

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended September 30, 2006 截至二零零六年九月三十日止六個月

1. BASIS OF PREPARATION

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

2. SIGNIFICANT EVENTS

During the period, the Group had the following significant events:

(i) **Discontinued operation of trading of computer related products under the trade name of "Memorex®"**

On January 19, 2006, the Group, through its non-wholly owned subsidiary, Memorex International Inc. (the "MII"), entered into agreements (the "Disposal Agreement") with Imation Corp. ("Imation"), a company listed on the New York Stock Exchange, to dispose of (i) MII's entire interest in Hanny Magnetics Europe Limited, Memorex Canada Ltd., Memorex Products Europe Limited, Memorex Products S.A.S., Memorex Products GmbH, Memorex Products (Taiwan) Inc. and Memorex Products, Inc. (the "Disposed Companies"); and (ii) MII's trademark license and other assets relating to the trading of computer related product business under the trade name "Memorex®", which include the business of design, development, marketing, distribution and sale of hardware, media and accessories used for the storage of electronic data conducted by MII and the Disposed Companies (the "Disposed Business").

Upon the entering into the Disposal Agreement, the business segment of trading of computer related products under the trade name "Memorex®" were classified as discontinued operations during the year ended March 31, 2006 and the related assets and liabilities of Disposed Business were classified as assets held for sale and liabilities directly associated with assets classified as held for sale respectively as at March 31, 2006. Pursuant to the Disposal Agreement, the Group was also required to transfer and assign the trading of consumer electronic product business to Imation before the completion of the Disposal Agreement and accordingly, the trading of consumer electronic product business was classified as discontinued operations. The disposal was completed on April 28, 2006. Details of these are set out in the Company's circular dated April 10, 2006 and note 29.

1. 編製基準

簡明綜合財務報表乃根據香港聯合交易所有限公司（「聯交所」）證券上市規則附錄十六之適用披露規定編製，並已遵守香港會計師公會（「香港會計師公會」）頒佈之香港會計準則第34號「中期財務報告」。

2. 重要事項

期內，本集團有以下重要事項：

(i) **商用名稱為「Memorex®」之電腦相關產品貿易之非持續業務**

於二零零六年一月十九日，本集團透過其非全資附屬公司 Memorex International Inc.（「MII」）與 Imation Corp.（「Imation」）（一間於紐約證券交易所上市之公司）訂立協議（「出售協議」），以出售 (i) MII 於 Hanny Magnetics Europe Limited、Memorex Canada Ltd.、Memorex Products Europe Limited、Memorex Products S.A.S.、Memorex Products GmbH 及 Memorex Products, Inc.（「出售公司」）之全部權益；及 (ii) MII 之商標許可證及其他商用名稱為「Memorex®」之電腦相關產品貿易業務之資產（包括 MII 及出售公司進行之電子數據儲存所用硬件、媒體及配件之設計、開發、市場推廣、分銷及銷售之業務（「出售業務」）。

於訂立出售協議後，截至二零零六年三月三十一日止年度，商用名稱為「Memorex®」之電腦相關產品貿易之業務分類已分類為非持續業務，而於二零零六年三月三十一日，出售業務之相關資產及負債則分別分類為持有作出售之資產及持有作出售之資產之直接相關負債。根據出售協議，本集團亦須於完成出售協議前向 Imation 轉讓及出讓消費電子產品貿易業務，故消費電子產品貿易業務已分類為非持續業務。出售事項於二零零六年四月二十八日完成，有關詳情載於本公司於二零零六年四月十日刊發之通函及附註29。

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2. SIGNIFICANT EVENTS (Continued)

(ii) Acquisition of equity interest in Group Dragon Investments Limited

On March 10, 2005, the Group and PYI Corporation Limited (“PYI”), another substantial shareholder of China Strategic Holdings Limited (“CSHL”, a company whose shares are listed on the Stock Exchange, and previously 29.4% associate of the Group before the disposal mentioned below), entered into a share sale agreement with an independent third party for the disposal of 30.6% interest in CSHL (representing 15.3% each held by the Group and PYI) for a total consideration of approximately HK\$52,000,000 (the “CSHL Disposal”). The completion of the CSHL Disposal was subject to the completion of a group reorganization carried out by CSHL (“CSHL Reorganization”).

On May 19, 2006, the CSHL Reorganization was duly completed, which resulted in (i) CSHL continuing as a public listed company with its subsidiaries concentrating on its business of manufacturing and trading of battery products, investments in securities and property and investment in unlisted investments (“CSHL Remaining Group”); (ii) all other subsidiaries of CSHL which are carrying on property development and holding of vessels for sand mining, and all other associates of CSHL carrying on manufacturing and marketing of tires and business of providing package tour, travel and other related services and hotel operations being grouped under Group Dragon Investments Limited (“GDI”) (a wholly-owned subsidiary of CSHL) and its subsidiaries (the “GDI Group”) upon completion of the CSHL Reorganization; and (iii) the distribution in specie of shares in GDI to the then shareholders of CSHL, on the basis of one GDI share for one CSHL share after the share consolidation pursuant to the capital reorganization by CSHL.

The Group’s 29.4% interest in CSHL was split into the 29.4% interest in GDI Group and 29.4% interest in CSHL Remaining Group according to the net asset value of the GDI Group and the CSHL Remaining Group respectively upon completion of CSHL Reorganization.

2. 重要事項 (續)

(ii) 收購群龍投資有限公司之股本權益

於二零零五年三月十日，本集團及保華集團有限公司（「保華」）與一名獨立第三方訂立股份出售協議，以總代價約52,000,000港元出售於中策集團有限公司（「中策」）之30.6%權益（相當於本集團及保華各自持有之15.3%權益）（「中策出售事項」）。保華為中策（其股份於聯交所上市，於進行上述出售事項前為本集團擁有29.4%權益之聯營公司）之另一名主要股東。中策出售事項須待中策完成集團重組（「中策重組」）後方告完成。

中策重組於二零零六年五月十九日正式完成，結果為(i)中策繼續為公眾上市公司，其附屬公司集中從事電池產品製造及買賣、證券及物業投資以及投資於非上市投資項目（「中策餘下集團」）；(ii)中策經營物業發展及持有採砂船隻之所有其他附屬公司，以及經營輪胎製造及銷售、提供旅行團、旅遊及其他相關服務之業務及酒店經營之所有其他聯營公司將於中策重組完成後收歸群龍投資有限公司（「群龍」，中策之全資附屬公司）及其附屬公司（「群龍集團」）；及(iii)根據中策資本重組整固股份後，向當時之中策股東透過實物分派方式派發群龍股份，基準為每持有一股中策股份換取一股群龍股份。

完成中策重組後，本集團於中策之29.4%權益已分別根據群龍集團及中策餘下集團之資產淨值，分為於群龍集團之29.4%權益及於中策餘下集團之29.4%權益。

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2. SIGNIFICANT EVENTS (Continued)

(ii) Acquisition of equity interest in Group Dragon Investments Limited (Continued)

The Group's interest in CSHL Remaining Group was reduced to 14.1% upon completion of CSHL Disposal on May 19, 2006. The Group also held 29.4% interest in GDI Group upon completion of the CSHL Disposal and CSHL Reorganization. A gain on disposal of interest in CSHL Remaining Group of HK\$5,037,000 was recognized in the condensed consolidated income statement during the period.

On May 26, 2006, Somerley Limited, the financial advisor to the Group, made an offer, on behalf of the Group, to acquire all the remaining interest in GDI other than those already owned by the Group (the "GDI Offer"). The Company made GDI Offer by offering to the shareholders of GDI either in option (1) one ordinary share of HK\$0.01 each of the Company plus HK\$1.8 cash for every five GDI shares, or, option (2) a convertible loan note to be issued by the Company with face value of HK\$15 for every five GDI shares. Upon the close of GDI Offer, the Company issued 9,926,228 ordinary shares of HK\$0.01 each, convertible loan note with principal amount of HK\$770,973,000 and paid cash of HK\$17,867,000 for the acquisition of a further 69.5% interest in GDI. The GDI Offer was completed on June 16, 2006 and the Group held 98.9% interest in GDI and accordingly, GDI became a subsidiary of the Group during the period and details of the assets and liabilities acquired under the GDI Offer are set out in note 30.

Details of the CSHL Disposal and the GDI Offer are set out in the Company's Circular dated May 26, 2006 and in the Company's announcement dated June 16, 2006.

2. 重要事項 (續)

(ii) 收購群龍投資有限公司之股本權益 (續)

於二零零六年五月十九日完成中策出售事項後，本集團於中策餘下集團之權益減少至14.1%。本集團亦於中策出售事項及中策重組完成後，持有群龍集團29.4%之權益。期內，出售中策餘下集團權益之收益5,037,000港元於簡明綜合收益表確認。

於二零零六年五月二十六日，本集團之財務顧問新百利有限公司代表本集團提出收購建議，收購除本集團已擁有者以外之所有其餘群龍權益（「群龍收購建議」）。本公司透過向群龍之股東提呈(1)按每五股群龍股份獲發一股本公司每股面值0.01港元之普通股另加1.8港元現金，或(2)本公司就每五股群龍股份發行面值15港元之可兌換貸款票據，以提出群龍收購建議。於群龍收購建議結束後，本公司發行9,926,228股每股面值0.01港元之普通股及本金額達770,973,000港元之可兌換貸款票據，並支付現金17,867,000港元，以增購群龍69.5%權益。群龍收購建議於二零零六年六月十六日完成，而本集團持有中策98.9%權益，故群龍於期內成為本集團之附屬公司。根據群龍收購建議收購之資產及負債詳情載於附註30。

中策出售事項及群龍收購建議詳情載於本公司於二零零六年五月二十六日刊發之通函及本公司於二零零六年六月十六日刊發之公佈內。

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3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended March 31, 2006. In addition, the Group adopted the following accounting policies for certain financial instruments acquired or issued by the Group during the period.

