (Fujian) Property Development Co. Ltd. is a wholly foreign owned enterprise.

All the subsidiaries have no debt securities subsisting at the end of the year or at any time during the year.