

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with Hong Kong Financial Reporting Standards.

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Accounting Standards ("new HKFRSs"), which are effective for accounting periods beginning on or after 1st January 2005. The Group has not early adopted these new HKFRSs in the accounts for the year ended 30th April 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in position to analyse and quantify the impact of these new HKFRSs on its results of operations and financial position.

The principal accounting policies adopted in the preparation of these accounts are set out below.

(a) Basis of preparation

The consolidated accounts included the accounts of the Company and its subsidiary companies made up to 30th April and the Group's attributable share of post-acquisition results and reserves of the associated company.

The results of subsidiary companies and associated company acquired or disposed of during the year are included in the consolidated profit and loss account from the date on which control is transferred to the Group or to the date control ceases, as applicable.

All significant inter-company transactions and balance within the Group are eliminated on consolidation.

The profits or losses on the disposal of subsidiary companies and associated company are determined as the difference between the net disposal proceeds and the Group's share of net assets at the date of disposal including the attributable amount of goodwill which remains unamortised or previously taken directly to reserves and any related accumulated exchange reserve.

(b) Goodwill

Goodwill represents the difference between the costs of acquisition over the fair values ascribed to the Group's share of the net assets of the acquired subsidiary companies or associated companies at the effective date of acquisition. Goodwill on acquisitions is included in the balance sheet as a separate asset and amortised using the straight-line method over its estimated useful life of not more than twenty years. Where the fair values ascribed to the net assets exceed the purchase consideration, such differences are recognised in the profit and loss account as income in the year of acquisition or over the weighted average useful life of the acquired non-monetary assets.

The carrying amount of goodwill is reviewed annually and provision is only made when, in the opinion of the Directors, there is impairment in value other than temporary in nature.

(c) Subsidiary companies

A company is a subsidiary company if more than 50% of the issued equity capital is held, directly and indirectly, for the long-term or if the composition of the board of directors is controlled by the Group. Investments in subsidiary companies are carried in the Company's balance sheet at or below cost. Provision is made when, in the opinion of the Directors, there is impairment in value other than temporary in nature.

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Associated companies

An associated company is company, not being a subsidiary company, in which an equity interest is held for the long-term and significant influence is exercised in its management. Associated companies are accounted for under the equity method whereby the Group's share of results is included in the consolidated profit and loss account and the Group's share of net assets is included in the consolidated balance sheet.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and provision for significant permanent impairment in values.

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and are held for their investment potential, any rental income being negotiated at arm's length. Investment properties held on leases of more than twenty years are carried at open market value based on valuations by independent valuers at the balance sheet date. Deficits in valuation are charged to the profit and loss account; increases are first credited to the profit and loss account to the extent of valuation deficits previously charged on a portfolio basis and thereafter credited to the investment property valuation reserve. Upon the disposal of an investment property, any relevant revaluation surplus is transferred to the profit and loss account.

No depreciation is provided in respect of investment properties held on leases of more than twenty years. Leasehold land and buildings are depreciated on the straight-line basis over the remaining period of the leases. Depreciation of other assets is calculated to write off the cost of the assets over their estimated useful lives using reducing balance method at the following annual rates:

Furniture and fixtures	10%
Office equipment	20%

Major costs incurred in restoring assets to their normal working conditions are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group. The carrying amounts of asset are reviewed regularly. Where the estimated recoverable amounts have declined permanently below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts. Expected future cash flows have been discounted in determining the recoverable amounts.

Profit and losses on disposal, other than investment properties, are determined as the difference between the net disposal proceeds and the carrying amounts of the assets are dealt with in the profit and loss account.

(f) Land held for development

Land held for development is carried at cost, which includes development and construction expenditures incurred and interest and other direct costs attributable to the development, less provision. Provision is made when, in the opinion of the Directors, there is impairment in value other than temporary in nature.