Financial assets designated at fair value through profit or loss

Financial assets designated at fair value through profit or loss are initially measured at fair value. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

Convertible loan notes

Convertible loan notes issued by the Company that contain both liability and conversion option components are classified separately into respective items on initial recognition. Conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortized cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes reserve will be released to retained profits. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

3. 主要會計政策

簡明綜合財務報表乃按歷史成本基準擬備，惟投資物業及若干財務工具按重估值或公平價值（如適用）計算除外。

簡明綜合財務報表所採用之會計政策與編製本集團於截至二零零六年三月三十一日止年度之年度財務報表所採納者一致。此外，本集團就本集團於期內收購或發行之若干財務工具採納以下會計政策。

按公平價值並在損益表內處理之金融資產

按公平價值並在損益表內處理之金融資產初步以公平價值計算。於初步確認後之各結算日，按公平價值並在損益表內處理之金融資產按公平價值計量，其公平價值變動直接於產生期內之損益中確認。

可兌換貸款票據

本公司發行之可兌換貸款票據包含負債及可兌換部分，並於初步確認時分開歸類於各自之項目。可兌換權由固定金額之現金或其他金融資產兌換為本公司本身固定數目之權益工具交付，為權益工具。

於初步確認時，負債部分之公平價值乃按類似非可兌換債券之現行市場息率釐定。發行可兌換貸款票據所得款項與歸入負債部分之公平價值之差額（代表持有人將貸款票據兌換為權益之可兌換權）計入權益（可兌換貸款票據儲備）。

於其後期間，可兌換貸款票據之負債部分採用實際利率法以攤銷成本入賬。權益部分（即將負債部分兌換為本公司普通股之期權）將保留於可兌換貸款票據儲備內，直至內置期權被行使為止（此時於可兌換貸款票據儲備呈列之結存將轉撥至股份溢價）。倘該期權於到期日仍未獲行使，則於可兌換貸款票據儲備呈列之結存將被用於撥入保留溢利。期權於兌換或失效時之損益概不會於損益入確認。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Convertible loan notes (Continued)

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortized over the period of the convertible loan notes using the effective interest method.

3A. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs"), issued by the HKICPA, which are either effective for accounting periods beginning on or after December 1, 2005, January 1, 2006 and March 1, 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods that have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – INT 8	Scope of HKFRS 2 ²
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives ³
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment ⁴

¹ Effective for annual periods beginning on or after January 1, 2007

² Effective for annual periods beginning on or after May 1, 2006

³ Effective for annual periods beginning on or after June 1, 2006

⁴ Effective for annual periods beginning on or after November 1, 2006

3. 主要會計政策 (續)

可兌換貸款票據 (續)

與發行可兌換貸款票據有關之交易成本乃按所得款項之分配比例，分配至負債及權益部分。與權益部分有關之交易成本直接從權益扣除。與負債部分有關之交易成本計入負債部分之賬面值，並以實際利率法於可兌換貸款票據年期內攤銷。

3A. 採納新訂及經修訂香港財務報告準則

於本期間，本集團首次採納多項由香港會計師公會頒佈並對二零零五年十二月一日、二零零六年一月一日及二零零六年三月一日或其後開始之會計期間生效之新準則、修訂及詮釋（「新香港財務報告準則」）。採納新香港財務報告準則對本會計期間或前期會計期間之業績編製及呈報方式並無重大影響，故無須作出前期調整。

本集團並無提前採納以下已頒佈但尚未生效之新準則、修訂或詮釋。本公司董事預期採納該等準則、修訂或詮釋將對本集團之業績及財務狀況並無重大影響。

香港會計準則 第1號(修訂本)	資本披露 ¹
香港財務報告準則 第7號	財務工具：披露 ¹
香港(國際財務報告 詮釋委員會) – 詮釋第8號	香港財務報告準則第2號 之範疇 ²
香港(國際財務報告 詮釋委員會) – 詮釋第9號	重新評估附帶衍生工具 ³
香港(國際財務報告 詮釋委員會) – 詮釋第10號	中期財務報告及減值 ⁴

¹ 由二零零七年一月一日或以後開始之全年期間有效

² 由二零零六年五月一日或以後開始之全年期間有效

³ 由二零零六年六月一日或以後開始之全年期間有效

⁴ 由二零零六年十一月一日或以後開始之全年期間有效

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4. SEGMENT INFORMATION

Business Segments

The Group is currently organized into four business segments, namely (i) trading of non-“Memorex®” computer related products; (ii) trading of securities; (iii) property development and trading and (iv) sand mining business.

As explained in note 2, the operations of trading of computer related products under the trade name of “Memorex®” and trading of consumer electronic products were discontinued on April 28, 2006.

Six months ended September 30, 2006

4. 分類資料

業務分類

本集團由四種業務分類組成，即(i)非「Memorex®」電腦相關產品貿易；(ii)證券買賣；(iii)物業發展及買賣及(iv)採砂業務。

誠如附註2所述，商標名稱「Memorex®」之電腦相關產品貿易及消費電子產品貿易業務於二零零六年四月二十八日終止。

截至二零零六年九月三十日止六個月

		Continuing operations 持續業務				Discontinued operations 非持續業務				Consolidated HK\$'000 綜合 千港元
		Trading of non- “Memorex®” computer related products HK\$'000 非 「Memorex®」 電腦相關 產品貿易 千港元	Trading of securities HK\$'000 證券買賣 千港元	Property development and trading HK\$'000 物業發展 及買賣 千港元	Sand mining HK\$'000 採砂 千港元	Sub-total HK\$'000 小計 千港元	Trading of computer related products under “Memorex®” HK\$'000 「Memorex®」 品牌 千港元	Trading of consumer electronic products HK\$'000 消費電子 產品貿易 千港元	Sub-total HK\$'000 小計 千港元	
Turnover	營業額	7,838	79,487	-	896	88,221	229,442	59,811	289,253	377,474
Segment result	分類業績	(2,494)	2,514	-	(54)	(34)	(73,450)	1,170	(72,280)	(72,314)
Interest income	利息收入					59,069			67	59,136
Unallocated corporate income	未分配企業開支收入					9,482			-	9,482
Unallocated corporate expenses	未分配企業支出					(44,125)			-	(44,125)
Change in fair value of conversion options embedded in convertible notes	可兌換票據中內 在之可兌換權之 公平價值變動					(185,111)			-	(185,111)
Change in fair value of conversion options embedded in convertible notes from an associate	一間聯營公司之 可兌換票據中內 在之可兌換權之 公平價值變動					(19,113)			-	(19,113)
Change in fair value of convertible note at fair value through profit or loss	按公平價值 列賬並在損益表內 處理之可兌換票據 之公平價值變動					5,579			-	5,579
Change in fair value of investment held for trading	持作買賣投資之 公平價值變動					(1,259)			-	(1,259)
Increase in fair value of investment property	投資物業之 公平價值增加					9,000			-	9,000
Finance costs	財務費用					(38,886)			(667)	(39,553)
Share of results of associates	應佔聯營公司業績					(22,122)			-	(22,122)
Discount on acquisition of subsidiaries	收購附屬公司折讓					116,363			-	116,363
Impairment loss on goodwill	商譽之減值虧損					(6,621)			-	(6,621)
Impairment loss on available-for-sale investments	可供銷售投資之 減值虧損					(28,088)			-	(28,088)
Loss on disposal of subsidiaries	出售附屬公司之虧損					(609)			-	(609)
Gain on disposals/dilution of interest in associates	出售/攤薄於聯營 公司權益之收益					5,097			-	5,097
Loss before income tax	除所得稅前虧損					(141,378)			(72,880)	(214,258)
Income tax credit	所得稅抵免					971			26,235	27,206
Gain on disposal of Disposed Business	出售出售業務之收益					-			1,527,167	1,527,167
(Loss) profit for the period	本期間(虧損)溢利					(140,407)			1,480,522	1,340,115

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended September 30, 2006 截至二零零六年九月三十日止六個月

4. SEGMENT INFORMATION (Continued)

Business Segments (Continued)

Six months ended September 30, 2005

4. 分類資料 (續)

業務分類 (續)

截至二零零五年九月三十日止六個月

		Continuing operations 持續業務			Discontinued operations 非持續業務			Sub-total HK\$'000	Consolidated HK\$'000
		Trading of non- "Memorex®" computer related products HK\$'000 非 電腦相關 產品貿易 千港元	Property development and trading securities HK\$'000 物業發展 及買賣 證券買賣 千港元	Trading of computer related products under "Memorex®" HK\$'000 電腦相關 產品貿易 千港元	Trading of consumer electronic products HK\$'000 消費電子 產品貿易 千港元	Sub-total HK\$'000	Consolidated HK\$'000		
Turnover	營業額	24,897	113,935	118,800	257,632	1,873,948	670,944	2,544,892	2,802,524
Segment result	分類業績	(15,028)	18,694	10,795	14,461	104,600	13,124	117,724	132,185
Interest income	利息收入				20,066			670	20,736
Unallocated corporate income	未分配企業收入				16,878			-	16,878
Unallocated corporate expense	未分配企業支出				(12,064)			-	(12,064)
Change in fair value of conversion options embedded in convertible notes	可兌換票據中內在之 可兌換權之 公平價值變動				15,568			-	15,568
Change in fair value of investment held for trading	持作買賣投資之 公平價值變動				(18,461)			-	(18,461)
Finance costs	財務費用				(21,259)			(2,881)	(24,140)
Share of results of associates	應佔聯營公司業績				(24,126)			-	(24,126)
Impairment loss on goodwill arising on acquisition of an associate	收購一間聯營公司產生之 商譽之減值虧損				(14,391)			-	(14,391)
Gain on disposal of subsidiaries	出售附屬公司之收益				4,276			-	4,276
(Loss) profit before income tax	除所得稅前(虧損)溢利				(19,052)			115,513	96,461
Income tax charge	所得稅支出				-			(48,428)	(48,428)
(Loss) profit for the period	本期間(虧損)溢利				(19,052)			67,085	48,033

