NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

1. GENERAL INFORMATION

Oriental Investment Corporation Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in investment holding, property investment, operations of bakery retail shops, provision of consultancy services for hotel management and trading of electronic products.

The Company is a limited liability company incorporated in Bermuda and its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company is listed on The Stock Exchange of Hong Kong Limited.

In the opinion of the directors, the ultimate holding company of the Company is Wealth Success Limited, a company incorporated in the British Virgin Islands.

These financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") and interpretations ("HKAS-Int") (collectively the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, investment properties are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

The HKICPA has issued a number of new and revised HKFRS that are effective or available for early adoption in accounting periods beginning on or after 1 January 2005. The major changes in the Group's significant accounting policies resulting from initial application of these new and revised HKFRS for the current and prior accounting periods are summarised as follows:

(a) HKAS 1 and HKAS 27

The adoption of HKAS 1 and HKAS 27 has mainly resulted in the following presentational change in the Group's financial statements:

– minority interests are now required to be shown within the Group's equity. On the face of the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year; and

2. BASIS OF PREPARATION (Continued)

(a) HKAS 1 and HKAS 27 (Continued)

– intangible assets are now required to be presented on the face of balance sheet.

(b) HKAS 32 and 39

The adoption of HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement" has resulted in a change in the accounting policy relating to the recognition, measurement, derecognition and disclosure of financial assets and liabilities.

In accordance with the provisions of HKAS 39, the Group reclassified its investments into available-for-sale financial assets. Available-for-sale financial assets are carried at cost less impairment losses as there is no quoted market price in the active market and the fair value cannot be reliably measured. In prior years, investments of the Group were included in investments in securities held for long term and were stated at cost less accumulated impairment losses.

HKAS 39 does not permit to recognise, derecognize and measure financial assets and liabilities on a retrospective basis. Accordingly, the Group redesignates all investments into available-for-sale financial assets.

(c) HKAS 40

The adoption of HKAS 40 "Investment Property" has resulted in a change in the accounting policy whereby the changes in fair values of investment properties are recorded in the income statement. In prior years, the increases in fair value were credited to the investment properties revaluation reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the income statement.

This change was adopted by decreasing the opening balance of accumulated losses as of 1 May 2004 by HK$581,000 and decreasing the investment property revaluation reserve by HK$646,000 respectively.

(d) HKFRS 2

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments.

The Group operates an equity-settled, share-based compensation plan. Until 30 April 2005, the provision of share options granted by the Company to the Group's employees did not result in expenses in the income statement. With effect from 1 May 2005, the fair value of the employee services received in exchange for the grant of the share options of the Company is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share options granted by the Company.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

2. BASIS OF PREPARATION (Continued)

(d) HKFRS 2 (Continued)

As all the share options previously granted by the Company was vested on or before 1 May 2005, accordingly, no adjustment is made in the Group's financial statements pursuant to the transitional provisions as set out in HKFRS 2.

(e) HKFRS 3

The adoption of HKFRS 3 has resulted in a change in the accounting policy for goodwill and negative goodwill. In prior years, goodwill or negative goodwill on acquisitions of subsidiaries, jointly controlled entities or associates on or after 1 January 2001 was:

– Amortised on a straight-line basis over its estimated useful life of not exceeding 20 years; and

– Assessed for impairment on goodwill at each balance sheet date.

In accordance with the provisions of HKFRS 3:

– The Group ceased amortisation of goodwill with effect from 1 May 2005;

– Accumulated amortisation of goodwill as at 30 April 2005 has been eliminated with a corresponding decrease in the cost of goodwill;

– Goodwill is tested annually for impairment, as well as when there is indication of impairment; and

– The carrying amount of negative goodwill as at 30 April 2005 is derecognised and reflected as an adjustment to the Group's opening equity as at 1 May 2005.

The adoption of HKFRS 3 does not have any significant impact to the Group.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

2. BASIS OF PREPARATION (Continued)

Standards, interpretations and amendments to published standards that are not yet effective for the year ended 30 April 2006

The HKICPA has issued the following new standards, interpretations and amendments which are not yet effective for the year ended 30 April 2006:

	Effective for accounting periods beginning on or after
HKFRS Interpretation 4 "Determining whether an Arrangement contains a Lease"	1 January 2006
HKAS 19 (Amendment) "Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures"	1 January 2006
HKAS 39 (Amendment) "Financial Instruments: Recognition and Measurement":	
– The fair value option	1 January 2006
– Financial guarantee contracts	1 January 2006
Amendments, as a consequence of the Hong Kong Companies (Amendment) Ordinance 2005, to:	
– HKAS 1 "Presentation of Financial Statements"	1 January 2006
– HKAS 27 "Consolidated and Separate Financial Statements"	1 January 2006
– HKFRS 3 "Business Combinations"	1 January 2006
HKFRS 7 "Financial Instruments: Disclosures"	1 January 2007
HKAS 1 (Amendment) "Presentation of Financial Statements: Capital Disclosures"	1 January 2007

The Group has not early adopted the above standards, interpretations and amendments in the financial statements for the year ended 30 April 2006. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether any substantial changes to Group's accounting policies and presentation of the financial statements will be resulted.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial statements are set out below.

(a) Group accounting

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 30 April.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions and balances between group companies are eliminated. Unrealised gains on transactions between group companies and between the Group and its jointly controlled entities and associates to the extent of the Group's interest are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies by the Group. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's balance sheet the investment in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend income.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Group accounting (Continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend received and receivables.

(b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/jointly controlled entity/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of jointly controlled entities and associates is included in investments in jointly controlled entities and associates. Separately recognised goodwill is tested for impairment annually and when there is indication for impairment, and is carried at cost less accumulated impairment losses. Impairment loss on goodwill is not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(c) Impairment of non-financial assets

Assets that have an indefinite useful life are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to the residual values of respective property, plant and equipment over their estimated useful lives, as follows:

Leasehold improvements	20% or over the lease terms, whichever is shorter
Plant and machinery	9% – 9.5%
Furniture, fixtures and equipment	14% – 25%
Motor vehicles	18% – 30%
Utensils and supplies	$33\frac{1}{3}$%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(e) Investment properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investment properties (Continued)

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by external valuers.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this items at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

(f) Properties under development

Properties under development are carried at cost which includes development and construction expenditure incurred and interest and other direct costs attributable to the development less any impairment losses.

(g) Investments

Prior to 30 April 2005:

The Group classified its investments as securities, other than subsidiaries, jointly controlled entities and associates as investments in securities.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investments (Continued)

Investments in securities were stated at cost less accumulated impairment losses. The carrying amounts of individual investments were reviewed at each balance sheet date to assess whether the fair value had declined below the carrying amounts. When a decline other than temporary had occurred, the carrying amount of such investment was reduced to its fair value. The impairment loss was recognised as an expense in the income statement. This impairment loss was written back to income statement when the circumstances and events that led to the write-downs or write-offs ceased to exist and there was persuasive evidence that the new circumstances and events would persist for the foreseeable future.

From 1 May 2005 onwards:

The Group classifies its investments in equity securities as available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Investment in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of the security below its cost is considered an indicator that in determining whether the securities are impaired. If any such evidence exists, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Assets under leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Payments made under operating leases (net of any incentives received from the leasing company) are expensed in the income statement on a straight-line basis over the lease period.

(i) Trade and other receivables

Trade and other receivables (including prepayments, deposits, due from an investee company and a related company) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicator that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within other operating expenses.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly investments with original maturities of three months or less, and bank overdrafts (if any).

(k) 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 income statement 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 12 months after the balance sheet date.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) from sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(ii) rental income is recognised on the straight-line basis over the terms of the leases;

(iii) income from rendering of services, when the services are rendered;

(iv) dividend income from investment securities, when the Group's rights to receive payment have been established;

(v) interest income is recognised on a time proportion basis using the effective interest method; and

(vi) income on sale of investments is recognised when the title to the related investments is passed to the purchaser.

(m) Coupon liabilities

Coupons are recorded as liabilities when sold. Coupons surrendered in exchange for cake and other food products during the year are recognised as sales using the weighted average coupon sales value.

(n) Deferred income tax

Deferred income tax 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 consolidated financial statements. However, the deferred income tax, if it is not accounted for, arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Deferred income tax (Continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligations; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Employee benefits

(i) Retirement benefits scheme

The Group operates a defined contribution mandatory provident fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operates in the mainland of The People's Republic of China ("Mainland China") are required to participate in a pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the pension scheme.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Employee benefits (Continued)

(ii) Employment leave entitlements

Employee entitlements to annual leave and long service leave are recognised 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 leave are not recognised until the time of leave.

(iii) Bonus entitlements

The expected cost of bonus payments is recognised as a liability 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.