NOTES TO THE ACCOUNTS**1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(g) Properties held for sale**

Properties held for sale are stated at the lower of cost and net realisable value. Cost, comprising land cost, development expenditure, professional fees, interest capitalised and other direct expenses, is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(h) Investments

Investments expected to be held for the long-term are included in the balance sheet under non-current assets and are stated at cost less provision for impairment in value other than temporary in nature. Trading investments, which are acquired principally for the purpose of generating a profit from short-term fluctuation in price, are included in the balance sheet under current assets and are carried at fair values. The net unrealised gains or losses arising from the changes in fair values are recognised in the profit and loss account. Profit or losses on disposal of trading investments, representing the differences between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(i) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred taxation is provided on temporary differences arising on investments in subsidiaries companies and associated company, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(j) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(k) Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Rental payable, net of incentives received from the lessors, under operating leases are charged to the profit and loss account on a straight-line basis over the lease periods.

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(l) Employee benefits**

Contributions under the defined contribution retirement scheme, which are calculated as a percentage of basic salaries of the employees, are charged to the profit and loss account in the year to which the contributions relate.

Employee entitlements to annual leave and long service leave are recognised when they accrued to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Provision for bonus plans due wholly within twelve months after balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(m) Revenue recognition

Sale of completed properties is recognised when the sale agreement is completed and legal title passed to the purchasers. Rental income, net of incentives paid to lessees, under operating leases is recognised over the periods of the respective leases on a straight-line basis. Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable. Dividend income is recognised when the right to receive payment is certain.

(n) Borrowing costs

Interest and related costs on borrowings directly incurred to finance the acquisition, construction and development of an asset that is required to take a substantial period of time to get ready and prepare for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are charged to the profit and loss account as they are incurred.

(o) Translation of foreign currencies

Transactions in foreign currencies during the year are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at that date. Exchange differences arising are dealt with in the profit and loss account.

Profit and loss accounts of subsidiary companies and associated company expressed in foreign currencies are translated at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising from the translation of net investments in foreign subsidiary companies and associated company are taken directly to reserves.

NOTES TO THE ACCOUNTS

2. TURNOVER

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Rental income	<u>1,957</u>	<u>1,857</u>

3. SEGMENT INFORMATION

The Group is principally engaged in property investment, development and investment holding. In accordance with the Group's internal financial reporting and operating activities, the primary segment reporting is by business segments and the secondary segment reporting is by geographical segments. Segment assets consist primarily of non-current assets, debtors and prepayments. Segment liabilities comprise creditors and accruals. There are no sales or trading transactions between the business segments. In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

A summary of business segment is set out as follows:

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 30th April 2005				
Turnover	<u>1,957</u>	<u>–</u>	<u>–</u>	<u>1,957</u>
Segment results	4,145	–	–	4,145
Financial expenses				(4,415)
Share of profit of an associated company	–	–	218	218
Minority interests	–	48	–	<u>48</u>
Loss attributable to shareholders				<u>(4)</u>
Segment assets	43,627	4,162	69,647	117,436
Associated company	–	–	5,643	5,643
Unallocated assets				<u>983</u>
Total assets				<u>124,062</u>
Segment liabilities	501	–	–	501
Unallocated liabilities				<u>64,481</u>
Total liabilities				<u>64,982</u>
Capital expenditure	–	–	12	12
Depreciation	<u>–</u>	<u>–</u>	<u>23</u>	<u>23</u>

NOTES TO THE ACCOUNTS

3. SEGMENT INFORMATION (CONT'D)

	Property Investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Investment Holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 30th April 2004				
Turnover	<u>1,857</u>	<u>–</u>	<u>–</u>	<u>1,857</u>
Segment results	1,448	(1,244)	3,613	3,817
Financial expenses				(4,472)
Share of profit of an associated company	–	–	1,203	1,203
Minority interests	–	44	–	<u>44</u>
Profit attributable to shareholders				<u>592</u>
Segment assets	33,060	4,162	69,600	106,822
Associated company	–	–	5,425	5,425
Unallocated assets				<u>6,494</u>
Total assets				<u>118,741</u>
Segment liabilities	540	–	–	540
Unallocated liabilities				<u>63,115</u>
Total liabilities				<u>63,655</u>
Capital expenditure	–	–	61	61
Depreciation	–	–	174	174
Provision for property held for sale	<u>–</u>	<u>1,244</u>	<u>–</u>	<u>1,244</u>

NOTES TO THE ACCOUNTS

3. SEGMENT INFORMATION (CONT'D)

A summary of geographical segment is set out as follows:

