Notes to the Accounts

For the year ended 30 April 2006

1. Corporate Information

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are located at Room 2201, Lippo Centre Tower 2, 89 Queensway, Hong Kong.

During the year, the Group was involved in the following principal activities:

- Corporate investment and trading in securities; and

- Property investment and management consultancy.

In the opinion of the directors, as at 30 April 2006 the ultimate holding company is China Times Development Limited ("China Times"), a company incorporated with limited liability under the laws of the British Virgin Islands.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2005. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

- minority interests (HKAS 1, Presentation of Financial Statements and HKAS 27, Consolidated and Separate Financial Statements);

- financial instruments (HKAS 32 and HKAS 39);

- share-based payment (HKFRS 2);

- business combinations (HKFRS 3);

The impact of these changes in accounting policies is discussed below. The impact on basic and diluted earnings per share is discussed in note 14.

Notes to the Accounts

For the year ended 30 April 2006

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(a) Minority interests (HKAS 1, Presentation of Financial Statements and HKAS 27, Consolidated and Separate Financial Statements)

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity has been changed. The presentation for the comparative year has been restated accordingly.

(b) Financial instruments (HKAS 32 Financial Instruments: Disclosure and Presentation & HKAS 39 Financial Instruments: Recognition and Measurement)

(i) All short term listed investments of the Group as at 30 April 2005 were redesignated into financial assets at fair value through profit or loss on 1 May 2005. There is no effect on remeasurement as the accounting policy on measurement of short term listed investments as at 30 April 2005 is the same as that for financial assets at fair value through profit or loss.

(ii) In prior years, convertible notes were stated at amortised cost. Upon adoption of HKAS 32, the component of the convertible notes that exhibits characteristics of a liability is recognized as a liability in the balance sheet, net of transaction costs. On the issue of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible notes, and this amount is carried as liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognized.

This change in accounting policies is applied retrospectively by way of adjustments to the opening balance of accumulated losses and comparative figures have been restated.

(iii) Reclassification of cumulative redeemable preference shares as financial liabilities.

In prior years, cumulative redeemable preference shares were classified as equity based on their legal form. Dividends paid to the preference shareholders were presented as a distribution to shareholders.

Notes to the Accounts

For the year ended 30 April 2006

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(b) Financial instruments (HKAS 32 Financial Instruments: Disclosure and Presentation & HKAS 39 Financial Instruments: Recognition and Measurement) *(Continued)*

Upon adoption of HKAS 32, the classification of cumulative redeemable preference shares is based on the substance of the contractual arrangement. Consequently, the whole amount of the cumulative redeemable preference shares is accounted for as a financial liability of the Company and dividends on the shares are recongised as an expense in income statement.

This change in accounting policy relating to the presentation of cumulative redeemable preference shares and dividend payments has been adopted retrospectively, with comparative amounts restated.

(c) Share option scheme (HKFRS 2 Share-based Payment)

In the current year, the Group has applied HKFRS 2 “Share-based Payment” which requires an expense to be recognized where the Group buys goods or obtains services in exchange for shares of rights over shares (“equity-settled transactions”), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (“cash-settled transactions”). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of the option holders’ share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognize the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1 May 2005. In accordance with the relevant transitional provisions, the Group has not applied HKFRS 2 to share options granted on or before 7 November 2002 and to share options that were granted after 7 November 2002 and had vested before 1 May 2005. However, the Group is still required to apply HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not yet vested on 1 May 2005. Because there were no unvested share options at 1 May 2005 and no share options have been granted during the year, the adoption of HKFRS 2 has had no impact on the Group’s results for the current or prior accounting years.

Notes to the Accounts

For the year ended 30 April 2006

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(d) Positive/Negative goodwill (HKFRS 3 Business Combinations)

In prior years, positive or negative goodwill which arose prior to 1 January 2001 was taken directly to reserves at the time it arose, and was not recognized in the income statement until disposal or impairment of the acquired business.

Positive goodwill which arose on or after 1 January 2001 was amotised on a straight line basis over its useful life and was subject to impairment testing when there were indications of impairment; and

Negative goodwill which arose on or after 1 January 2001 was amortised over the weighted average useful life of the depreciable/amortizable non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases it was recognized in the income statement as those expected losses were incurred.

With effect from 1 January 2005, in accordance with HKFRS 3 and HKAS 36, the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognized when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

Also with effect from 1 January 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (ie. An amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognized immediately in the income statement as it arises.

The transitional provisions of HKFRS 3 have required the Group to derecognize the carrying amounts of negative goodwill (including that remaining in reserve) against accumulated losses brought forward.

The change in equity relating to goodwill had no effect as there was no positive/ negative goodwill as at 30 April 2006.

