

NOTES TO THE ACCOUNTS

1. BASIS OF PREPARATION

The interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties and investments, and in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual accounts for the year ended 30th April 2005 except that the Group has changed certain of its accounting policies following its adoption of the new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKAS") (collectively the "new HKFRS") which are effective for accounting periods commencing on or after 1st January 2005.

The particulars of these changes to the accounting policies of the Group under the new HKFRS are set out in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES

(a) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value and valuations are reviewed annually by external valuers. Changes in fair values are recognised in the profit and loss account.

In previous years, a deficit in valuation was charged to the profit and loss account; an increase was first credited to the profit and loss account to the extent of valuation deficit previously charged and thereafter was credited to the assets revaluation reserve. This accounting policy has been changed to conform with HKAS 40 "Investment property". As at 30th April 2005, the revaluation surplus of investment properties was credited to the revaluation reserve and, consequently, a prior period adjustment has been made to transfer such reserve of HK\$3,998,000 to the accumulated loss.

(b) Land held for development

The up-front prepayments made for leasehold land held for development are expensed in the profit and loss account on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the profit and loss account.

In previous years, the land held for development was stated at cost, less provisions for foreseeable losses. This accounting policy has been changed to conform with HKAS 17 "Lease". As a result, a prior period adjustment has been made for the amortisation of the leasehold land for the previous years amounting to HK\$15,444,000 and reducing accumulated loss as at 30th April 2005.

(c) Investments

The Group has reclassified its investments in the balance sheet following the adoption of HKAS 39 “Financial instruments: Recognition and measurement”. In addition, available-for-sale financial assets and trading investments are subsequently carried at fair value. Derivatives are also categorised as trading investments unless they are designated as hedges. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the profit and loss account in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the profit and loss account.

In previous years, the Group classified its investments, other than subsidiaries and associated companies, as long-term investments. Long-term investments were carried at cost less provision. This change in accounting policy does not have any significant impact to the Group.

(d) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(e) Deferred taxation

The adoption of HKAS-Interpretation 21 “Income taxes - Recovery of revalued non-depreciable assets” has resulted in a change in the accounting policy for deferred taxation in relation to the revaluation of investment properties. Such deferred taxation arising from the revaluation of the property should be calculated on the basis that the recovery of the carrying amount of the property would be through use. In previous years, deferred taxation arising from the revaluation of the investment properties was calculated on the basis that the recovery of the carrying amount of the property would be through sale. As a result, a prior year adjustment has been made to increase both deferred taxation liabilities and accumulated loss as at 30th April 2005 by HK\$700,000.

3. SEGMENT INFORMATION

The Group is principally engaged in property investment, development and investment holding.

A summary of the 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>
Six months ended 31st October 2005				
Turnover	776	4,162	–	4,938
Segment results	1,227	–	–	1,227
Share of loss of an associated company Financial expenses		–	(110)	(110)
				(2,814)
Loss before taxation				(1,697)
Taxation				(423)
Minority interests	–	31	–	31
Loss attributable to shareholders				(2,089)
Capital expenditure	–	–	2	2
Amortisation	–	–	698	698
Depreciation	–	–	10	10
Six months ended 31st October 2004				
Turnover	939	–	–	939
Segment results	(1,242)	–	–	(1,242)
Share of profit of an associated company Financial expenses	–	–	2	2
				(2,289)
Loss before taxation				(3,529)
Minority interests				–
Loss attributable to shareholders				(3,529)
Capital expenditure	–	–	11	11
Amortisation	–	–	696	696
Depreciation	–	–	11	11

3. SEGMENT INFORMATION (Continued)

	Property investment HK\$'000	Property development HK\$'000	Investment holding HK\$'000	Total HK\$'000
Period ended 31st October 2005				
Segment assets	46,872	–	53,635	100,507
Associated company	–	–	5,533	5,533
Unallocated assets				975
Total assets				<u>107,015</u>
Segment liabilities	555	–	–	555
Unallocated liabilities				65,613
Total liabilities				<u>66,168</u>
Year ended 30th April 2005				
Segment assets	43,627	4,162	54,203	101,992
Associated company	–	–	5,643	5,643
Unallocated assets				983
Total assets				<u>108,618</u>
Segment liabilities	501	–	–	501
Unallocated liabilities				65,181
Total liabilities				<u>65,682</u>

3. SEGMENT INFORMATION (Continued)

A summary of the geographical segment is set out as follows:

	Turnover <i>HK\$ '000</i>	Operating profit/(loss) <i>HK\$ '000</i>
Six months ended 31st October 2005		
Hong Kong	671	2,128
Malaysia/Singapore	4,267	(51)
Mainland China	—	(850)
	<u>4,938</u>	<u>1,227</u>
Six months ended 31st October 2004		
Hong Kong	710	(333)
Malaysia/Singapore	229	(155)
Mainland China	—	(754)
	<u>939</u>	<u>(1,242)</u>
	31st October 2005	30 April 2005
Total Asset		
Hong Kong	47,145	43,909
Malaysia/Singapore	5,578	9,870
Mainland China	54,292	54,839
	<u>107,015</u>	<u>108,618</u>

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging operating lease rental amounting to HK\$77,000 (2004: HK\$77,000), amortisation of land held for development of HK\$698,000 (2004: HK\$696,000) and depreciation on property, plant and equipment of HK\$10,000 (2004: HK\$11,000).