Liabilities for bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iv) Share-based compensation

The Company operates an equity-settled, share-based compensation plan. The fair value of the employees services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the option are exercised.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to Group's total equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

(t) Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other parties and include entities which are under the significant influence of related parties of the Company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Company or of any entity that is a related party of the Company.

(u) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

4. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk and interest rate risk.

(i) Foreign exchange risk

The Group operates in the Mainland China and Hong Kong and is primarily exposed to foreign exchange risk arising from Renminbi. The foreign exchange risk exposure is not significant to the Group under the existing economic environment.

(ii) Credit risk

The Group has no significant concentrations of credit risk with any counterparty.

(iii) Liquidity risk

The Group adopts a prudent liquidity risk management and maintains sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities.

(iv) Interest rate risk

The Group is primarily exposed to interest rate risk arises from bank and other borrowings. The Group policy is to maintain all its bank and other borrowings in floating rate instruments except when the interest rate is expected to increase in the long term.

(b) Fair value estimation

The nominal values less impairment provision (as applicable) of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Investment properties

The fair values of investment properties are determined by independent valuers on an open market basis.

In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalization rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(b) Estimated provision for impairment of trade and other receivables

The Group makes provision for doubtful debts based on an assessment of the recoverability of trade receivables and other receivables. Provision are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed.

(c) Impairment of goodwill and other assets

The Group tests annually whether goodwill and other assets has suffered any impairment in accordance with accounting policies stated in Note 3(c). Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating units is determined based on value-in-use calculations which require the use of assumptions and estimates.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

6. TURNOVER, REVENUE AND SEGMENT INFORMATION

(a) Revenue recognised during the year are as follows:

	2006	2005
	HK$'000	HK$'000
Turnover		
Consultancy fee income for hotel management	**9,000**	500
Building management service fee income	**1,285**	1,259
Rental income from investment properties	**6,821**	5,902
Sales of bakery and other food products	**16,867**	26,546
Sales of electronic products	**3,408**	5,525
	37,381	39,732
Less: Business tax	**(127)**	(123)
	37,254	39,609
Other revenue		
Dividend income	**–**	8,670
Interest income	**479**	65
Management fee income	**–**	520
Sundry income	**251**	316
Sub-letting rental income	**168**	–
Writing back of provision for other receivables	**136**	11,166
Writing back of provision for trade receivable	**5,328**	–
Reverse of impairment loss on investment in securities	**–**	300
Gain on disposal of fixed assets	**–**	967
Gain on loan assignment from E-Rapid	**–**	6,860
Exchange gain, net	**250**	–
Writing back of provision for obsolete stock	**126**	–
	6,738	28,864
Total revenue	**43,992**	68,473

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

6. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

(b) Operating lease arrangement

The Group leases out investment properties under lease terms generally in the range of one to two years. The terms of the lease generally require the tenant to pay security deposits.

As at the balance sheet date, the future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Not later than one year	**6,258**	5,770
Later than one year but not later than five years	**1,596**	3,614
	7,854	9,384

(c) A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Turnover and segment results for the year are as follows:

Primary reporting format – business segments

The Group operates mainly in Hong Kong and Mainland China and in five main business segments:

(i) Bakery and food segment engages in the operations of bakery retail shops;

(ii) Investment holding segment engages in equity investments;

(iii) General trading segment engages in trading of electronic products;

(iv) The property investment segment engages in the property investment and letting; and

(v) Consultancy segment engages in provision of consultancy services for hotel management.

There are no significant sales between the business segments.

6. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

(c) (Continued)

Secondary reporting format – geographical segments

The Group's five business segments are mainly managed in Hong Kong and Mainland China:

Hong Kong – Bakery and food, investment holding, general trading and property investment

Mainland China – Bakery and food, property investment and consultancy

Others – Trading of electronic products

There are no significant sales between the geographical segments.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

6. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

(c) (Continued)