Notes to the Accounts

For the year ended 30 April 2006

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(e) Summary of the effects of the changes in the accounting policies

The effects of the changes in the accounting policies described above on the results for the respective years are as follows:

	For the year ended 30 April	
	2005	2004
	HK$'000	*HK$'000*
Finance costs		
— Increase in interest on the liability component of convertible notes	**444**	515
— Dividends on cumulative redeemable preference shares	**13**	18
Dividends on cumulative redeemable preference shares		
— Reclassified to finance costs	**(13)**	(18)
Increase in loss for the year	**444**	515

The cumulative effects of the application of the new HKFRSs at the respective years are summarized below:

	As at 1 May	
	2005	2004
	HK$'000	*HK$'000*
Balance sheet items		
Convertible notes	**(180)**	(927)
Cumulative redeemable preference shares	**262**	500
Total effects on liabilities (Increase/(Decrease))	**82**	(427)
Share capital	**(42)**	(80)
Share Premium	**(168)**	(320)
Negative goodwill	**(41,796)**	(41,796)
Convertible preference share reserve	**(52)**	(100)
Convertible notes reserve	**1,331**	1,634
Accumulated losses	**40,645**	41,089
Total effects on equity ((Decrease)/Increase)	**(82)**	427

Notes to the Accounts

For the year ended 30 April 2006

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(f) Impact of issued but not yet effective Hong Kong Financial Reporting Standards

The group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	The Effects of Changes in Foreign Exchange Rates — Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendment	Financial Guarantee Contracts
HKFRSs 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HKFRS — Int 4	Determining whether an Arrangement contains a Lease
HKFRS — Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC) — Int 6	Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment
HK(IFRIC) — Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the group's objective, policies and processes for managing capital; quantitative data about what the company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 incorporates the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual periods beginning on or after 1 January 2007.

Notes to the Accounts

For the year ended 30 April 2006

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(f) Impact of issued but not yet effective Hong Kong Financial Reporting Standards *(Continued)*

The HKAS 19 Amendment, HKAS 21 Amendment, HKAS 39 Amendment, HKFRSs 1 and 6 Amendments, HKFRS 6, HKFRS-Int 4, HKFRS-Int 5, HK(IFRIC)-Int 6 and HK(IFRIC)-Int 7 do not apply to the activities of the Group. HK(IFRIC)-Int 6 shall be applied for annual periods beginning on or after 1 December 2005.

Except as stated above, the group expects that the adoption of the pronouncements listed above will not have any significant impact on the group's financial statements in the period of initial application.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Companies Ordinance.

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

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the year ended made up to 30 April 2006.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(a) Basis of consolidation *(Continued)*

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(c) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(c) Investments in associates *(Continued)*

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

(d) Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(d) Interests in joint ventures *(Continued)*

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

(e) Goodwill

As mentioned in note 2, goodwill previously recognised in reserves has been transferred to the Group's retained earnings at 1 May 2005.

(i) Capitalised goodwill arising on acquisitions prior to 1 January 2005

For previously capitalised goodwill arising on acquisitions after 1 January 2001, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired.

(ii) Capitalised goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(e) Goodwill *(Continued)*

(iii) Impairment testing on capitalised goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under "Investments in associates" above.

(f) Revenue recognition

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

Income arising from sales of trading securities is recognised on the completion of transfer of risks and rewards of ownership of the investments to the transferee and the legal title being passed.

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

Dividend income is recognized when the shareholder's right to receive payment is established.

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(g) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, payments made under operating leases net of any incentives received from the lessor are charged to the profit and loss account on a straight line basis over the lease periods.

(h) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Hong Kong dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(h) Foreign currencies *(Continued)*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Hong Kong dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Employee benefits

(1) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue 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 or paternity leaves are not recognized until the time of leave.

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(j) Employee benefits *(Continued)*

(2) Profit sharing and bonus plans

Provision for profit sharing and bonus payments due wholly within twelve months after balances sheet date are recognized as a liability when the Company 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.

(3) Retirement benefit costs

The Company's contributions to the defined contribution retirement scheme set up pursuant to the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "MPF" Scheme) for all qualifying employees are expensed as incurred. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(k) Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(l) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method. The principal annual rates are as follows:

Furniture, fixtures and equipment	15%
Motor vehicles	25%

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

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(m) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(n) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(i) Trade receivables

Trade receivables are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(ii) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(n) Financial instruments *(Continued)*

(ii) Investments *(Continued)*

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(iv) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(n) Financial instruments *(Continued)*

(v) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

(vi) Convertible loan notes

Convertible loan notes that consist of a liability and an equity components are regarded as compound instruments. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option for the holder to convert the loan note into equity of the Group, is included in equity (capital reserves).

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

(vii) Trade payables

Trade payables are subsequently measured at amortised cost, using the effective interest rate method.

(viii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Notes to the Accounts

For the year ended 30 April 2006

3. Significant Accounting Policies *(Continued)*

(o) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Related parties

A party is considered to be related to the Group if:

(i) The party, directly or indirectly through one or more intermediaries, (1) controls, is controlled by, or is under common control with, the Group; (2) has an interest in the Group that gives it significant influence over the Group; or (3) has joint control over the Group;

(ii) The party is an associate;

(iii) The party is a jointly-controlled entity;

(iv) The party is a member of the key management personnel of the Group or its parent;

(v) The party is a close member of the family of any individual referred to in (i) or (iv); or

(vi) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides, with directly or indirectly, any individual referred to in (iv) or (v).

Notes to the Accounts

For the year ended 30 April 2006

4. Critical Accounting Estimates and Judgments

In preparing these financial statements, management is required to exercise significant judgments in the selection and application of accounting principles, including making estimates and assumptions. The following is a review of the more significant accounting policies that are impacted by judgments and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

Estimated recoverability of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition, and requires the use of judgments and estimates. Management reassesses the provision at each balance sheet date.