5. TAXATION

	2005 <i>HK\$ '000</i>	2004 <i>HK\$ '000</i>
Hong Kong profits tax		
Current	–	–
Deferred	423	–
	<u>423</u>	<u>–</u>

Hong Kong profits tax has been provided for at the rate of 17.5% on the estimated assessable profit for the period (2004: nil).

6. LOSS PER SHARE

The calculation of loss per share is based on the loss attributable to shareholders for the six months ended 31st October 2005 of HK\$2,089,000 (2004: HK\$3,529,000, as restated) and on the 591,047,975 shares in issue during the period.

7. CAPITAL EXPENDITURE

	Investment properties <i>HK\$ '000</i>	Land and buildings <i>HK\$ '000</i>	Furniture, fixture and equipment <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Net book value at 30th April 2005	41,716	–	129	41,845
Additions	–	–	2	2
Depreciation	–	–	(10)	(10)
Revaluation surplus	2,425	–	–	2,425
	<u>44,141</u>	<u>–</u>	<u>121</u>	<u>44,262</u>
Net book value at 31st October 2005	<u>44,141</u>	<u>–</u>	<u>121</u>	<u>44,262</u>
Net book value at 30th April 2004	32,427	5,500	140	38,067
Additions	–	–	11	11
Disposals	–	(5,500)	–	(5,500)
Depreciation	–	–	(11)	(11)
	<u>32,427</u>	<u>–</u>	<u>140</u>	<u>32,567</u>
Net book value at 31st October 2004	<u>32,427</u>	<u>–</u>	<u>140</u>	<u>32,567</u>

8. LAND HELD FOR DEVELOPMENT

	31st October 2005 <i>HK\$ '000</i>	30th April 2005 <i>HK\$ '000</i>
Net book value brought forward		
As previously reported	69,647	69,600
Amortisation of leasehold land (HKAS 17)	<u>(15,444)</u>	<u>(14,052)</u>
As restated	54,203	55,548
Land refurbishment charges	130	47
Amortisation of leasehold land	<u>(698)</u>	<u>(1,392)</u>
Net book value carried forward	<u>53,635</u>	<u>54,203</u>

9. DEBTORS AND PREPAYMENTS

	31st October 2005 <i>HK\$ '000</i>	30th April 2005 <i>HK\$ '000</i>
Trade debtors	68	99
Prepayments and deposits	<u>429</u>	<u>467</u>
	<u>497</u>	<u>566</u>

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

	31st October 2005 <i>HK\$ '000</i>	30th April 2005 <i>HK\$ '000</i>
31 to 90 days	56	99
91 to 180 days	<u>12</u>	<u>–</u>
	<u>68</u>	<u>99</u>

10. CREDITORS AND ACCRUALS

	31st October 2005 <i>HK\$'000</i>	30th April 2005 <i>HK\$'000</i>
Other creditors	555	2,739
Accrued expenses	795	625
	<u>1,350</u>	<u>3,364</u>

11. SHARE CAPITAL

	31st October 2005 <i>HK\$'000</i>	30th April 2005 <i>HK\$'000</i>
Authorised:		
1,250,000,000 shares of HK\$0.2 each	<u>250,000</u>	<u>250,000</u>
Issued and fully paid:		
591,047,975 shares of HK\$0.2 each	<u>118,210</u>	<u>118,210</u>

12. LONG-TERM LIABILITIES

	31st October 2005 <i>HK\$'000</i>	30th April 2005 <i>HK\$'000</i>
Secured bank loan	7,477	7,711
Loans from shareholders	47,094	44,906
Loans from related companies	7,109	6,955
Loan from a minority shareholder	2,015	2,046
	<u>63,695</u>	<u>61,618</u>
Current portion included under current liabilities		
Secured bank loan	<u>(478)</u>	<u>(504)</u>
	<u>63,217</u>	<u>61,114</u>

13. COMMITMENTS

(a) Operating lease rental receivables

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

	31st October 2005	30th April 2005
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Within one year	1,162	1,230
Between one to five years	445	420
	<u>1,607</u>	<u>1,650</u>

(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:

	31st October 2005	30th April 2005
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Within one year	38	–
Between one to five years	–	114
	<u>38</u>	<u>114</u>

(c) Capital commitment

The Group has commitment to make further capital contribution of US\$1,592,568 (approximately HK\$12,400,000) to Shanghai Berjaya - Huitong Real Estate Development Company Limited, details of which are set out in note 24(c) to the 2005 Annual Accounts.

14. LITIGATION

The Group is involved in litigation with a third party in relation to the sale of a property as more fully described in note 25 to the 2005 Annual Accounts.