	Hong Kong		Malaysia/Singapore		Mainland China		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	1,389	1,335	458	458	110	64	1,957	1,857
Operating profit/(loss)	4,179	1,112	118	(1,095)	(152)	3,800	4,145	3,817
Total assets	43,909	38,966	9,870	9,627	70,283	70,148	124,062	118,741
Capital expenditure	12	61	-	-	-	-	12	61

4. OTHER REVENUES

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Write back of provision for land held for development	-	3,605
Profit on disposal of investment properties	-	211
Profit on disposal of trading investments	-	5
	<u>-</u>	<u>3,821</u>

5. OPERATING PROFIT

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit is stated after charging the following:		
Depreciation	23	174
Staff costs (including Directors' remuneration)		
Salaries and other allowances	538	629
Contributions to defined contribution scheme	21	34
Loss on disposal of plant and equipment	-	416
Auditors' remuneration	280	280
	<u>280</u>	<u>280</u>

NOTES TO THE ACCOUNTS

6. FINANCIAL EXPENSES

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Interest on bank loans	572	1,054
Interest on loans from shareholders (<i>note 23</i>)	3,321	2,867
Interest on loans from related companies (<i>note 23</i>)	522	551
	<u>4,415</u>	<u>4,472</u>

7. EMOLUMENTS OF DIRECTORS AND SENIOR EXECUTIVES

(a) Directors

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Fees	24	24
Salaries and other emoluments	300	382
Bonuses	40	47
Retirement benefits	13	26
	<u>377</u>	<u>479</u>

The emoluments of each of the Directors were below HK\$1,000,000. None of the Directors has waived the right to receive their emoluments. No fees has been paid to Independent Non-Executive Directors during the year (2004: Nil).

(b) Five highest paid individuals

Of the five highest paid individuals in the Group, two (2004: three) are Directors of the Group whose emoluments are shown in (a) above. The emoluments of the remaining three (2004: two) individuals are as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Salaries and other emoluments	174	176
Retirement benefits	8	8
	<u>182</u>	<u>184</u>

The emoluments of each of the three (2004: two) individuals were below HK\$1,000,000.

NOTES TO THE ACCOUNTS

8. TAXATION

No provision for Hong Kong profits tax or overseas taxation has been made as there is no assessable profit for the year (2004: Nil). The taxation on the loss before taxation of the Group differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
(Loss)/profit before taxation	<u>(52)</u>	<u>548</u>
Tax (credit)/charge at the tax rate of 17.5%	(9)	96
Income not subject to taxation	(1,070)	(1,512)
Expenses not deductible for taxation purposes	788	957
Temporary differences not recognised	(87)	(90)
Taxation losses not recognised	<u>378</u>	<u>549</u>
Tax charge	<u>—</u>	<u>—</u>

Deferred taxation asset of the Group and the Company amounting to HK\$7,051,000 (2004: HK\$6,845,000) and HK\$7,017,000 (2004: HK\$6,648,000), respectively, arising from unused tax losses has not been recognised in the accounts. Unused tax losses have no expiry date.

9. (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per share is based on the loss attributable to shareholders for the year of HK\$4,000 (2004: profit of HK\$592,000) and on the 591,047,975 shares (2004: 591,047,975 shares) in issue during the year.

NOTES TO THE ACCOUNTS

10. PROPERTY, PLANT AND EQUIPMENT

	Investment properties <i>HK\$'000</i>	Land and buildings <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Group				
Cost or valuation				
At 30th April 2004	32,427	5,500	485	38,412
Additions	–	–	12	12
Disposals	–	(5,500)	–	(5,500)
Revaluation	9,289	–	–	9,289
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th April 2005	41,716	–	497	42,213
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Accumulated depreciation				
At 30th April 2004	–	–	345	345
Charge for the year	–	–	23	23
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th April 2005	–	–	368	368
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Net book value				
At 30th April 2005	41,716	–	129	41,845
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th April 2004	32,427	5,500	140	38,067
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Investment properties <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Company			
Cost or valuation			
At 30th April 2004	32,427	390	32,817
Additions	–	12	12
Revaluation	9,289	–	9,289
	<u>41,716</u>	<u>402</u>	<u>42,118</u>
At 30th April 2005	41,716	402	42,118
Accumulated depreciation			
At 30th April 2004	–	268	268
Charge for the year	–	20	20
	<u>–</u>	<u>288</u>	<u>288</u>
At 30th April 2005	–	288	288
Net book value			
At 30th April 2005	41,716	114	41,830
At 30th April 2004	<u>32,427</u>	<u>122</u>	<u>32,549</u>