Primary reporting format – business segments

	Bakery and food		Investment holding		General trading		Property investment		Consultancy		Group	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:												
Sales to external customers	**16,838**	26,546	**–**	–	**3,408**	5,525	**8,008**	7,063	**9,000**	475	**37,254**	39,609
Other revenue	**2,271**	1,783	**3,950**	26,996	**–**	–	**39**	20	**–**	–	**6,260**	28,799
Total	**19,109**	28,329	**3,950**	26,996	**3,408**	5,525	**8,047**	7,083	**9,000**	475	**43,514**	68,408
Segment results	**2,487**	(19,240)	**(19,627)**	4,714	**(1,849)**	(427)	**6,098**	4,813	**4,572**	468	**(8,319)**	(9,672)
Interest income and unallocated revenue/gains – segment	**–**	65	**461**	–	**17**	–	**–**	–	**–**	–	**478**	65
Fair value changes on investment properties	**–**	–	**–**	–	**–**	–	**(13,913)**	28,936	**–**	–	**(13,913)**	28,936
Operating (loss)/profit											**(21,754)**	19,329
Finance costs											**(3,000)**	(2,786)
(Loss)/profit before income tax											**(24,754)**	16,543
Income tax											**999**	(5,001)
(Loss)/profit for the year											**(23,755)**	11,542
Attributable to:												
Equity holders of the Company											**(24,885)**	21,231
Minority interests											**1,130**	(9,689)
											(23,755)	11,542
Segment assets	**1,426**	6,144	**81,743**	43,096	**1,399**	2,643	**167,073**	181,566	**–**	335	**251,641**	233,784
Unallocated assets											**30,442**	14,718
Total											**282,083**	248,502
Segment liabilities	**28,109**	32,808	**3,539**	1,425	**5**	158	**116,812**	118,163	**5,150**	1,325	**153,615**	153,879
Unallocated liabilities											**–**	–
Total liabilities											**153,615**	153,879

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

6. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

(c) (Continued)

Primary reporting format – business segments (Continued)

	Bakery and food		Investment holding		General trading		Property investment		Consultancy		Group	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information Depreciation	**1,308**	4,938	**203**	20	**–**	–	**3**	3	**–**	–	**1,514**	4,961
Capital expenditure	**55**	790	**2,900**	–	**–**	–	**–**	–	**–**	–	**2,955**	790
Gain on disposal of fixed assets	**–**	967	**–**	–	**–**	–	**–**	–	**–**	–	**–**	967
Impairment on trade receivable	**76**	1,898	**–**	–	**–**	–	**–**	–	**–**	–	**76**	1,898
Impairment on inventories	**581**	325	**–**	–	**743**	–	**–**	–	**–**	–	**1,324**	325
Impairment on other receivable	**–**	136	**–**	–	**–**	–	**–**	–	**–**	–	**–**	136
Impairment on goodwill	**–**	–	**4,632**	10,634	**–**	–	**–**	–	**–**	–	**4,632**	10,634
Writing off of property, plant and equipment	**511**	3,186	**–**	–	**–**	–	**–**	–	**–**	–	**511**	3,186
Amortisation of goodwill	**–**	–	**–**	244	**–**	–	**–**	–	**–**	–	**–**	244
Loss on disposal of property, plant and equipment	**5**	–	**–**	–	**–**	–	**–**	–	**–**	–	**5**	–

Secondary reporting format – geographical segments

	Hong Kong		Mainland China		Overseas		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**33,515**	32,272	**3,739**	4,233	**–**	3,104	**37,254**	39,609
Segment results	**(11,855)**	(9,427)	**3,536**	(402)	**–**	157	**(8,319)**	(9,672)
Other segment information:								
Segment assets	**263,805**	180,436	**18,278**	68,066	**–**	–	**282,083**	248,502
Capital expenditure	**2,955**	69	**–**	721	**–**	–	**2,955**	790

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

7. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated at after charging the following:

	2006	2005
	HK$'000	HK$'000
Auditors' remuneration		
Audit fees		
– current year	**300**	450
– under provision in prior years	**23**	–
Non-audit fee	**1,413**	1,019
	1,736	1,469
Cost of inventories sold	**8,167**	25,962
Depreciation	**1,514**	4,961
Minimum lease payments under operating leases in respect of land and buildings	**4,358**	8,176
Staff costs *(Note 8)*	**10,500**	10,848
Amortisation of goodwill	**–**	244
Impairment on goodwill	**4,632**	10,634
Provision for trade receivables	**76**	1,898
Provision for other receivables	**–**	136
Provision for inventories	**1,324**	325
Loss on disposal of property, plant and equipment	**5**	–
Writing off of property, plant and equipment	**511**	3,187

The cost of inventories sold includes approximately HK$728,000 (2005: HK$5,242,000) relating to staff costs, rental expenses and depreciation, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

8. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2006	2005
	HK$'000	HK$'000
		(Restated)
Fees	**325**	305
Salaries, housing and other allowances	**9,864**	10,158
Contribution to retirement benefits schemes	**311**	385
	10,500	10,848

(a) Directors' emoluments

The aggregate amounts of emoluments paid to the directors of the Company during the year are as follows:

	2006	2005
	HK$'000	HK$'000
Fees	**325**	305
Salaries, housing and other allowances	**3,799**	1,715
Contribution to retirement benefit scheme	**–**	–
	4,124	2,020

Directors' fee disclosed above include HK$180,000 (2005: HK$150,000) paid to independent non-executive directors.