5. Revenue

An analysis of the Group's revenue for the year is as follows:

	Year Ended 30 April 2006 ***HK$'000***	Year Ended 30 April 2005 *HK$'000* (Restated)
Corporate investment and trading in securities	**76,131**	46,985
Other interest income	**215**	2,078
Dividend income	**53**	—
	76,399	49,063

Notes to the Accounts

For the year ended 30 April 2006

6. Business and Geographical Segments

(i) Business segments

The following continuing operations are the basis on which the Group reports its primary segment information. There are no sales or other transactions between the business segments.

2006
Income statement

	Property investment and management consultancy HK$'000	Corporate investment and trading in securities HK$'000	Total for continuing operations HK$'000
Revenue	—	76,131	76,131
Segment results from continuing operations	(6,447)	631	(5,816)
Unallocated cost less revenue			(246)
Share of loss of a jointly controlled entity			(627)
Loss on changes in fair values — investment held for trading			(1,246)
Finance costs			(371)
Gain on disposal of subsidiaries			2,700
Loss for the year			(5,606)

Other information

	Property investment and management consultancy HK$'000	Corporate investment and trading in securities HK$'000	Total HK$'000
Depreciation	41	—	41

Notes to the Accounts

For the year ended 30 April 2006

6. Business and Geographical Segments *(Continued)*

(i) Business segments *(Continued)*

2006
Balance sheet

	Property investment and management consultancy HK$'000	Corporate investment and trading in securities HK$'000	Total HK$'000
Assets			
Segment assets	829	8,996	9,825
Unallocated assets			36,685
Total assets			46,510
Liabilities			
Segment liabilities	3,361	8	3,369
Unallocated liabilities			88
Total liabilities			3,457

Notes to the Accounts

For the year ended 30 April 2006

6. Business and Geographical Segments *(Continued)*

(i) Business segments *(Continued)*

2005

Income statement

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total for continuing operations *HK$'000*
Revenue	—	46,985	46,985
Segment results from continuing operations	(17,741)	(20,765)	(38,506)
Unallocated cost less revenue			(1,844)
Loss on changes in fair values — short term listed investments			(4,121)
Share of loss of a jointly controlled entity			(407)
Finance costs			(1,877)
Loss for the year			(46,755)

Other information

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total *HK$'000*
Capital expenditure	130	—	130
Depreciation	95	—	95

Notes to the Accounts

For the year ended 30 April 2006

6. Business and Geographical Segments *(Continued)*

(i) Business segments *(Continued)*

2005
Balance sheet

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total *HK$'000*
Assets			
Segment assets	26,499	1,491	27,990
Unallocated assets			29,667
Total assets			57,657
Liabilities			
Segment liabilities	15,634	2,137	17,771
Unallocated liabilities			875
Total liabilities			18,646

(ii) Geographical segments

No geographical segment information of the Group is shown as the Group's operations, revenue by geographical market and assets are wholly located in Hong Kong and the People's Republic of China ("PRC").

Notes to the Accounts

For the year ended 30 April 2006

7. Operating Loss for the Year

Operating loss of the Group for the year is stated after crediting and charging the following:

	2006	2005
	HK$'000	*HK$'000*
Crediting:—		
Unrealised gain on conversion of preference shares	**1,151**	—
Gain on disposal of fixed assets	**165**	—
Charging:—		
Staff costs (including directors' remuneration):		
Salaries, allowances and benefits in kind	**1,389**	8,986
MPF contributions	**42**	156
	1,431	9,142
Depreciation	**41**	95
Auditors' remuneration	**341**	272
Operating leases on land and buildings	**369**	1,184

8. Finance Costs

	2006	2005
	HK$'000	*HK$'000*
Interest on other loans	**241**	1,093
Interest on convertible notes	**122**	771
Dividends on cumulative redeemable preference shares *(note 13)*	**8**	13
	371	1,877

Notes to the Accounts

For the year ended 30 April 2006

9. Directors' and Employees' Emoluments

(i) Directors' emoluments

The emoluments paid or payable to each of the 8 (2005: 14) directors were as follows:

2006

		Other emoluments		
	Fees	Salaries and other benefits	MPF contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Li Qiao Feng	—	—	—	—
Zhang He	90	140	—	230
Wang Guoqi	—	—	—	—
Wong Sat	—	—	—	—
Seto Man Fai	135	—	—	135
Wang Qihong	—	—	—	—
Li Yi	—	—	—	—
Tsoi Chi Keung	—	—	—	—
Total emoluments	225	140	—	365

Notes to the Accounts

For the year ended 30 April 2006

9. Directors' and Employees' Emoluments *(Continued)*

(i) Directors' emoluments *(Continued)*

2005

		Other emoluments		
		Salaries and	MPF	
	Fees	other benefits	contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Li Qiao Feng	—	354	—	354
Chen Shengjie	—	—	—	—
Tsoi Chi Keung	—	—	—	—
Li Yi	—	—	—	—
Li Xin	100	—	—	100
Chen Baoying	100	—	—	100
Seto Man Fai	—	—	—	—
Zhou Weirong	—	3,284	8	3,292
Tse On Kin	—	660	11	671
Cheung Yu Shum, Jenkin	—	118	1	119
Lee Kin Chung, Simon	—	29	1	30
Wong Ki Kit	50	—	—	50
Cheung Man Yau, Timothy	—	—	—	—
Shum Ka Hei	—	—	—	—
Total emoluments	250	4,445	21	4,716