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended September 30, 2006 截至二零零六年九月三十日止六個月

5. FINANCE COSTS

5. 財務費用

	Continuing operations		Discontinued operations		Consolidated	
	Six months ended		Six months ended		Six months ended	
	September 30,		September 30,		September 30,	
	持續業務		非持續業務		綜合	
	截至九月三十日止六個月		截至九月三十日止六個月		截至九月三十日止六個月	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
	千港元	千港元	千港元	千港元	千港元	千港元
Interest on:	下列各項之利息：					
Borrowings	27,219	21,259	667	2,881	27,886	24,140
Convertible loan notes	11,667	-	-	-	11,667	-
	<u>38,886</u>	<u>21,259</u>	<u>667</u>	<u>2,881</u>	<u>39,553</u>	<u>24,140</u>

6. INCOME TAX CREDIT

6. 所得稅抵免

	Continuing operations		Discontinued operations		Consolidated	
	Six months ended		Six months ended		Six months ended	
	September 30,		September 30,		September 30,	
	持續業務		非持續業務		綜合	
	截至九月三十日止六個月		截至九月三十日止六個月		截至九月三十日止六個月	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
	千港元	千港元	千港元	千港元	千港元	千港元
The credit (charge) comprises:	抵免(支出)包括：					
Profit tax:	利得稅：					
Hong Kong Profits Tax	(125)	-	-	-	(125)	-
Overseas	1,083	-	-	(51,926)	1,083	(51,926)
Deferred tax:	遞延稅項：					
Current period credit	13	-	26,235	3,498	26,248	3,498
	<u>971</u>	<u>-</u>	<u>26,235</u>	<u>(48,428)</u>	<u>27,206</u>	<u>(48,428)</u>

Income tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

No provision for Hong Kong Profits Tax was made for the period ended September 30, 2005 as the assessable profit of subsidiaries operated in Hong Kong was wholly absorbed by tax losses brought forward.

在其他司法管轄區所產生之所得稅按有關司法管轄區之現行稅率計算。

由於在香港經營之附屬公司之應課稅溢利全由結轉之稅項虧損所抵銷，故截至二零零五年九月三十日止期間並無作出香港利得稅準備。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended September 30, 2006 截至二零零六年九月三十日止六個月

7. PROFIT FOR THE PERIOD

7. 期內溢利

	Continuing operations		Discontinued operations		Consolidated	
	Six months ended September 30,		Six months ended September 30,		Six months ended September 30,	
	持續業務		非持續業務		綜合	
	截至九月三十日止六個月		截至九月三十日止六個月		截至九月三十日止六個月	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
	千港元	千港元	千港元	千港元	千港元	千港元
Profit for the period has been arrived at after charging (crediting):						
Allowance for (written back of) bad and doubtful debts	6,479	2,261	11,878	(593)	18,357	1,668
Amortization of trademark licenses and patent (included in administrative expenses)	-	-	-	403	-	403
Impairment loss on goodwill (Note)	6,621	-	-	-	6,621	-
Depreciation and amortization of property, plant and equipment	4,607	1,321	1,023	5,145	5,630	6,466
Share of income tax of associates (included in share of results of associates)	1,850	1,029	-	-	1,850	1,029
Exchange (gain) losses	(7,742)	2,913	(5,133)	8,798	(12,875)	11,711
Interest income	(59,069)	(20,066)	(67)	(670)	(59,136)	(20,736)
Net realized gain on investments held for trading:						
Proceed on sale of investments (included in turnover)	(79,487)	(113,935)	-	-	(79,487)	(113,935)
Less: Cost of securities sold (included in cost of sales)	77,041	92,347	-	-	77,041	92,347
	(2,446)	(21,588)	-	-	(2,446)	(21,588)

Note: The impairment loss on goodwill represent full amount of goodwill arising on acquisition of Rapid Growth Limited in prior years, a subsidiary engaged in the business of property investment.

附註：商譽減值虧損指於過往年度收購 Rapid Growth Limited 產生之全數商譽。Rapid Growth Limited 為一間從事物業投資業務之附屬公司。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended September 30, 2006 截至二零零六年九月三十日止六個月

8. DISTRIBUTIONS

8. 分派

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Final, paid – HK6 cents per share for 2006, with a scrip option (2005: HK6 cents per share)	末期·已付 – 二零零六年每股6港仙(可選擇以股代息)(二零零五年:每股6港仙)	15,027	13,418

The directors have resolved to declare an interim dividend of HK5 cents per share in cash with scrip option (2005: HK4 cents with scrip option) should be paid to shareholders of the Company whose names appear on the Register of Members of the Company on January 16, 2007.

董事議決宣派中期股息每股現金5港仙(可選擇以股代息)(二零零五年:每股4港仙·可選擇以股代息)予於二零零七年一月十六日名列於本公司股東名冊上之本公司股東。

On July 28, 2006, a dividend of HK6 cents per share was declared to shareholders as a final dividend for the year ended March 31, 2006, amounting to HK\$15,027,000.

於二零零六年七月二十八日·本公司向股東宣派股息每股6港仙·作為截至二零零六年三月三十一日止年度之末期股息·金額合共15,027,000港元。

On July 22, 2005, a dividend of HK6 cents per share was declared to shareholders as a final dividend for the year ended March 31, 2005, amounting to HK\$13,418,000.

於二零零五年七月二十二日·本公司向股東宣派股息每股6港仙·作為截至二零零五年三月三十一日止年度之末期股息·金額合共13,418,000港元。

Cash and share dividends were offered in respect of the 2005 final and 2006 final dividends. These cash and share dividends were as follows:

已就二零零五年末期及二零零六年末期股息提供現金及股份股息。該等現金及股份股息如下:

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Dividend	股息		
– Cash	– 現金	7,758	13,418
– Share alternative	– 股份選擇	7,269	–
		15,027	13,418

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended September 30, 2006 截至二零零六年九月三十日止六個月

9. EARNINGS (LOSS) PER SHARE

9. 每股盈利(虧損)

(i) From continuing and discontinued operations

The calculation of the basic and diluted earnings per share is from continuing and discontinued operations based on the following data:

(i) 來自持續業務及非持續業務

來自持續業務及非持續業務之每股基本及攤薄盈利乃基於以下數據計算：

		Six months ended September 30, 截至九月三十日止六個月	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Earnings:	盈利：		
Earnings for the period attributable to equity holders of the Company for the purpose of basic earnings per share	用以計算每股基本盈利之本公司股本持有人應佔本期間盈利	491,398	16,388
Interest on convertible loan notes	可兌換貸款票據之利息	11,667	N/A不適用
Earnings for the period attributable to equity holders of the Company for the purpose of diluted earnings per share	用以計算每股攤薄盈利之本公司股本持有人應佔本期間盈利	503,065	16,388
		2006 '000 二零零六年 千股	2005 '000 二零零五年 千股
Number of shares:	股份數目：		
Weighted average number of ordinary shares for the purpose of basic earnings per share	用以計算每股基本盈利之普通股加權平均數	243,455	223,628
Effect of dilutive potential ordinary shares	潛在普通股之攤薄影響		
– Share options	– 購股權	1,741	20,311
– Convertible loan notes	– 可兌換貸款票據	85,664	N/A不適用
Weighted average number of ordinary shares for the purpose of diluted earnings per share	用以計算每股攤薄盈利之普通股加權平均數	330,860	243,939

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended September 30, 2006 截至二零零六年九月三十日止六個月

9. EARNINGS (LOSS) PER SHARE (Continued)

(ii) From continuing operations

The calculation of the basic earnings per share from continuing operations attributable to equity holders of the Company for the period is based on the following data:

		Six months ended September 30, 截至九月三十日止六個月	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Earnings (loss):	盈利(虧損):		
Profit for the period attributable to equity holders of the Company	本公司股本持有人應佔本期間溢利	491,398	16,388
Less: Profit for the period from discontinued operation attributable to equity holders of the Company (Note 29)	減: 本公司股本持有人應佔來自非持續業務之本期間溢利(附註29)	(626,636)	(30,322)
Loss for the purpose of basic earnings per share from continuing operations	用以計算來自持續業務之每股基本盈利之虧損	(135,238)	(13,934)

No diluted earnings per share has been presented as the exercise of share options and the conversion of convertible loan notes would result in a decrease in loss per share from continuing operations.

The denominators used are the same as those for continuing and discontinued operations.

The above has not accounted for the conversion of the convertible note issued by the associate since such conversion is anti-dilutive.

