

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2006

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The unaudited condensed financial statements have been prepared on the historical costs basis, except for certain properties and financial instruments, which are measured at revalued amounts or fair values as appropriate.

The accounting policies adopted for preparation of the unaudited condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2006.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2006

2. REVENUE

	Six months ended	
	30th September, 2006 (Unaudited) HK\$'000	30th September, 2005 (Unaudited) HK\$'000
An analysis of the Group's revenue is as follows:		
Hotel and gaming operations		
Service income from VIP room	288,110	–
Service income from mass market	94,340	–
Service income from slot machine hall	18,162	–
Hotel room rental income	34,733	–
Marketing and promotion income	42,825	–
Food and beverage sales	29,552	–
Other rental income	19,306	–
Others	5,078	–
	532,106	–
Cruise and cruise-related operations		
Rental income from gaming hall	60,000	66,030
Food and beverage sales	494	598
Room rental income	134	206
Others	555	731
	61,183	67,565
	593,289	67,565

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

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3. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined business segments to be presented as the primary reporting format. An analysis of the Group's business segmental information is as follows:

	Hotel and gaming operations (Unaudited) HK\$'000	Cruise and cruise-related operations (Unaudited) HK\$'000	Property sales and development (Unaudited) HK\$'000	Unallocated corporate items (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
For the six months ended					
30th September, 2006					
REVENUE	532,106	61,183	-	-	593,289
RESULTS					
Segment results	210,050	15,185	(1,828)	(4,876)	218,531
Interest income					1,616
Finance costs					(20,962)
Profit before taxation					199,815
Taxation					(17,702)
Profit for the period					181,483

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2006

3. SEGMENT INFORMATION (Continued)

	Hotel and gaming operations (Unaudited) <i>HK\$'000</i>	Cruise and cruise-related operations (Unaudited) <i>HK\$'000</i>	Property sales and development (Unaudited) <i>HK\$'000</i>	Unallocated corporate items (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
For the six months ended 30th September, 2005					
REVENUE	-	67,565	-	-	67,565
RESULTS					
Segment results	(10,634)	21,448	20,007	(12,031)	18,790
Interest income					1,382
Finance costs					(1,865)
Profit before taxation					18,307
Taxation					(6,939)
Profit for the period					11,368

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

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4. PROFIT BEFORE TAXATION

	Six months ended	
	30th September, 2006 (Unaudited) HK\$'000	30th September, 2005 (Unaudited) HK\$'000
Profit before taxation has been arrived at after charging:		
Allowance for bad and doubtful debts	1,900	-
Depreciation of property, plant and equipment	36,476	2,857
Operating lease rental in respect of rented premises	1,933	-
Release of prepaid lease payments	3,232	-
and after crediting:		
Interest income from bank and other deposits	1,616	1,382

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(Continued)

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5. TAXATION

	Six months ended	
	30th September, 2006 (Unaudited) HK\$'000	30th September, 2005 (Unaudited) HK\$'000
The charge comprises:		
Macau Complimentary Income Tax		
– current year	(4,625)	–
– overprovision in prior year	2,605	–
PRC Enterprise Income Tax		
– overprovision in prior years	–	67
Deferred taxation	(15,682)	(7,006)
	(17,702)	(6,939)

The Macau Complimentary Income Tax is calculated progressively at a maximum of 12% of the estimate assessable profits for both periods. The PRC Enterprise Income Tax is calculated at the rates prevailing in the People's Republic of China (the "PRC").

No provision for Hong Kong Profits Tax has been made as there were no estimated assessable profits for both periods.