Notes to the Accounts

For the year ended 30 April 2006

9. Directors' and Employees' Emoluments *(Continued)*

(ii) Employees' emoluments

During the year, the five highest paid individuals included two executive directors (2005: two), details of whose emoluments are set out above. The emoluments of the remaining highest paid individual were as follows:

	2006	2005
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**736**	1,689
Retirement benefits scheme contributions	**22**	30
	758	1,719

Emoluments of the non-director highest paid individuals fell within the following bands:

	Number of individuals	
	2006	2005
HK$ nil to HK$ 1,000,000	**3**	3

10. Taxation

No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in or derived from Hong Kong during the year (2005: Nil). No provision for overseas income taxes has been made as the Group's operation in these countries were operating at a loss during the year (2005: Nil).

The taxation on the Group's loss for the year differs from the theoretical amount that would arise using the transaction rate of 17.5% (2005:17.5%) is as follows:

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Loss for the year	**(5,606)**	(46,755)
Taxation at the rate of 17.5%	**(981)**	(8,182)
Income not taxable	**(295)**	—
Tax effect of expenses not deductible for taxation purpose	**450**	3,354
Tax effect of temporary differences not recognized for the year	**39**	(13)
Tax effect of estimated tax losses not recognized for the year	**787**	4,841
	—	—

Notes to the Accounts

For the year ended 30 April 2006

11. Disposal of Subsidiaries

On 1 March 2006, The Group disposed of some of its subsidiaries, namely, Success Luck Limited, Success Honest Group Limited, Advance Victory Investments Limited, Keung Tai Holdings Limited, Sino Forward International Limited and Great Shanghai Investments (Holdings) Limited.

The results of the disposed subsidiaries for the period from 1 May 2005 to 28 February 2006 are as follows:

	Period ended 28 February 2006	Year ended 30 April 2005
	HK$'000	*HK$'000*
Turnover	**140**	9,029
Cost of sales	**(92)**	(16,631)
Other revenue	**6**	—
Administrative expenses	**(2,338)**	(2,852)
Loss for the period/year	**(2,284)**	(10,454)

Notes to the Accounts

For the year ended 30 April 2006

11. Disposal of Subsidiaries *(Continued)*

The carrying amounts of the assets and liabilities of these subsidiaries at the date of disposal and at 30 April 2005 were as follows:

	28 February 2006	30 April 2005
	HK$'000	*HK$'000*
Trading securities	**612**	1,437
Trade and other receivables	**554**	832
Trade and other payables	**(3,766)**	(2,959)
	(2,600)	(690)
Gain on disposal	**2,700**	
Total consideration	**100**	
Satisfied by:		
Cash	**100**	
Net cash inflow arising on disposal		
Cash consideration received	**100**	

During the year, these subsidiaries contributed HK$239,000 (2005: HK$509,000) to the Group's net operating cash flow, paid HK$Nil (2005: HK$Nil) in respect of investing activities and paid HK$239,000 (2005: HK$509,000) in respect of financing activities.

12. Loss for The Year

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of a loss of HK$5,202,000 (2005: HK$58,805,000 (restated)).

Notes to the Accounts

For the year ended 30 April 2006

13. Dividends on Cumulative Redeemable Preference Shares

	2006	2005
	HK$'000	*HK$'000*
Preference dividends		
Payable of HK$ 0.151 per share on 41,990 shares (2005: HK$0.151 on 41,990 shares)	**7**	7
Payable of HK$ 0.149 per share on 10,990 shares (2005: HK$0.149 on 41,990 shares)	**1**	6
	8	13

Under the new classification of the cumulative redeemable preference shares as liabilities as required by HKAS 32, dividends are charged to income statement as part of finance costs *(note 8)*.

14. Loss per Share

The basic loss per share is calculated based on the loss attributable to shareholders of HK$5,606,000 (2005: HK$46,755,000 (restated)) and the weighted average number of 1,955,556,995 (2005: 1,763,149,119) ordinary shares in issue during the year.

The diluted loss per share for the years ended 30 April 2006 and 30 April 2005 has not been disclosed as the potential shares arising from the exercise and conversion of the Company's share options, convertible notes and convertible preference shares would decrease the loss per share of the Group for the year and is regarded as anti-dilutive.

Notes to the Accounts

For the year ended 30 April 2006

15. Property, Plant and Equipment

Group and Company

	Furniture, Fixtures, and Equipment *HK$'000*	Motor Vehicle *HK$'000*	Total *HK$'000*
Cost			
At 1 May 2004	63	226	289
Additions	130	—	130
At 30 April 2005	193	226	419
Additions	26	—	26
Disposals	—	(226)	(226)
At 30 April 2006	**219**	**—**	**219**
Accumulated depreciation and impairment losses			
At 1 May 2004	15	—	15
Charge for the year	39	56	95
At 30 April 2005	54	56	110
Charge for the year	41	—	41
Written back on disposal	—	(56)	(56)
At 30 April 2006	**95**	**—**	**95**
Carrying amount			
At 30 April 2006	**124**	**—**	**124**
At 30 April 2005	139	170	309

Notes to the Accounts

For the year ended 30 April 2006

16. Subsidiaries

	Company	
	2006	2005
	HK$'000	*HK$'000*
Unlisted shares, at cost	**—**	—
Amounts due from subsidiaries	**80,282**	82,305
Amounts due to subsidiaries	**(876)**	—
	79,406	82,305
Allowances for impairment losses	**(33,448)**	(53,026)
	45,958	29,279

The amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Details of principal subsidiaries as at 30 April 2006, which materially affected the Group's results or net assets, are set out in note 32.