10. INTERESTS IN ASSOCIATES

As explained in note 2, the Group's interest in CSHL were reduced to 14% and CSHL ceased to be an associate of the Group upon the completion of the CSHL Disposal and CSHL Reorganization. Accordingly, carrying value of HK\$21,643,000 was transferred to available-for-sale investments. In additions, interests in associates of HK\$461,113,000 were acquired through the acquisition of GDI Group as described in note 30.

9. 每股盈利(虧損)(續)

(ii) 來自持續業務

本期間本公司股本持有人應佔來自持續業務之每股基本及攤薄盈利乃基於以下數據計算:

		Six months ended September 30, 截至九月三十日止六個月	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Earnings (loss):	盈利(虧損):		
Profit for the period attributable to equity holders of the Company	本公司股本持有人應佔本期間溢利	491,398	16,388
Less: Profit for the period from discontinued operation attributable to equity holders of the Company (Note 29)	減: 本公司股本持有人應佔來自非持續業務之本期間溢利(附註29)	(626,636)	(30,322)
Loss for the purpose of basic earnings per share from continuing operations	用以計算來自持續業務之每股基本盈利之虧損	(135,238)	(13,934)

由於購股權之行使及可兌換貸款票據之兌換將導致持續業務之每股虧損減少，因此並無呈列每股攤薄盈利。

所採用之分母與上文所述計算持續業務及非持續業務所採用者相同。

由於兌換聯營公司發行之可兌換票據產生反攤薄影響，故上文並未計入有關兌換事宜。

10. 聯營公司權益

誠如附註2所詳述，本集團於中策之權益減至14%，而於完成中策出售事項及中策重組後，中策不再為本集團之聯營公司。因此，21,643,000港元之賬面值已轉撥為可供銷售投資。此外，於聯營公司權益461,113,000港元已如附註30所述透過收購群龍集團而收購。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended September 30, 2006 截至二零零六年九月三十日止六個月

11. CONVERTIBLE NOTE FROM AN ASSOCIATE/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTE FROM AN ASSOCIATE

The convertible note is held by China Enterprises Limited ("CEL", a non wholly-owned subsidiary under GDI), which became a subsidiary of the Group pursuant to acquisition of the GDI Group.

During the period, CEL entered into an agreement to subscribe a convertible note with an aggregate principal amount of HK\$300,000,000 from Wing On Travel (Holdings) Limited ("Wing On CN"), a 20.4% associate of CEL. The Wing On CN carries interest at 2% per annum and will mature on June 7, 2011. The initial conversion price is HK\$0.79 per share (subject to adjustments). Unless previously converted or lapsed by Wing On Travel (Holdings) Limited, Wing On Travel (Holdings) Limited will redeem the Wing On CN on June 7, 2011 at the redemption amount which is 110% of the principal amount of the outstanding Wing On CN.

The Group has measured the Wing On CN in accordance with HKAS 39. The debt element of the Wing On CN were measured initially at fair value and subsequently at amortized cost and classified as convertible note from an associate on the condensed consolidated balance sheet. The conversion option element of Wing On CN were measured initially and subsequently at fair value in accordance HKAS 39 and classified as conversion options embedded in convertible note from an associate. During the period, a decrease in fair value of HK\$19,113,000 for conversion option element were recognized in the condensed consolidated income statement.

12. AVAILABLE-FOR-SALE INVESTMENTS

11. 一間聯營公司之可兌換票據／一間聯營公司之可兌換票據中內在之可兌換權

該可兌換票據由China Enterprises Limited (「CEL」·群龍之非全資附屬公司)持有·CEL因收購群龍集團成為本集團之附屬公司。

期內·CEL與永安旅遊(控股)有限公司(CEL持有20.4%權益之附屬公司)簽訂協議·向永安認購本金總額300,000,000港元之可兌換票據(「永安可兌換票據」)·永安可兌換票據以年息兩厘計息·於二零一一年六月七日到期·初步兌換價為每股0.79港元(可予調整)·除非先前由永安旅遊(控股)有限公司兌換或終止·否則永安旅遊(控股)有限公司將於二零一一年六月七日按相當於尚未贖回之永安可兌換票據本金額110%之贖回價贖回永安可兌換票據。

本集團已根據香港會計準則第39號計量永安可兌換票據·永安可兌換票據之債務部分乃初步以公平價值計量·其後則以攤銷成本計量·並於資產負債表歸類為聯營公司之可兌換票據·永安可兌換票據之可兌換權部分乃根據香港會計準則第39號初步及其後以公平價值計量·並歸類為聯營公司之可兌換票據中內在之可兌換權·期內·可兌換權部分公平價值減少19,113,000港元已於簡明綜合收益表確認。

12. 可供銷售投資

			September 30, 2006 HK\$'000 二零零六年 九月三十日 千港元	March 31, 2006 HK\$'000 二零零六年 三月三十一日 千港元
		Notes		
		附註		
Listed equity securities	上市股本證券	(i)	207,595	19,681
Unlisted equity securities	非上市股本證券	(ii)	68,699	73,500
Unlisted debt securities	非上市債務證券	(iii)	646,429	514,364
			922,723	607,545
Analysed for reporting purposes as:	就呈報目的而作出分析:			
Current assets	流動資產		-	73,500
Non-current assets	非流動資產		922,723	534,045
			922,723	607,545

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended September 30, 2006 截至二零零六年九月三十日止六個月

12. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Notes:

- (i) During the period, carrying value of listed equity securities of HK\$30,047,000 were acquired through the acquisition of GDI Group. As a result of the disposal of the 15.3% interest in CSHL upon the completion of CSHL Reorganization set out in note 2, additions of HK\$21,643,000 transferred from interests in associates to available-for-sale investments. The Group also converted the debt element of convertible notes included in unlisted debt securities amounted to HK\$92,367,000 and conversion options embedded in convertible notes amounted to HK\$63,008,000 into listed equity securities. Additions of listed equity securities amounted to HK\$81,900,000 were also acquired by the Group.
- (ii) The Group disposed of carrying value of HK\$73,500,000 unlisted equity securities for a consideration of HK\$73,500,000 and there was no gain or loss from such disposal. In additions, carrying value of HK\$68,699,000 were acquired through the acquisition of GDI Group.
- (iii) During the period, the Group has subscribed two convertible notes with principal amount of HK\$270,000,000 from Macau Prime Properties Holdings Limited ("Macau Prime CN") and HK\$19,000,000 from Asia Standard International Limited ("Asia Standard CN"). All these companies are public limited companies with their shares listed on the Stock Exchange.

The debt element of Macau Prime CN and debt element of Asia Standard CN amounted to HK\$202,069,000 and HK\$17,008,000 respectively were measured at fair value at initial recognition. The conversion option element of Macau Prime CN and Asia Standard CN were measured at fair value in accordance HKAS 39 and classified as conversion options embedded in convertible notes, details of which are set out in note 17.

Fair value of HK\$92,367,000 debt element of convertible notes were transferred to listed equity securities upon the conversion of convertible notes.

During the period, a net loss arising on change in fair value of approximately HK\$103,952,000 for the available-for-sale investments which were recognized in investment revaluation reserve, representing the loss on fair value change of HK\$86,083,000 for listed equity securities and the loss on fair value change of HK\$17,869,000 for unlisted debt securities. A cumulative loss of HK\$13,120,000 on fair value of listed equity securities was removed from reserve and recognized as impairment loss in the condensed consolidated income statement during the period while an additional impairment loss of HK\$14,968,000 was directly recognized in the condensed consolidated income statement.

13. OTHER ASSET

Other asset with carrying value of HK\$229,288,000 were acquired through the acquisition of GDI Group.

The amount represented a land development project of 珠海市龍山智業產業園 located in Long Shan Development Area, Doumen District, Zhuhai City. The Group has made a payment HK\$229,288,000 to PRC government in return for the exclusive development right to the project and the right to obtain the land for the development. The Group is also entitled to sell these rights to other investors at consideration to be agreed among themselves.

12. 可供銷售投資 (續)

附註:

- (i) 期內，因收購群龍集團而獲得30,047,000港元之上市股本證券賬面值。由於附註2所載之中策重組完成後出售於中策之15.3%權益，21,643,000港元之增加額已由聯營公司權益轉移至可供銷售投資。本集團亦兌換非上市債務證券中所含可兌換票據之債務部分92,367,000港元及可兌換票據中內在之可兌換權部分63,008,000港元為上市股本證券。本集團亦已收購上市股本證券之增加額81,900,000港元。
- (ii) 本集團出售賬面值73,500,000港元之非上市股本證券，代價為73,500,000港元，此項出售並無盈虧。此外，因收購群龍集團而獲得賬面值68,699,000港元。
- (iii) 期內，本集團向澳門祥泰地產集團有限公司認購本金額270,000,000港元之可兌換票據（「澳門祥泰可兌換票據」）及向泛海國際有限公司（「泛海可兌換票據」）認購本金額19,000,000港元之可兌換票據。以上公司均為公眾有限公司且股份於聯交所上市。

澳門祥泰可兌換票據之債務部分202,069,000港元及泛海可兌換票據之債務部分17,008,000港元已於初步確認時按公平價值計量。澳門祥泰可兌換票據及泛海可兌換票據之可兌換權部分乃根據香港會計準則第39號以公平價值計量，並歸類為可兌換票據中內在之可兌換權，詳情載列於附註17。

賬面值為92,367,000港元之可兌換票據債務部分已於兌換可兌換票據時轉移至上市股本證券。

期內，可供銷售投資之公平價值變動所產生之虧損淨額約103,952,000港元已於投資重估儲備確認，有關金額為上市股本證券之公平價值變動虧損86,083,000港元及非上市債務證券之公平價值變動虧損17,869,000港元。期內，上市股本證券之公平價值累積虧損13,120,000港元已自儲備中剔除，並於簡明綜合收益表中確認為減值虧損；而14,968,000港元之額外減值虧損已直接於簡明綜合收益表中確認。

13. 其他資產

賬面值為229,288,000港元之其他資產因收購群龍集團而獲得。

該筆金額為一項位於珠海市斗門區龍山發展區之珠海市龍山智業產業園土地發展項目。該項目乃與珠海市龍山工業區管理委員會共同發展。本集團已向中國政府支付229,288,000港元，以獲得該項目之專屬開發權利及取得該土地作開發用途之權利。本集團亦有權按雙方協定之代價將此等權利出售予其他投資者。

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13. OTHER ASSET (Continued)

The directors has assessed the carrying value of the Other Asset with reference to the valuation performed by an independent valuer on an open market value basis and no impairment loss is identified.