Investment properties of HK\$38,562,000 (2004: HK\$29,586,000) and HK\$2,600,000 (2004: HK\$2,300,000) are held under long and medium term leases in Hong Kong, respectively. Investment properties of HK\$554,000 (2004: HK\$541,000) are held under long term leases in Mainland China. The land and buildings were held under medium term leases in Hong Kong. Investment properties were revalued at 30th April 2005 on an open market value basis by Chesterton Petty Limited, independent professional valuers.

Investment properties amounting to HK\$39,762,000 (2004: HK\$30,886,000) and land and buildings have been pledged to secure general banking facilities granted to the Company.

NOTES TO THE ACCOUNTS

11. LAND HELD FOR DEVELOPMENT

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
At 30th April 2004	69,600	69,600
Land refurbishment charges	47	–
At 30th April 2005	69,647	69,600

The land, which was purchased in 1996, is located in the Pudong area in Shanghai, Mainland China, under a land use right with a term of 50 years expiring in 2044. The Directors intend to commence development activities on this piece of land when the market conditions are appropriate to commence such activities. Based on a valuation prepared by Chesterton Petty Limited, independent registered valuers, the estimated market value of this land, on an open market basis under the present condition as at 30th April 2005 is HK\$87,000,000 (2004: HK\$79,000,000).

12. SUBSIDIARY COMPANIES

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Unlisted shares, at cost	2,105	2,105
Amounts receivable	74,308	79,794
Amounts payable	(1,659)	(1,670)
Provision	(21,000)	(21,000)
	53,754	59,229

The amounts receivable and payable are unsecured, interest free and have no specific repayment terms.

NOTES TO THE ACCOUNTS

12. SUBSIDIARY COMPANIES (CONT'D)

Particulars of the subsidiary companies are as follows:

Name	Place of incorporation/ operations	Issued and paid up capital	Percentage of equity interest held		Principal activities
			Directly	Indirectly	
Hopemore Development Limited	Hong Kong	HK\$100	100	–	Property holding and management
Panluck Limited	Hong Kong	HK\$100,000	100	–	Investment holding
Mallia Limited	Hong Kong	HK\$2	100	–	Dormant
Berjaya U-Luck Investments Limited	Hong Kong	HK\$10,000	51	–	Dormant
Shanghai Berjaya-Huitong Real Estate Development Company Limited	Mainland China	US\$8,407,432	–	82	Property holding
Wing Hung Kee Commodities Limited	Hong Kong	HK\$2,000,000	100	–	Dormant
Zhong Freight Limited ⁽¹⁾	Hong Kong	HK\$1,000,000	55	–	Dormant
C & C Freight International (Beijing) Limited ⁽¹⁾	Mainland China	RMB3,750,000	–	27.5	Dormant

(1) Under creditors' voluntary liquidation since 1995

NOTES TO THE ACCOUNTS

13. ASSOCIATED COMPANY

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	8,200	8,200	8,200	8,200
Share of retained reserves	(2,557)	(2,775)	–	–
Share of net assets	5,643	5,425	8,200	8,200
Provision	–	–	(2,380)	(2,650)
	5,643	5,425	5,820	5,550

The investment represents 20% equity interest in Greenland Timber Industries (Pte) Limited, incorporated in Singapore, whose principal activity is investment holding.

14. LONG-TERM INVESTMENTS

	Group and Company	
	2005 HK\$'000	2004 HK\$'000
Club debenture, at cost	295	295

15. AMOUNT DUE FROM A SHAREHOLDER

	Group and Company	
	2005 HK\$'000	2004 HK\$'000
Berjaya Group Berhad	559	559

The amount receivable is unsecured, non-interest bearing and not repayable within the next twelve months.

16. PROPERTY HELD FOR SALE

On 15th October 2004, the Company entered into a sales and purchase agreement to sell the property, which is located in Malaysia, at a consideration of approximately HK\$4.2 million. Completion of the sale is subject to consent from local governmental authority.