17. Jointly Controlled Entities

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Share of net assets/(liabilities)	**(40,995)**	(41,154)	**—**	—
Amounts due from jointly controlled entities	**136,311**	136,311	**16,301**	16,301
Amounts due to jointly controlled entities	**(20)**	(20)	**—**	—
Allowances for impairment losses	**(66,301)**	(66,301)	**(16,301)**	(16,301)
	28,995	28,836	**—**	—

Notes to the Accounts

For the year ended 30 April 2006

17. Jointly Controlled Entities *(Continued)*

The directors consider that the carrying amount of the jointly controlled entities approximates their fair value.

Details of the jointly controlled entities of the Group at the balance sheet date are as follows:

(a) (i) The Group entered into a joint venture agreement through two of the company's indirect wholly owned subsidiaries, namely Trade Epoch International Limited and China Valley Investments Limited, to establish a jointly controlled entity, 中環資源再生開發利用有限公司("中環資源再生"), a company incorporated and operated in PRC. The Group's interest in the jointly controlled entity represents 60.78% interest in the registered capital of中環資源再生, which is principally engaged in trading of recycling materials and investment holdings.

The Group's interest in中環資源再生has not been accounted for as a subsidiary of the Company as according to the terms of the joint venture agreement, 中環資源再生is subject to joint control resulting in none of the participating parties having unilateral control over the economic activity of the jointly controlled entity. Accordingly, the equity method of accounting is used to account for the Group's interest in this jointly controlled entity.

(ii) Extracts of the audited financial information regarding中環資源再生are set out below:

	30 April 2006	30 April 2005
	HK$'000	*HK$'000*
Revenue	**660**	1,155
Loss for the year	**1,031**	669
Loss from ordinary activities before taxation	**1,031**	669
Loss from ordinary activities before taxation attributable to the Group	**627**	407
Financial position		
Non-current assets	**19,595**	26,524
Current assets	**31,783**	20,936
Current liabilities	**(2,668)**	(19)
Non-current liabilities	**(1,007)**	—
Net assets	**47,703**	47,441
Net assets attributable to the Group	**28,995**	28,836

Notes to the Accounts

For the year ended 30 April 2006

17. Jointly Controlled Entities *(Continued)*

(b) Apart from the foregoing, there are other jointly controlled entities, of which their major operations have been under receivership since 2002, as follows:

Company	Place of Incorporation/ operation	Principal activities	Attributable equity interest
Yetcome Investments Limited	British Virgin Islands	Investments holding	33%
T & T Properties Sdn. Bhd	Malaysia	Property development	33%
Prizevest Sdn. Bhd	Malaysia	Property development	23%
Top Priority Sdn. Bhd.	Malaysia	Property development	23%
Victec Enterprise Sdn. Bhd.	Malaysia	Property development	23%

Equity accounting for the Group's interests in all these jointly controlled entities has been discontinued since 2004 as the operations of these entities had ceased and Receivers were appointed. The carrying amounts of these jointly controlled entities have been fully impaired in 2004.

The amounts due from/(to) these jointly controlled entities are unsecured, interest free and have no fixed terms of repayment.

18. Investments

	Group	
	2006	2005
	HK$'000	*HK$'000*
Short term listed investments	**—**	1,437
Investments held for trading — at fair value	**6,660**	—

The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on quoted market prices.

As at 30 April 2005, all short term listed investments were pledged to financial creditors to secure general facilities granted to a subsidiary of the Group.

Notes to the Accounts

For the year ended 30 April 2006

19. Loan Receivables

The loan receivables bore interest at the rate of 5% per annum and were wholly repaid in May 2005.

20. Trade and other receivables

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**2,333**	—	**—**	—
Other receivables	**27**	796	**515**	742
Prepayments and deposits	**546**	1,332	**421**	500
	2,906	2,128	**936**	1,242

The aging analysis of trade receivables is as follows:

	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 — 3 months	**2,333**	—	**—**	—
Over 3 months	**—**	—	**—**	—
	2,333	—	**—**	—

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

21. Cash and Bank Balances

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Notes to the Accounts

For the year ended 30 April 2006

22. Trade and Other Payables

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade creditors — secured	**—**	2,109	**—**	—
Temporary deposits, accruals and other payables	**3,388**	5,782	**3,292**	4,879
	3,388	7,891	**3,292**	4,879

The aging analysis of trade creditors is as follows:—

	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 — 3 months	**—**	38	**—**	—
Over 3 months	**—**	2,071	**—**	—
	—	2,109	**—**	—

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

Notes to the Accounts

For the year ended 30 April 2006

23. Convertible Notes

	Group and Company	
	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Liability component at the beginning of the year	**9,820**	19,073
Interest expenses	**302**	771
Interest paid	**(122)**	(327)
Conversion of convertible notes	**(10,000)**	(9,697)
Liability component at the end of the year	**—**	9,820

(i) The convertible notes are to be matured on the third anniversary date from the date of 16 December 2002 on which they were issued by the Company. The convertible notes bear interest at the rate of 2% per annum payable semi-annually in arrears. The whole of the principal amount of each convertible note of HK$1,000,000 is convertible into ordinary shares of the Company at the option of the holder of convertible notes at the conversion price, being the lower of the fixed conversion price of HK$0.05 per share, subject to the adjustment, or the floating conversion price as defined in the subscription agreement.