14. DEPOSITS PAID FOR ACQUISITION OF SUBSIDIARIES

In June, 2006, the Group entered into an agreement to acquire 100% equity interest in Goal Wisdom Limited at a consideration of HK\$50,000,000. Goal Wisdom Limited is an investment holding company with its subsidiary engaging in business of catering and entertainment operations and related management. The acquisition has not yet completed at the date of this report due to certain conditions not yet fulfilled by the vendor including the land use right related to a piece of land located in the PRC to be obtained by the subsidiary of Goal Wisdom Limited.

15. PAYMENTS FOR ACQUISITION OF INTEREST IN PROPERTIES

Payments for acquisition of interest in properties with carrying value of HK\$57,149,000 were acquired through the acquisition of GDI Group.

The amount represented initial payments incurred in connection with the acquisition of properties interest located in Shanghai, PRC.

The GDI Group entered into a conditional agreement with a third party to acquire the interest in properties in a parcel of land situated in Shanghai, PRC and the 24-storey building being erected upon the land together with 2 levels of underground car parks for a consideration of RMB450,000,000 (approximately HK\$424,528,000). An initial payment of RMB58,000,000 (approximately HK\$57,149,000) was paid to the vendor pursuant to the conditional agreement.

However, the conditions stated in the agreement cannot be fulfilled by the vendor and the GDI Group commenced legal proceeding's against the vender. On June 22, 2006, the People's High Court of Shanghai City ruled the case in favour of the GDI Group and demanded the vendor to continue fulfilling its obligations under the agreement.

During the period, the directors of the Company were also in discussion with the vendor for settlement of the matters; however, there was no assurance that such matters could be resolved and settled with the vendor eventually. The directors of the Company consulted the Group's legal counsel, and decided to proceed with the acquisition of the properties and were of the view that the carrying amount of deposit was not less than its recoverable amount regardless of the successful acquisition or not.

13. 其他資產 (續)

董事已參照獨立估值師按公開市場價值基準所作之估值評估其他資產之賬面值，並無識別出減值虧損。

14. 收購附屬公司所付之按金

本集團於二零零六年六月簽訂協議收購Goal Wisdom Limited之全部股本權益，代價為50,000,000港元。Goal Wisdom Limited為投資控股公司，其附屬公司從事飲食及娛樂及相關管理業務。截至本報告日期，由於賣方尚未達成若干條件，包括有關Goal Wisdom Limited之附屬公司將予取得一幅位於中國之土地之土地使用權，故該項收購尚未完成。

15. 收購物業權益所付之款項

賬面值57,149,000港元之就收購物業權益之付款因收購群龍集團而獲得。

該金額為收購位於中國上海之物業權益所涉及之成本。

群龍集團與獨立第三方簽訂有條件協議，以收購一幅位於中國上海之土地及其上所建一幢二十四層高樓宇連兩層地庫停車場，代價為人民幣450,000,000元（約424,528,000港元）。首期款項人民幣58,000,000元（約57,149,000港元）已根據有條件協議付予賣方。

然而，賣方未能達成協議所列之條件，而群龍集團已開始向賣方提出法律程序。於二零零六年六月二十二日，上海市高級人民法院判群龍集團勝訴，並要求賣方繼續履行其於該協議下之責任。

期內，本公司董事亦就該項事宜與賣方商討解決方案，惟未能保證最終能與賣方解決該等事宜。本公司董事諮詢本集團之法律顧問，並決定繼續收購物業，且認為無論收購成功與否，按金之賬面值亦不會少於其可回收金額。

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16. TRADE AND OTHER RECEIVABLES

Included within trade and other receivables is a trade debtor balance of HK\$2,657,000 (3.31.2006: HK\$656,670,000 of which HK\$636,587,000 was included in assets classified as held for sale). The Group allows an average credit period of one to two months to its trade customers.

The following is an aged analysis of trade debtors at the reporting date:

		September 30, 2006 HK\$'000 二零零六年 九月三十日 千港元	March 31, 2006 HK\$'000 二零零六年 三月三十一日 千港元
Not yet due	未到期	806	573,862
Overdue within one month	逾期少於一個月	15	66,333
Overdue between one to two months	逾期一至兩個月	237	2,266
Overdue more than two months	逾期超過兩個月	1,599	14,209
		<u>2,657</u>	<u>656,670</u>

17. CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES

Conversion options embedded in convertible notes represented the conversion option element of certain convertible notes subscribed by the Group and are measured at fair value. The debt element of those convertible notes are classified under available-for-sale investment.

As explained in note 12, the Group had subscribed Macau Prime CN and Asia Standard CN and the related conversion option element of the Macau Prime CN and Asia Standard CN were measured at fair value using the Black-Scholes model. During the period, an amount of HK\$70,699,000 were recognized as conversion options embedded in convertible notes upon the subscription of Macau Prime CN and Asia Standard CN which are measured at fair value at initial recognition. Conversion options embedded in convertibles notes with carrying value of HK\$63,008,000 were released upon the conversion of convertible notes. The Group also recognized a decrease in fair value changes of approximately HK\$185,111,000.

16. 貿易及其他應收款項

貿易及其他應收款項包括為數2,657,000港元之應收貿易款項結餘(二零零六年三月三十一日: 656,670,000港元, 其中636,587,000港元包括在分類為持作銷售資產內)。本集團向其貿易客戶提供平均一至兩個月不等之信貸期。

於報告日期之應收貿易款項賬齡分析如下:

17. 可兌換票據中內在之可兌換權

可兌換票據中內在之可兌換權即本集團認購之若干可兌換票據之可兌換權部分, 並以公平價值計量。該等可兌換票據之債務部分歸類於可供銷售投資項下。

誠如附註12所闡釋, 本集團已認購澳門祥泰可兌換票據及泛海可兌換票據, 而澳門祥泰可兌換票據及泛海可兌換票據之相關可兌換權部分均按Black-Scholes模式以公平價值計量。期內, 為數70,699,000港元之金額已於認購澳門祥泰可兌換票據及泛海可兌換票據時確認為可兌換票據中內在之可兌換權, 於初步確認時乃按公平價值計量。賬面值63,008,000港元之可兌換票據中內在之可兌換權隨兌換可兌換票據而解除。本集團亦確認公平價值變動減少約185,111,000港元。

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18. CONVERTIBLE NOTES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

During the period, the Group subscribed another two convertible notes with principal amount of HK\$50,000,000 from Mei Ah Enterprises Group Limited and HK\$50,000,000 from Golden Harvest Entertainment (Holdings) Limited. Both Mei Ah Enterprises Group Limited and Golden Harvest Entertainment (Holdings) Limited are listed on the Stock Exchange. The Group designated them as financial assets at fair value through profit or loss. During the period, a gain of HK\$5,579,000 arising from changes in fair value were recognized in the condensed consolidated income statement.

19. SHORT-TERM LOAN RECEIVABLES

The amounts carry interest at Hong Kong Prime Rate plus 2% to 3% per annum and repayable on demand or within one year. Except for an amount of HK\$69,913,000 are secured, an remaining balances are unsecured.

20. SHORT-TERM LOAN RECEIVABLES FROM RELATED COMPANIES

The amounts are unsecured, bear interest at Hong Kong Prime Rate plus 2% to 3% per annum and repayable on demand or within one year.

The amount as at March 31, 2006 represented the advance to Wing On Travel (Holdings) Limited and its subsidiaries ("Wing On Group", an associate of CEL). During the period, the Group made additional advances of HK\$86,798,000 to Wing On Group and received repayment of HK\$230,865,000 from Wing On Group. The amount of HK\$15,492,000 were reclassified to loans to associates when Wing On Group became an associate of the Group through the acquisition of the GDI Group. In additions, the Group also made advances of HK\$30,485,000 to its related companies during the period.

21. LOANS TO ASSOCIATES

The amounts are unsecured, bear interest at Hong Kong Prime Rate plus 2% to 3% per annum and repayable on demand or within one year.