On 11 March 2005, the Company agreed to receive an early settlement of 40% of the consideration in exchange for assignment of 50% of net rental income from this property to the purchaser.

NOTES TO THE ACCOUNTS

17. DEBTORS AND PREPAYMENTS

	Group		Company	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Trade debtors	99	60	99	60
Other debtors and prepayments	467	472	374	379
	566	532	473	439

The credit terms granted to trade debtors are usually 15 days. The ageing analysis of the trade debtors, based on the due date of the invoices, is as follows:

	Group		Company	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
31 to 90 days	99	43	99	43
Over 180 days	–	17	–	17
	99	60	99	60

18. CREDITORS AND ACCRUALS

	Group		Company	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Other creditors	2,739	597	2,603	597
Accrued expenses	625	804	625	676
	3,364	1,401	3,228	1,273

NOTES TO THE ACCOUNTS

19. SHARE CAPITAL

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
<i>Authorised:</i>		
1,250,000,000 shares of HK\$0.20 each	<u>250,000</u>	<u>250,000</u>
<i>Issued and fully paid:</i>		
591,047,975 shares of HK\$0.20 each	<u>118,210</u>	<u>118,210</u>

20. RESERVES

	Share premium <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Investment property revaluation reserve <i>HK\$'000</i>	Accumulated loss <i>HK\$'000</i>	Total <i>HK\$'000</i>
Group					
At 30th April 2003	12,282	503	–	(76,501)	(63,716)
Profit for the year	–	–	–	592	592
At 30th April 2004	12,282	503	–	(75,909)	(63,124)
Revaluation surplus	–	–	3,998	–	3,998
Loss for the year	–	–	–	(4)	(4)
At 30th April 2005	<u>12,282</u>	<u>503</u>	<u>3,998</u>	<u>(75,913)</u>	<u>(59,130)</u>
Company					
At 30th April 2003	12,282	–	–	(80,377)	(68,095)
Loss for the year	–	–	–	(2,901)	(2,901)
At 30th April 2004	12,282	–	–	(83,278)	(70,996)
Revaluation surplus	–	–	3,998	–	3,998
Profit for the year	–	–	–	665	665
At 30th April 2005	<u>12,282</u>	<u>–</u>	<u>3,998</u>	<u>(82,613)</u>	<u>(66,333)</u>

Accumulated loss of the Group included loss retained by an associated company amounting to HK\$2,557,000 (2004: HK\$2,775,000). The Company does not have any reserves available for distribution to the shareholders as calculated under Section 79B of the Hong Kong Companies Ordinance.

NOTES TO THE ACCOUNTS

21. MINORITY INTERESTS

Minority interests include advances from the minority shareholders of a subsidiary company amounting to HK\$11,000,000 (2004: HK\$11,000,000). The advances are unsecured, interest free and are not repayable within the next twelve months.

22. LONG-TERM BANK LOAN

Group and Company

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Secured bank loan	7,711	13,706
Current portion included under current liabilities	<u>(504)</u>	<u>(854)</u>
	<u>7,207</u>	<u>12,852</u>
The bank loan is repayable in the following years:		
2005	–	854
2006	504	870
2007	541	928
2008	605	991
2009	624	1,057
2010	669	1,210
2011 onwards	<u>4,768</u>	<u>7,796</u>
	<u>7,711</u>	<u>13,706</u>

NOTES TO THE ACCOUNTS

23. LOANS FROM RELATED COMPANIES

	Group		Company	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Shareholders				
Berjaya Group (Cayman) Limited	19,572	16,771	19,572	16,772
Berjaya Group Berhad	25,334	23,449	22,537	20,860
	<u>44,906</u>	<u>40,220</u>	<u>42,109</u>	<u>37,632</u>
Related companies				
Berjaya Engineering and Construction (HK) Limited	3,272	3,028	3,272	3,028
Berjaya Sanhe Real Estate Development Company Limited	3,494	3,031	–	–
Berjaya Group Berhad (China) Investment Company Limited	189	175	–	–
	<u>6,955</u>	<u>6,234</u>	<u>3,272</u>	<u>3,028</u>
	<u>51,861</u>	<u>46,454</u>	<u>45,381</u>	<u>40,660</u>

The loans payable are unsecured, carry interest at 3% per annum above the Hong Kong Dollar prime lending rate of The Hong Kong and Shanghai Banking Corporation Limited and are not repayable within the next twelve months.