(ii) The fair values of the liability component and the equity conversion component of the convertible notes were determined at the date of issuance of the notes.

(iii) The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible notes. The residue amount, representing the value of the equity conversion component, is included in reserves.

(iv) Interest expense on the convertible notes is calculated using the effective interest method by applying the effective interest rate of 5% to the liability component.

Notes to the Accounts

For the year ended 30 April 2006

24. Cumulative Redeemable Preference Shares

	No. of shares	Amount *HK$'000* (Restated)
Balance at 1 May 2004	79,990	500
Conversion of cumulative redeemable preference shares	(38,000)	(238)
Balance at 1 May 2005	41,990	262
Conversion of cumulative redeemable preference shares	(31,000)	(193)
Balance at 30 April 2006	10,990	69

A holder of the convertible cumulative redeemable preference shares ("CPS") is entitled to receive a fixed cumulative preferential dividend at the rate of 6% per annum on the notional value of HK$5 per CPS to be paid half-yearly on 30 June and 31 December in each year.

A holder of the CPS may convert his shares held at any time into Ordinary Shares at the conversion price of HK$0.04 per share, subject to adjustment.

The CPS may be redeemed by the holders of the CPS at any time after 30 June 1996 at a redemption price per share equal to the notional value plus accrued dividend.

The Company has the option to redeem all or some of the CPS at any time at the notional value of the CPS if the average of the closing prices of the Ordinary Share quoted on the Stock Exchange over the preceding 30 consecutive dealing days ending on the seventh day prior to the date upon which notice of redemption is given is greater than or equal to 150% of the conversion price in effect on such seventh day.

Notes to the Accounts

For the year ended 30 April 2006

25. Share Capital

	Number of shares	Amount *HK$'000*
Authorised:		
Ordinary shares of HK$0.05 each at 1 May 2004, 30 April 2005 and 30 April 2006	4,000,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK$0.05 each		
Balance at 1 May 2004	1,671,862,818	83,593
Issue of shares upon conversion of preference shares	4,750,000	238
Issue of shares upon conversion of convertible notes	200,000,000	10,000
Balance at 30 April 2005	1,876,612,818	93,831
Issue of shares upon conversion of preference shares	3,875,000	193
Issue of shares upon conversion of convertible notes	200,000,000	10,000
Balance at 30 April 2006	2,080,487,818	104,024

(a) During the year, the movements in ordinary share capital were as follows:

(i) Issue of ordinary shares upon conversion of convertible notes at the conversion price of HK$0.05 *(note 23)*.

Upon receipt of conversion notices from the holders of convertible notes on 9 December 2005, the convertible notes were converted at the conversion price of HK$0.05 per share and 200,000,000 new ordinary shares of HK$0.05 each were allotted and issued, credited as fully paid, to the holders of convertible notes.

Notes to the Accounts

For the year ended 30 April 2006

25. Share Capital *(Continued)*

(a) *(Continued)*

(ii) Issue of ordinary shares upon conversion of cumulative redeemable preference shares at the conversion price of HK$0.04 took place as follows:

Date of conversion	No. of preference shares of HK$1 each converted	No. of new ordinary shares of HK$0.05 each issued upon conversion
13 January 2006	31,000	3,875,000

Upon completion of the above conversion, cumulative redeemable preference shares is reduced by an aggregate amount of HK$193,000 *(note 24)* on the basis that the conversion price of preference share of HK$0.04 is lower than the nominal value of each ordinary share of HK$0.05 each.

(iii) All of the above new shares rank pari passu with the then existing shares in all respects.

(b) Share options

The Company's share options scheme was adopted by the Company on 13 October 2003 (the "Scheme") for the purpose of enabling the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Scheme, the Board of Directors of the Company may, at it's discretion, invite eligible participants (as set out in the Company's circular of 19 September 2003) to take up options to subscribe for shares of the Company. The principal terms of the Scheme are as follows:

(i) The maximum number of shares in respect of which options may be granted under the Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of approval of the Scheme, unless approval of the shareholders has been obtained to renew the limit, and which must not in aggregate (including all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group) exceed 30% of the shares of the Company in issue from time to time.

(ii) The number of shares in respect of which options may be granted to any individual in any 12-month period must not exceed 1% of the shares of the Company in issue as at the date of grant.

Notes to the Accounts

For the year ended 30 April 2006

25. Share Capital *(Continued)*

(b) Share options *(Continued)*

(iii) The exercise price is determined by the Board in its absolute discretion at a price not less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (b) the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant; and (c) the nominal value of share.