18. 按公平價值列賬並在損益表內處理之可兌換票據

期內，本集團向美亞娛樂資訊集團有限公司及嘉禾娛樂事業(集團)有限公司分別認購本金額達50,000,000港元及50,000,000港元之兩份可兌換票據。美亞娛樂資訊集團有限公司及嘉禾娛樂事業(集團)有限公司均為於聯交所上市之公司。本集團將該等可兌換票據分類為按公平價值列賬並在損益表內處理之財務資產。期內，公平價值變動而產生之5,579,000港元收益已於簡明綜合收益表中確認。

19. 應收短期貸款

該筆貸款按香港最優惠利率加年息2厘至3厘計息，並須按要求或於一年內償還。除為數69,913,000港元為已抵押外，餘款為無抵押。

20. 應收有關連公司之短期貸款

該金額為無抵押，按香港最優惠利率加年息2厘至3厘計息，並須按要求或於一年內償還。

於二零零六年三月三十一日之金額為給予永安旅遊(控股)有限公司及其附屬公司(「永安集團」，CEL之聯營公司)之墊款。期內，本集團額外向永安集團墊支86,798,000港元，並從永安集團收取230,865,000港元之還款。永安集團因收購群龍集團而成為本集團之聯營公司後，為數15,492,000港元之金額已重新歸類為借予聯營公司之貸款。此外，本公司亦於期內向其有關連公司墊支30,485,000港元。

21. 給予聯營公司貸款

該金額為無抵押，按香港最優惠利率加年息2厘至3厘計息，並按要求或於一年內償還。

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22. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

As explained in note 2, the assets and liabilities related to Disposed Business were classified as assets classified as held for sale and liabilities directly associated with assets classified as held for sale respectively upon the Disposal Agreement entered into during the year ended March 31, 2006.

23. TRADE AND OTHER PAYABLES

Included within trade and other payables is a trade creditor balance of HK\$33,384,000 (3.31.2006: HK\$476,974,000 of which HK\$405,439,000 was included in liabilities directly associated with assets classified as held for sale).

The following is an aged analysis of trade creditors at the reporting date:

Not yet due	未到期
Overdue within one month	逾期少於一個月
Overdue between one to two months	逾期一至兩個月
Overdue more than two months	逾期超過兩個月

22. 分類為持作銷售資產／分類為持作銷售資產之直接相關負債

誠如附註2所闡述，截至二零零六年三月三十一日止年度，於訂立出售協議後，有關出售業務之資產及負債已分類為持作銷售資產及持作銷售資產之直接相關負債。

23. 貿易及其他應付款項

貿易及其他應付款項包括貿易債務結餘33,384,000港元（二零零六年三月三十一日：476,974,000港元，其中405,439,000港元包括在持作銷售資產之直接相關負債內）。

於報告日期，貿易債務之賬齡分析如下：

September 30, 2006 HK\$'000 二零零六年 九月三十日 千港元	March 31, 2006 HK\$'000 二零零六年 三月三十一日 千港元
167	380,210
10,612	75,260
279	11,467
22,326	10,037
33,384	476,974

24. BORROWINGS

During the period, the Group obtained additional bank and other loans of approximately HK\$65,064,000 which bear interest at prevailing market rates ranging from 9.75% to 10% and repayable from 2007 to 2009. The Group also repaid bank and other loans of approximately HK\$311,465,000. Except for bank loan of HK\$86,025,000 are repayable after one year, all remaining balances are repayable on demand or within one year.

Borrowings included loan payables of HK\$403,095,000 (3.31.2006: HK\$562,064,000) due to substantial shareholders and its associates of the Company, which are unsecured, bear interest at prevailing market rates and repayable on demand or within one year.

24. 借款

期內，本集團取得為數約65,064,000港元之額外銀行及其他貸款，有關貸款均按當時市場利率介乎9.75厘至10厘計息，並須於二零零七年至二零零九年期間償還。本集團亦償還約311,465,000港元之銀行及其他貸款。除86,025,000港元銀行貸款須於一年後償還外，所有其餘結餘按要求或於一年內償還。

借款包括應付本公司主要股東及其聯繫人士之貸款403,095,000港元（二零零六年三月三十一日：562,064,000港元），該等款項為無抵押，按現行市場利率計息及按要求或於一年內償還。

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25. CONVERTIBLE LOAN NOTES

During the period, the Company issued convertible loan notes of HK\$770,973,000 through the acquisition of GDI Group. The fair value of the liability component at date of issue is HK\$627,636,000. The convertible loan notes carry interest at 2% per annum and will be matured on June 15, 2011. The convertible loan notes are denominated in Hong Kong dollars. The initial conversion price is HK\$9 per share and subject to anti-dilutive adjustments. The effective interest rate of the liability component is 6.5% per annum.

Unless previously converted by the convertible note holder, the Company will redeem the convertible loan notes on the maturity date at the principal amount of the convertible notes then outstanding.

The fair value of the liability component of the convertible note payable, determined based on the present value of the estimated future cash outflows discounted at the effective interest rates of 6.5% per annum at the balance sheet date, approximate their corresponding carrying amount.

During the period, loan notes of HK\$228,952 were converted into 25,439 ordinary shares of HK\$0.01 each of the Company.

26. SHARE CAPITAL

25. 可兌換貸款票據

期內，本公司因收購群龍集團而發行770,973,000港元可兌換貸款票據。負債部分於發行當日之公平價值為627,636,000港元。可兌換貸款票據按年息2厘計息，並於二零一一年六月十五日到期。可兌換貸款票據以港元計值。初步兌換價為每股9港元，並可予調整。負債部分之實際年利率為6.5厘。

除非可兌換票據持有人先前兌換，否則本公司將於到期日按當時未行使可兌換票據之本金額贖回可兌換貸款票據。

應付可兌換票據之負債部分公平價值與其相關賬面值相若。有關公平價值乃根據按結算日之實際年利率6.5厘貼現之估計未來現金流出現值釐定。

期內，228,952港元之貸款票據已轉換為本公司每股面值0.01港元之25,439股普通股。

26. 股本

		Number of share 股份數目	Share capital HK\$'000 股本 千港元
Ordinary shares of HK\$0.01 each	每股面值0.01港元之普通股		
At April 1, 2006	於二零零六年四月一日	237,253,402	2,372
Issued of shares of shares for the acquisition of GDI Group (Note 2 and 30)	就收購群龍集團 股份發行股份(附註2及30)	9,926,228	99
Issue of shares upon scrip dividend	以股代息時發行股份	2,097,260	21
Issue of shares upon exercise of share options	行使購股權時發行股份	3,250,000	33
Conversion of convertible notes (Note 25)	兌換可兌換票據(附註25)	25,439	-
At September 30, 2006	於二零零六年九月三十日	<u>252,552,329</u>	<u>2,525</u>

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27. PLEDGE OF ASSETS

At the balance sheet date, the following assets were pledged by the Group to secure banking and other financing facilities:

		September 30, 2006 HK\$'000 二零零六年 九月三十日 千港元	March 31, 2006 HK\$'000 二零零六年 三月三十一日 千港元
Listed securities of associates	聯營公司之上市證券	88,537	270,558
Land and buildings	土地及樓宇	-	12,648
Investment properties	投資物業	142,000	133,000
Available-for-sale investments	可供銷售投資	-	505,294
Investments held for trading	持作買賣投資	4,924	231,069
Bank deposits	銀行存款	-	19,966
		<u>235,461</u>	<u>1,172,535</u>
Assets classified as held for sale	分類為持作出售資產	-	257,368
		<u>235,461</u>	<u>1,429,903</u>

27. 資產抵押

於結算日，本集團將下列資產作為銀行及其他融資信貸之抵押：

28. DISPOSAL OF SUBSIDIARIES

During the period, the Group disposed of its entire interest in Hanny Strategic Limited and Better Gain Investments Limited at a consideration of HK\$18. The net assets of disposed subsidiaries at the date of disposal were as follows:

		HK\$'000 千港元
Net assets disposed of	已出售資產淨值	609
Loss on disposal	出售虧損	(609)
		<u>-</u>
Total consideration satisfied by cash	以現金支付之總代價	-
		<u>-</u>
Net cash inflow (outflow) arising on disposal:	出售產生之現金流入(流出)淨額：	
Cash consideration	現金代價	-
Bank balances and cash disposal of	出售之銀行結存及現金	(3)
		<u>(3)</u>

28. 出售附屬公司

期內，本集團以代價18港元出售其於Hanny Strategic Limited及Better Gain Investments Limited之全部權益。於出售日期，已出售附屬公司之資產淨值如下：

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29. DISCONTINUED OPERATIONS

Discontinued Operations

As explained in note 2, the business segment of trading of computer related products business under the trade name "Memorex®" and trading of consumer electronic product business were classified as discontinued operation.