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6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share are as follows:

	Six months ended	
	30th September, 2006 (Unaudited) HK\$'000	30th September, 2005 (Unaudited) HK\$'000
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share	109,222	18,665
	As at	
	30th September, 2006 (Unaudited)	30th September, 2005 (Unaudited)
Number of shares:		
Number of shares for the purpose of calculating basic earnings per share	928,771,980	928,771,980
Effect of dilutive potential shares – share options		2,732,240
Weighted average number of shares for the purpose of calculating diluted earnings per share		931,504,220

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2006

7. MOVEMENTS OF INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PROPERTY UNDER DEVELOPMENT

An analysis of movements of the assets of the Group is set out below:

	Investment properties (Unaudited) <i>HK\$'000</i>	Property, plant and equipment (Unaudited) <i>HK\$'000</i>	Property under development (Unaudited) <i>HK\$'000</i>
FAIR VALUE/CARRYING AMOUNT			
At 1st April, 2006	510,100	1,008,022	326,699
Currency realignment	–	2	5,209
Fair value change	123,130	–	–
Transfer from deposits made on acquisition of property, plant and equipment	–	15,181	–
Additions	–	28,242	98
Disposals	–	(1,982)	–
Depreciation	–	(36,476)	–
Release of prepaid lease payments capitalised	–	–	563
At 30th September, 2006	633,230	1,012,989	332,569

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2006

8. TRADE AND OTHER RECEIVABLES

The Group allows credit periods of up to 60 days to its trade customers. An aging analysis of the Group's trade receivables at the balance sheet date is set out below:

	As at	
	30th September, 2006 (Unaudited) HK\$'000	31st March 2006 (Audited) HK\$'000
0 – 30 days	162,237	185,121
31 – 60 days	7,528	7,575
61 – 90 days	9,312	4,844
	179,077	197,540
Chips on hand	107,097	102,816
Other receivables	53,863	23,428
	340,037	323,784

Chips on hand represent chips issued by a gaming concessionaire in Macau.

The directors of the Company consider that the carrying amount of trade and other receivables approximates its fair value.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

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9. TRADE AND OTHER PAYABLES

An aging analysis of the Group's trade payables at the balance sheet date is set out below:

	As at	
	30th September, 2006 (Unaudited) HK\$'000	31st March 2006 (Audited) HK\$'000
0 – 30 days	50,364	43,243
31 – 60 days	717	1,708
61 – 90 days	116	284
91 – 180 days	52	129
	51,249	45,364
Short-term advances	45,000	45,000
Other payables	134,721	132,990
	230,970	223,354

Short-term advances are unsecured, interest-free and repayable on demand.

The directors of the Company consider that the carrying amount of trade and other payables approximates its fair value.

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10. COMMITMENTS AND CONTINGENCY

(a) Capital commitments

	As at	
	30th September, 2006 (Unaudited) HK\$'000	31st March, 2006 (Audited) HK\$'000
Authorised but not contracted for in respect of property and hotel development projects	–	2,246
Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of:		
– property and hotel development projects	40,762	49,356
– property, plant and equipment	2,810	2,738
	43,572	52,094
	43,572	54,340

(b) Contingent liability

As at 30th September, 2006, the Group had signed construction contracts for the property under development which is situated in the PRC on behalf of a joint venture partner. According to the joint venture agreement, the joint venture partner would bear the full construction cost. However, the Group has the legal obligations to fulfil the contracts if the joint venture partner fails to fulfil its obligations. As at 30th September, 2006, the Group's maximum liability in this arrangement was approximately HK\$438,485,000 (31st March, 2006: HK\$431,476,000) which represents contracted amounts but not yet paid by the joint venture partner.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2006

11. PLEDGE OF ASSETS

As at 30th September, 2006, certain assets of the Group were pledged to a bank as security for a banking facility granted to the Group. The carrying values of these assets at the balance sheet date are as follows:

	As at	
	30th September, 2006 (Unaudited) HK\$'000	31st March, 2006 (Audited) HK\$'000
Hotel property	550,584	555,577
Investment properties	633,230	510,100
Prepaid lease payments	275,281	278,513
	1,459,095	1,344,190

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2006

12. RELATED PARTY TRANSACTIONS

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

	Six months ended	
	30th September, 2006 (Unaudited) HK\$'000	30th September, 2005 (Unaudited) HK\$'000
Fair value of share options granted to directors	–	3,964
Interest expense to a related company	1,348	–
Performance-related incentive payments to a director	1,552	–
Purchase of property, plant and equipment from a related company	184	886
Rental income from related companies	61,186	66,030
Sharing of administrative expenses with a related company	7,670	5,385

Note: Certain directors and substantial shareholder of the Company have significant influence or are deemed to have significant influence in the above related companies.