(iv) An option may be accepted by a proposed grantee within 7 days from the date of the offer of grant of the option. There is no minimum period for which an option must be held before it can be exercised. An option may be exercised at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date.

(v) Upon acceptance of the option, the grantee shall pay of HK$1.00 to the Company by way of consideration for the grant of the option.

(vi) The Scheme will remain valid for a period of 10 years commencing on October 2003, being the date on which it was adopted.

Details of the movement of the share options during the year under the Scheme are as follows:

Date of Grant	Exercise price	Exercise period	At 1 May 2005	Granted during the year	Exercised during the year	Cancelled during the year	At 30 April 2006
16 September 2004	0.320	16.09.2004 — 15.09.2014	152,186,280	—	—	152,186,280	—

Note: All the above share options were granted to consultants of the Group.

Notes to the Accounts

For the year ended 30 April 2006

26. Reserves

Group

	Share premium HK$'000	Negative goodwill HK$'000	Convertible notes reserve HK$'000	Capital redemption reserve HK$'000	Convertible preference share reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2004 as previously stated	754,734	41,796	—	2,241	100	(39,030)	(768,110)	(8,269)
Effect of adoption of								
HKFRS 3	—	(41,796)	—	—	—	—	41,796	—
HKAS 32	(320)	—	1,634	—	(100)	—	(707)	507
At 1 May 2004 as restated	754,414	—	1,634	2,241	—	(39,030)	(727,021)	(7,762)
Conversion of preference shares	(152)	—	—	—	(48)	—	—	(200)
Loss for the year	—	—	—	—	—	—	(46,298)	(46,298)
Dividend	—	—	—	—	—	—	(13)	(13)
At 1 May 2005	754,262	—	1,634	2,241	(48)	(39,030)	(773,332)	(54,273)
Effect of adoption of HKAS 32	152	—	(303)	—	48	—	(444)	(547)
At 1 May 2005 as restated	754,414	—	1,331	2,241	—	(39,030)	(773,776)	(54,820)
Conversion of convertible notes	—	—	(1,331)	—	—	—	—	(1,331)
Exchange differences arising on translation of a jointly controlled entity	—	—	—	—	—	786	—	786
Loss for the year	—	—	—	—	—	—	(5,606)	(5,606)
At 30 April 2006	754,414	—	—	2,241	—	(38,244)	(779,382)	(60,971)

Notes to the Accounts

For the year ended 30 April 2006

26. Reserves *(Continued)*

Company

	Share premium	Convertible notes reserve	Capital redemption reserve	Convertible preference share reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 May 2004 as previously stated	754,734	—	2,241	100	(752,162)	4,913
Effect of adoption of HKAS 32	(320)	1,634	—	(100)	(707)	507
At 1 May 2004 as restated	754,414	1,634	2,241	—	(752,869)	5,420
Conversion of preference shares	(152)	—	—	(48)	—	(200)
Loss for the year	—	—	—	—	(58,348)	(58,348)
Dividends	—	—	—	—	(13)	(13)
At 1 May 2005	754,262	1,634	2,241	(48)	(811,230)	(53,141)
Effect of adoption of HKAS 32	152	(303)	—	48	(444)	(547)
At 1 May 2005 as restated	754,414	1,331	2,241	—	(811,674)	(53,688)
Conversion of convertible notes	—	(1,331)	—	—	—	(1,331)
Loss for the year	—	—	—	—	(5,202)	(5,202)
At 30 April 2006	754,414	—	2,241	—	(816,876)	(60,221)

At the balance sheet date, the Company had no reserves available for distribution to shareholders (2005: Nil).

Notes to the Accounts

For the year ended 30 April 2006

27. Deferred Taxation

Deferred tax (liability)/asset has not been recognized in respect of the following items:

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Taxable temporary differences	**70**	(155)	**70**	(155)
Tax losses	**52,379**	77,712	**52,276**	66,269

The temporary differences arising in connection with interests in joint ventures are insignificant. Tax losses do not expire under current tax legislation.

28. Contingent Liabilities

At the balance sheet date, the Group had no contingent liabilities.

In previous year, the Company entered into letters of guarantee with a financial creditor to provide unlimited corporate guarantee and an aggregate amount not exceeding HK$10,000,000 to its wholly owned subsidiaries to secure general facilities granted to them.

29. Commitments

(a) Capital commitments

	Group	
	2006	2005
	HK$'000	*HK$'000*
Business acquisition		
Contracted but not provided for *(Notes (i) and (ii))*	**—**	46,198

Notes to the Accounts

For the year ended 30 April 2006

29. Commitments *(Continued)*

(a) Capital commitments *(Continued)*

Details of capital commitments at 30 April 2005 are as follows:

i. On 8 June 2004, a subsidiary of the Company, Keung Tai Holdings Limited, entered into a join venture agreement with an independent third party to establish an equity joint venture company, 中民樂彩科技有限公司 ("中民樂彩"), in the PRC. Pursuant to the agreement, the subsidiary agreed to contribute RMB21,000,000 (equivalent to approximately HK$19,783,000) and would have a 70% equity interest in 中民樂彩. The principal activity of 中民樂彩 is to carry on the business of development of computer hardware, software and networking system and integration for instant result type online lottery. The registered capital and total investment amount of 中民樂彩 is RMB30,000,000 (equivalent to approximately HK$28,261,000).

ii. On 23 June 2004, a subsidiary of the Company, Advance Victory Investments Limited, entered into a joint venture agreement with an independent third party to establish an equity joint venture company, 鑫運科技有限公司 ("鑫運科技") , in the PRC. Pursuant to the agreement, the subsidiary agreed to contribute RMB28,000,000 (equivalent to approximately HK$26,415,000) and would have a 80% equity interest in 鑫運科技. The principal activity of 鑫運科技 is to undertake the project on the implementation of National Products and Services Coding System. The registered capital and total investment amount of 鑫運科技 is RMB35,000,000 (equivalent to approximately HK$33,018,000).