The results of the trading of computer related products under "Memorex®" and trading of consumer electronic product business for the period from April 1, 2006 to the date of disposal together with comparative figures were as follows:

29. 非持續業務

非持續業務

誠如附註2所闡述，商用名稱為「Memorex®」之電腦相關產品貿易之業務分類及消費電子產品貿易已分類為非持續業務。

由二零零六年四月一日至終止日期止期間，「Memorex®」之電腦相關產品貿易及消費電子產品貿易之業績連同比較數字如下：

		1.4.2006 to 28.4.2006 HK\$'000 二零零六年 四月一日 至二零零六年 四月二十八日 千港元	1.4.2005 to 30.9.2005 HK\$'000 二零零五年 四月一日 至二零零五年 九月三十日 千港元
Revenue	收入	289,253	2,544,892
Cost of sales	銷售成本	(270,047)	(1,957,137)
Other revenue	其他收入	7,825	4,667
Distribution costs	分銷成本	(89,370)	(394,238)
Administrative expenses	行政開支	(9,874)	(79,790)
Finance costs	財務費用	(667)	(2,881)
(Loss) profit before tax	除稅前(虧損)溢利	(72,880)	115,513
Income tax credit (expense)	所得稅抵免(支出)	26,235	(48,428)
(Loss) profit for the period	本期間(虧損)溢利	(46,645)	67,085
Add: Gain on disposal of Disposed Business	加: 出售出售業務之收益	1,527,167	-
		<u>1,480,522</u>	<u>67,085</u>
Attributable to:	應佔:		
Equity holders of the Company	本公司股本持有人	626,636	30,322
Minority interests	少數股東權益	853,886	36,763
		<u>1,480,522</u>	<u>67,085</u>

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29. DISCONTINUED OPERATIONS (Continued)

Discontinued Operations (Continued)

The net assets of Disposed Business at the date of disposal were as follows:

		April 28, 2006 HK\$'000 二零零六年 四月二十八日 千港元
Net assets disposed of	已出售資產淨值	529,696
Attributable goodwill	應佔商譽	167,908
		697,604
Exchange reserve realized	已變現匯兌儲備	(26,912)
Gain on disposal of Disposed Business	出售出售業務之收益	1,527,167
		2,197,859
Total consideration	總代價	2,197,859
Satisfied by:	支付方式:	
Cash (US\$269,237,000)	現金 (269,237,000美元)	2,088,442
Amount held under escrow account (US\$33,000,000)	根據託管賬戶持有金額 (33,000,000美元)	256,615
Earnout amount (US\$5,000,000)	額外金額 (5,000,000美元)	38,795
Withholding tax (US\$1,500,000)	預扣稅 (1,500,000美元)	(11,638)
Expenses incurred for disposal	出售產生之開支	(174,355)
		2,197,859
Total consideration (Note)	總代價 (附註)	2,197,859
Net cash inflow (outflow) arising on disposal:	出售產生之現金流入 (流出) 淨額:	
Cash consideration	現金代價	2,088,442
Expenses incurred for disposal	出售產生之開支	(174,355)
Bank balances and cash disposal of	出售之銀行結存及現金	(36,543)
		1,877,544

Disposed Business did not make any significant contribution to the cash flows of the Group during the interim period.

Note: Pursuant to the Disposal Agreement, the aggregate consideration for the disposal of Disposed Business comprises: (i) an initial consideration of US\$330,000,000 (equivalent to approximately HK\$2,560,470,000); (ii) plus the amount, if any, by which the net current assets amount on completion date exceeding US\$87,000,000 (equivalent to approximately HK\$675,033,000) or minus the amount, if any, by which the amount of net current assets amount at completion date fall short of US\$87,000,000 (equivalent to approximately HK\$675,033,000); and (iii) plus the earnout amount which is to be determined by reference to the earnings before interest, tax, depreciation and amortization of the electronic data storage business of the Disposed Companies to be disposed by the MII and calculated on an agreed basis set out in the agreement for each of the twelve-month periods ending March 31, 2007, March 31, 2008 and March 31, 2009. The earnout amount shall have a cumulative minimum of US\$5,000,000 (equivalent to approximately HK\$38,795,000) and a cumulative maximum of US\$45,000,000 (equivalent to approximately HK\$349,155,000). In the event that Imation transfers control of the business (as defined in the circular dated April 10, 2006) at any time, prior to April 1, 2009, Imation will pay MII an amount equal to whatever would be required to bring the aggregate amount of earnout payments to US\$45,000,000 (equivalent to approximately HK\$349,155,000).

29. 非持續業務 (續)

非持續業務 (續)

於出售日期，出售業務之資產淨值如下：

		April 28, 2006 HK\$'000 二零零六年 四月二十八日 千港元
Net assets disposed of	已出售資產淨值	529,696
Attributable goodwill	應佔商譽	167,908
		697,604
Exchange reserve realized	已變現匯兌儲備	(26,912)
Gain on disposal of Disposed Business	出售出售業務之收益	1,527,167
		2,197,859
Total consideration	總代價	2,197,859
Satisfied by:	支付方式:	
Cash (US\$269,237,000)	現金 (269,237,000美元)	2,088,442
Amount held under escrow account (US\$33,000,000)	根據託管賬戶持有金額 (33,000,000美元)	256,615
Earnout amount (US\$5,000,000)	額外金額 (5,000,000美元)	38,795
Withholding tax (US\$1,500,000)	預扣稅 (1,500,000美元)	(11,638)
Expenses incurred for disposal	出售產生之開支	(174,355)
		2,197,859
Total consideration (Note)	總代價 (附註)	2,197,859
Net cash inflow (outflow) arising on disposal:	出售產生之現金流入 (流出) 淨額:	
Cash consideration	現金代價	2,088,442
Expenses incurred for disposal	出售產生之開支	(174,355)
Bank balances and cash disposal of	出售之銀行結存及現金	(36,543)
		1,877,544

出售業務對本集團於中期期間之現金流量並無作出重大貢獻。

附註：根據出售協議，出售出售業務之總代價包括：(i) 初步代價330,000,000美元（相等於約2,560,470,000港元）；(ii) 另加完成日期流動資產淨值超過87,000,000美元（相等於約675,033,000港元）之金額之款項（如有），或減去完成日期流動資產淨值少於87,000,000美元（相等於約675,033,000港元）之金額之款項（如有）；及(iii) 另加額外金額，額外金額乃按MII出售出售公司之電子數據儲存業務之未計利息、稅項、折舊及攤銷前盈利釐定，及按協議所載之協定基準計算截至二零零七年三月三十一日、二零零八年三月三十一日及二零零九年三月三十一日止各十二個月期間有關金額。額外金額之累積最低額須為5,000,000美元（相等於約38,795,000港元），而累積最高額須為45,000,000美元（相等於約349,155,000港元）。倘Imation於二零零九年四月一日前任何時間轉讓業務之控制權（定義見於二零零六年四月十日刊發之通函），則Imation將會向MII支付一筆相等於使額外付款總額達致45,000,000美元（相等於約349,155,000港元）之所需金額之款項。

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29. DISCONTINUED OPERATIONS (Continued)

Discontinued Operations (Continued)

According to the above terms set out in the Disposal Agreement, the net consideration of US\$283,266,000 (equivalent to approximately HK\$2,197,859,000) is calculated after taking into the following:

- (a) the initial consideration of US\$330,000,000 (equivalent to HK\$2,560,470,000);
- (b) plus additional consideration of US\$1,200,000 (equivalent to HK\$9,311,000) agreed between the Group and Imation pursuant to the pre-closing agreement dated April 28, 2006;
- (c) minus shortfall amount of approximately US\$28,963,000 (equivalent to HK\$224,724,000) which represented the net current assets on completion date (based on the figures extracted from the management accounts of the Disposed Companies as at April 28, 2006 provided by Imation) falling short of US\$87,000,000 (equivalent to HK\$675,033,000);
- (d) plus the earnout amount of US\$5,000,000 (equivalent to HK\$38,795,000) which represented the minimum earnout amount as provided in the Disposal Agreement;
- (e) minus the estimated withholding tax of US\$1,500,000 (equivalent to HK\$11,638,000) withheld by Imation regarding the disposal; and
- (f) minus the expenses incurred in connection with the disposal of approximately HK\$174,355,000.

The net consideration calculated above were settled as to cash of US\$269,237,000 (equivalent to approximately HK\$2,088,442,000) upon the completion and as to US\$38,000,000 (equivalent to approximately HK\$295,410,000) placed by Imation in an escrow account and earnout amount.

In accordance with the terms of the Disposal Agreement, the Group is entitled to require an adjudication to the shortfall amount of US\$28,963,000 (equivalent to HK\$224,724,000) which is calculated based on the management account of Disposed Companies as at April 28, 2006 provided by Imation. Subsequent to the balance sheet date, the Group initiates the process of the adjudication to the shortfall amount of US\$28,963,000 to Imation and the consideration amount used in the calculation of the gain on disposal of Disposed Business may differ if outcomes from adjudication is finally determined. In the opinion of the directors, the consideration arrived after taking into the above item (a) to (e) will not significantly differ from the amount after the conclusion of adjudication.

29. 非持續業務 (續)

非持續業務 (續)

根據上述出售協議所載之條款，於計入下列各項後計算之代價淨額為283,266,000美元（相等於約2,197,859,000港元）：

- (a) 初步代價330,000,000美元（相等於2,560,470,000港元）；
- (b) 根據於二零零六年四月二十八日訂立之交割前協議，本集團及Imation同意增加額外代價1,200,000美元（相等於9,311,000港元）；
- (c) 減去不足額約28,963,000美元（相等於224,724,000港元），即完成日期流動資產淨值（根據摘錄自Imation所提供之出售公司於二零零六年四月二十八日之管理賬目之數字計算）與87,000,000美元（相等於675,033,000港元）之間之不足額；
- (d) 另加額外金額5,000,000美元（相等於38,795,000港元），即出售協議所訂之最低額外金額；
- (e) 減去Imation就出售事項預扣之估計預扣稅1,500,000美元（相等於11,638,000港元）；及
- (f) 減去就出售所產生之開支約174,355,000港元。

按上文計算之代價淨額其中269,237,000美元（相等於約2,088,442,000港元）於完成後以現金支付，另外38,000,000美元（相等於約295,410,000港元）由Imation存入託管賬戶及額外金額。

根據出售協議之條款，本集團有權就Imation提供按出售公司於二零零六年四月二十八日管理賬目計算之不足額28,963,000美元（相等於224,724,000港元）而要求判決。於結算日後，本集團就Imation之不足額28,963,000美元提起審裁程序，倘最終作出審裁，其結果可能有別於用以計算出售業務收益之代價金額。董事認為計入上述(a)至(e)項所得之代價將不會與審裁結果之金額有重大差異。

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30. ACQUISITION OF SUBSIDIARIES

Acquisition

As explained in note 2, the Group acquired a further 69.5% in the issued share capital of GDI Group for total consideration of HK\$751,353,000. This transaction has been accounted for using the purchase method of accounting.