24. COMMITMENTS

(a) Operating lease rental receivable

The future aggregate minimum lease rental income in respect of investment properties under non-cancellable operating leases is receivable in the following years:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
2005	–	1,470
2006	1,230	620
2007	420	–
	<u>1,650</u>	<u>2,090</u>

NOTES TO THE ACCOUNTS

24. COMMITMENTS (CONT'D)

(b) Operating lease rental payable

The future aggregate minimum lease rental expense in respect of land and buildings under non-cancellable operating leases is payable in the following years:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
2005	–	153
2006	<u>114</u>	<u>114</u>
	<u>114</u>	<u>267</u>

(c) Capital commitment

Pursuant to the joint venture agreement dated 19th April 1995 for the establishment of Shanghai Berjaya-Huitong Real Estate Development Company Limited (“Berjaya-Huitong”), the Group agreed to contribute capital of US\$10,000,000 to this subsidiary company on or before 12th May 1997. Although the Group has yet to make the remaining capital contribution of US\$1,592,568 (approximately HK\$12,400,000) at 30th April 2005 to fulfill its commitment under the agreement, in the opinion of the Directors, no consequential exposures or liabilities are envisaged. Berjaya-Huitong has contracted a builder to draft an industrial and commercial complex plan on its leasehold land in Pudong area of Shanghai. The contracted commitment not provided for in the accounts at 30th April 2005 is approximately HK\$3,950,000 (2004: HK\$3,950,000).

25. LITIGATION

In January 2004, a wholly owned subsidiary company entered into an agreement to sell its land and buildings to a third party (the “Plaintiff”) at a consideration of HK\$5.5 million. However, the subsidiary company was unable to complete the sale due to certain restrictions over the legal title of the properties and therefore rescinded from the agreement. The properties were sold to another third party at a consideration of HK\$5.5 million in compliance with the above restrictions. As a result, the Plaintiff filed a claim against the subsidiary company for breach of the agreement and related damages. Following the disposal of the property, the subsidiary company became dormant. The subsidiary company has no meaningful assets and therefore will not have the ability to pay any claims should they become liable. No other company within the Group is liable to the liabilities of this subsidiary company and the rest of the Group would not provide funds to this subsidiary company to satisfy any such claims in question. Whilst legal proceedings of the claim has not yet concluded, the Directors are of the opinion, in view of the foregoing, that the ultimate liabilities, if any, will not materially affect the financial position of the Group.

NOTES TO THE ACCOUNTS

26. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of (loss)/profit before taxation to cash generated from/(used in) operations

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
(Loss)/profit before taxation	(52)	548
Share of profit of an associated company	(218)	(1,203)
Profit on disposal of trading investments	-	(5)
Write-back of deficit on revaluation of investment properties and land and buildings	(5,291)	(3,090)
Depreciation	23	174
Interest expenses	4,415	4,472
Profit on disposal of investment properties	-	(211)
Write back of provision for land held for development	-	(3,605)
Provision for property held for sale	-	1,244
Proceeds on disposal of property held for sale	2,081	1,282
Loss on disposal of plant and equipment	-	416
	<hr/>	<hr/>
Profit before working capital changes	958	22
Increase in debtors and prepayments	(34)	(1)
Decrease in creditors and accruals	(118)	(44)
Increase in amount due from a shareholder	-	(2)
	<hr/>	<hr/>
Cash generated from/(used in) operations	806	(25)

NOTES TO THE ACCOUNTS

26. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

(b) Analysis of changes in financing activities

	Long-term bank loan	Loans payable	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 30th April 2003	15,439	40,995	56,434
Repayment of bank loan	(1,733)	–	(1,733)
New loans from related companies	–	1,131	1,131
New loans from shareholders	–	910	910
Interest payable to related companies and shareholders	–	3,418	3,418
At 30th April 2004	13,706	46,454	60,160
Repayment of bank loan	(5,995)	–	(5,995)
New loans from related companies	–	199	199
New loans from shareholders	–	1,365	1,365
Interest payable to related companies and shareholders	–	3,843	3,843
At 30th April 2005	7,711	51,861	59,572

27. APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 5th July 2005.