Apart from the foregoing, the Group did not have any capital commitments at the balance sheet date.

(b) Commitments under operating leases

	Group	
	2006	2005
	HK$'000	*HK$'000*
As at 30 April 2006, the Group's future minimum lease payments under non-cancellable operating leases are payable as follows:		
Land and buildings		
— within one year	**215**	2,211

Operating lease payments represent rental payable by the Group for its office properties.

Notes to the Accounts

For the year ended 30 April 2006

30. Transactions and Balances with Related Parties

Details of the Group's significant transactions with related parties during the year, together with balances with them as at 30 April 2006, are as follows:

	2006	2005
	HK$'000	*HK$'000*
Jointly controlled entities:		
Balance due from the Group	**20**	20
Balance due to the Group	**136,311**	136,311
Allowances for impairment losses	**(66,301)**	(66,301)

It is opined that the above transactions were entered into on normal commercial terms. The balances are unsecured, interest free and with no fixed repayment terms.

31. Retirement Benefit Schemes

The Group operates a MPF Scheme for all employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee.

Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions at 5% of relevant payroll costs to the scheme, which contribution is matched by employees. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme. The contributions arising from the MPF Scheme charged to the profit and loss account represent contributions payable to the fund by the Group at rates specified in the rules of the scheme.

No forfeited contribution is available to reduce the contribution payable in the future years.

Notes to the Accounts

For the year ended 30 April 2006

32. Particulars of Principal Subsidiaries

Company	Place of incorporation/ operation	Issue and paid up capital	Attributable percentage of shares held		Class of shares held	Principal activities
			Directly	*Indirectly*		
Ample Year Limited	British Virgin Islands	US$1	100	—	Ordinary	Investment holding
China National Recycling Int'l Limited	Hong Kong	HK$1	—	100	Ordinary	Investment holding
China Valley Investments Limited	Hong Kong	HK$1	—	100	Ordinary	Investment holding
China National Information Resources Holdings Limited	Hong Kong	HK$2	—	100	Ordinary	Investment holding
China National Resources Investments Limited	Hong Kong	HK$2	—	100	Ordinary	Investment holding
Goldright Finance Limited	British Virgin Islands	US$1	100	—	Ordinary	Securities trading
Great Began Holdings Limited	British Virgin Islands	US$1	100	—	Ordinary	Investment holding
Jetlight Investments Limited	British Virgin Islands	US$1	100	—	Ordinary	Investment holding
Keytrade Investments Limited	British Virgin Islands	US$1	100	—	Ordinary	Securities trading
Sharp Faith Holdings Limited	British Virgin Islands	US$1	—	100	Ordinary	Investment holding
Shinemax Group Limited	British Virgin Islands	US$1	100	—	Ordinary	Investment holding
Trade Epoch International Limited	Hong Kong	HK$1	—	100	Ordinary	Investment holding
Vast Profits Limited	British Virgin Islands	US$3	67	—	Ordinary	Investment holding

33. Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks which result from its operating and investing activities.

Management regularly manage the financial risks of the Group. Because of the simplicity of the financial structure and the current operation of the Group, no major hedging activities are undertaken by management.

Notes to the Accounts

For the year ended 30 April 2006

33. Financial Risk Management Objectives and Policies *(Continued)*

The most significant financial risks to which the Group is exposed to are as follows:

(a) Foreign exchange risk

The Group has adopted the Hong Kong dollar as its functional and presentation currency. The jointly controlled entity is operated in the People's Republic of China, and is therefore exposed to foreign exchange risk. However in view of the stable currency policies adopted by the PRC government, the directors consider that the foreign exchange risk is insignificant.

The Group currently does not have a foreign exchange rate hedging policy in respect of commercial transactions denominated in foreign currencies. However, the directors monitors exchange rate exposure and will consider hedging significant exchange rate exposure should the need arise.

(b) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 30 April 2006 in relation to each class of recognized financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. The Group's credit risk is primarily attributable to its trade receivables and amounts due from subsidiaries. In order to minimize credit risk, management reviews the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognized for irrecoverable debts. In this regard, management considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks of good standing.

At the balance sheet date, the Group has no significant concentration of credit risk.

34. Events after Year-end Date

On 1 June 2006, the Company made an open offer of 1,040,243,909 offer shares on the basis of one offer share for every two shares held and 5,495 offer CPS on the basis of one offer CPS for every two CPS held on 18 May 2006.

35. Approval of Accounts

The accounts were approved and authorized for issue by the board of directors on 28 August 2006.