The net assets acquired in the transaction, and the discount on acquisition arising, are as follows:

30. 收購附屬公司

收購事項

誠如附註2所闡述，本集團進一步以總代價751,353,000港元收購群龍集團69.5%已發行股本。此項交易已使用購買會計法入賬。

於交易中收購之資產淨值及所產生之收購折讓如下：

		Acquiree's carrying amount before combination HK\$'000 被收購公司 於合併前 之賬面值 千港元	Fair value adjustments HK\$'000 公平價值調整 千港元	Provisional fair value HK\$'000 暫時 公平價值 千港元
Net assets acquired:	已收購之資產淨值：			
Property, plant and equipment	物業、廠房及設備	105,025	22,727	127,752
Interests in associates	聯營公司權益	461,113	—	461,113
Convertible note from an associate	一間聯營公司之可兌換票據	238,116	—	238,116
Available-for-sale investments	可供銷售投資	98,746	—	98,746
Payments for acquisition of interest in properties	收購物業權益所付 之款項	56,295	—	56,295
Other asset	其他資產	229,288	—	229,288
Inventories	存貨	150	—	150
Amounts due from associates	應收聯營公司款項	4,510	—	4,510
Short-term loan receivables	短期應收貸款	369,569	—	369,569
Other receivables, deposits and prepayments	其他應收款項、按金及 預付款項	25,757	—	25,757
Conversion options embedded in convertible note from an associate	一間聯營公司之可兌換 票據中內在之可兌換權	63,038	—	63,038
Tax recoverable	可收回稅項	126	—	126
Bank balances and cash	銀行結存及現金	93,656	—	93,656
Trade payables, other payables and accrued charges	貿易應付款項、其他應付 款項及應計費用	(27,323)	—	(27,323)
Amounts due to related companies	應付有關連公司款項	(208,326)	—	(208,326)
Income tax payables	應付所得稅	(14,125)	—	(14,125)
Obligation under a finance lease	融資租賃承擔	(124)	—	(124)
Deferred tax liabilities	遞延稅項負債	(21,176)	(7,500)	(28,676)
		<u>1,474,315</u>	<u>15,227</u>	<u>1,489,542</u>
Minority interests	少數股東權益			(285,518)
Discount on acquisition	收購折讓			(116,363)
Reclassify from the Group's interest in an associate	由本集團於一間聯營公司 之權益重新分類			(331,837)
Revaluation increase in net assets shared by the Group's interest in an associate	本集團於一間聯營公司 之權益分佔 之資產淨值重估增值			(4,471)
Total consideration	總代價			<u>751,353</u>
Total consideration satisfied by:	總代價支付方式：			
Cash	現金			17,915
Issue of convertible loan notes	發行可兌換貸款票據			687,188
Issue of shares	發行股份			38,733
Expenses incurred for the acquisition	收購產生之開支			7,517
				<u>751,353</u>
Net cash outflow arising on acquisition:	收購產生之現金流出淨額：			
Cash consideration paid	已付現金代價			(17,915)
Cash and cash equivalents acquired	收購之現金及現金等值項目			93,656
Expenses paid for the acquisition	就收購支付之開支			(7,517)
				<u>68,224</u>

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30. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisition (Continued)

As part of the consideration for the acquisition of GDI Group, 9,926,228 ordinary shares of the Company with par value of HK\$0.01 each and convertible loan notes with principal amount of HK\$770,973,000 were issued. The fair value of the ordinary shares of the Company, was determined using the published price available of the date of acquisition, amounted to HK\$38,733,000 while the fair value of the convertible loan notes amounted to HK\$687,188,000, was determined by the valuation performed by an independent valuer.

The Group's interest in CSHL Remaining Group was reduced to 14.1% upon completion of CSHL Disposal on May 19, 2006. The Group also held 29.4% interest in GDI Group upon completion of the CSHL Disposal and CSHL Reorganization. A gain on disposal of interest in CSHL Remaining Group of HK\$5,037,000 was recognized in condensed consolidated income statement during the period.

The discount on acquisition of HK\$116,363,000 were mainly attributable to the difference between the principal amount of convertible loan notes of HK\$770,973,000 determined as at agreement date and its fair value as at date of acquisition amounted to HK\$687,188,000. The initial accounting for the above acquisition has been determined provisionally, awaiting the receipt of professional valuation in relation to certain underlying assets and liabilities of GDI Group. Hence, the discount on acquisition may be subject to further changes upon finalisation of initial accounting.

The convertible loan notes are classified separately into liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the fair value of the convertible loan notes and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes reserve).

GDI Group contributed revenue of HK\$895,997 to the Group's turnover revenue and loss of HK\$17,600,000 to the Group's profit for the period between the date of acquisition and the balance sheet date. The directors are of the view that it is impracticable to disclose the revenue and the result of GDI Group for the period from April 1, 2006 to September 30, 2006 as if the acquisition had been effected at the April 1, 2006 since such financial information was not provided by the GDI Group.

30. 收購附屬公司 (續)

收購事項 (續)

作為收購群龍集團代價之一部分，已發行本公司每股面值0.01港元之9,926,228股普通股及本金額為770,973,000港元之可兌換貸款票據。本公司普通股之公平價值達38,733,000港元，乃利用收購當日可公開查閱之價格釐定。可兌換貸款票據之公平價值687,188,000港元乃按獨立估值師進行之估值釐定。

中策出售事項於二零零六年五月十九日完成後，本集團於中策餘下集團中之權益減少至14.1%。中策出售事項及中策重組完成後，本集團亦持有群龍集團29.4%權益。出售中策餘下集團之收益5,037,000港元已於期內在簡明綜合收益表內確認。

收購折讓116,363,000港元主要屬於協議簽訂之日釐定之可兌換貸款票據本金額770,973,000港元與其於收購日之公平價值687,188,000港元間之差額。上述收購事項已臨時選定其初步會計方式，惟有待接收有關群龍集團若干相關資產及負債之專業估值。因此，收購折讓可能須待落實初步會計方式時作進一步調整後，方可作實。

可兌換貸款票據於初步確認時，分別歸類入負債及權益部份。於初步確認時，負債部份之公平價值乃按類似非可兌換債券之現行市場息率釐定。發行可兌換貸款票據所得款項與歸入負債部份之公平價值之差額（代表持有人將貸款票據兌換為權益之內置可兌換期權）計入權益（可兌換貸款票據儲備）。

群龍集團為本集團之營業額收益帶來895,997港元收益，並令本集團由收購日起至結算日止期間之溢利減少17,600,000港元。董事認為，由於群龍集團並無提供其自二零零六年四月一日起至二零零六年九月三十日止期間之收益及業績（猶如收購事項已於二零零六年四月一日生效），因此，披露有關財務資料並不可行。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended September 30, 2006 截至二零零六年九月三十日止六個月

31. RELATED PARTY DISCLOSURES

(a) Related party transactions

During the period, the Group entered into the following transactions with related party:

		Six months ended September 30, 截至九月三十日止六個月	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Substantial shareholder and its associates:	主要股東及其聯繫人士：		
Interest paid and payable by the Group (note a)	本集團已付及應付之利息 (附註a)	36,015	11,306
Interest received and receivable by the Group (note a)	本集團已收及應收之利息 (附註a)	16,266	8,915
Associates:	聯營公司：		
Management fee income (note b)	管理費收入 (附註b)	1,723	1,428
Rental expenses (note c)	租金開支 (附註c)	1,685	436

Notes:

- The loans advanced to/by and the balances due by/to the Group are unsecured, bear interest at prevailing market rates and repayable in accordance with the respective loan agreements, if any.
- The transactions were determined based on terms mutually agreed by the parties concerned.
- The transactions were carried out at terms in accordance with the agreement entered into between the relevant parties.

(b) Related party balances

Details of balances with related parties at the balance sheet date are set out in the condensed consolidated balance sheet.

(c) Compensation of key management personnel

The remuneration of directors and key executives of the Group is determined by the remuneration committee, having regard to the performance of individuals and market trends, amounted to approximately HK\$2,347,000 (2005: HK\$2,244,000).

31. 有關連人士披露

(a) 有關連人士交易

期內，本集團與有關連人士進行以下交易：

		Six months ended September 30, 截至九月三十日止六個月	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Substantial shareholder and its associates:	主要股東及其聯繫人士：		
Interest paid and payable by the Group (note a)	本集團已付及應付之利息 (附註a)	36,015	11,306
Interest received and receivable by the Group (note a)	本集團已收及應收之利息 (附註a)	16,266	8,915
Associates:	聯營公司：		
Management fee income (note b)	管理費收入 (附註b)	1,723	1,428
Rental expenses (note c)	租金開支 (附註c)	1,685	436

附註：

- 向／由本集團墊支之貸款及本集團應付／應收之款項均為無抵押，按當時市場利率計息及根據其各自貸款協議（若有）所述年期償還。
- 該等交易乃根據有關雙方同意之條款釐定。
- 該等交易乃根據有關各方訂立之協議條款進行。

(b) 有關連人士結餘

有關於結算日之有關連人士結餘詳情載於簡明綜合資產負債表。

(c) 主要管理人員酬金

本集團董事及主要行政人員之酬金乃由薪酬委員會按個人表現及市場趨勢釐定，酬金約為2,347,000港元（二零零五年：2,244,000港元）。