During the current and prior years, no share options were granted to the directors in respect of their services to the Group.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

8. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

The directors' emoluments are analysed as follows:

		Year ended 30 April 2005 (Restated)			
Name of directors	*Notes*	Fees HK$'000	Salary, housing and other allowances HK$'000	Contribution to retirement benefit schemes HK$'000	Total HK$'000
Executive director					
Mr. Lai Leong		–	1,715	–	1,715
Non-executive directors					
Mr. Kwok Chi Sun Vincent	*(i)*	50	–	–	50
Mr. Li Siu Lok, Albert	*(ii)*	50	–	–	50
Ms. Wan Choi Ha	*(iii)*	55	–	–	55
Independent non-executive directors					
Dr. Chow King Wai		60	–	–	60
Mr. Chu Kar Wing		60	–	–	60
Mr. Wong Kwok Tai		30	–	–	30
		305	1,715	–	2,020

8. STAFF COSTS UNCLUDING DIRECTORS' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

		Year ended 30 April 2006			
Name of directors	Notes	Fees HK$'000	Salary, housing and other allowances HK$'000	Contribution to retirement benefit schemes HK$'000	Total HK$'000
Executive directors					
Mr. Lai Leong		–	2,884	–	2,884
Mr. Oxley Clive William		–	915	–	915
Non-executive directors					
Mr. Kwok Chi Sun Vincent	*(i)*	25	–	–	25
Mr. Li Siu Lok, Albert	*(ii)*	60	–	–	60
Ms. Wan Choi Ha	*(iii)*	60	–	–	60
Independent non-executive directors					
Dr. Chow King Wai		60	–	–	60
Mr. Chu Kar Wing		60	–	–	60
Mr. Wong Kwok Tai		60	–	–	60
		325	3,799	–	4,124

Notes:

(i) retired on 27 September 2005

(ii) resigned on 15 July 2006

(iii) resigned on 1 July 2006

The above analysis includes two (2005: one) directors whose emoluments were among the five highest in the Group.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

8. STAFF COSTS UNCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Five highest paid individuals

Details of the aggregate emoluments paid to three (2005: four) individuals whose emoluments were the highest in the Group and have not been included in the directors' emoluments above are set out below:

	2006	2005
	HK$'000	HK$'000
Salaries, housing and other allowances	**1,640**	1,260
Bonuses	**–**	–
Contributions to retirement benefit schemes	**29**	42
	1,669	1,302

The emoluments of the highest paid individuals fell within the following bands:

	Number of individuals	
	2006	2005
Nil – HK$1,000,000	**3**	4

(c) During the year, no emolument had been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No director waived or agreed to waive any emoluments during the year.

9. FINANCE COSTS

	Group	
	2006	2005
	HK$'000	HK$'000
Interest on bank loans	**1,733**	822
Interest on other borrowings	**1,267**	–
Interest on loan from a related party	**–**	1,964
	3,000	2,786

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

10. INCOME TAX

Provision for Hong Kong profit tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits for the current and prior years.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, practices and interpretations in respect thereof.

Taxation in the consolidated income statement represents:

	2006	2005
	HK$'000	HK$'000
Hong Kong		
– current year	**1,062**	–
– under-provision in prior year	**12**	–
Elsewhere	**202**	245
Deferred income tax *(Note 29)*	**(2,275)**	4,756
Income tax (credit)/expenses	**(999)**	5,001

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong where the Company operates and the difference is set out as follows:

	2006	2005
	HK$'000	HK$'000
(Loss)/profit before income tax	**(24,754)**	16,543
Tax at the statutory rate of 17.5% (2005: 17.5%)	**(4,332)**	2,895
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(212)**	(534)
Tax effect of non-deductible items for tax purposes	**6,707**	2,899
Tax effect of non-taxable income	**(4,866)**	(4,724)
Tax effect of tax losses not recognised	**1,859**	3,165
Unrecognised temporary difference	**(167)**	1,300
Underprovision in respect of prior years	**12**	–
Income tax (credit)/expenses	**(999)**	5,001

11. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The (loss)/profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of a loss of HK$19,692,000 (2005: HK$53,000).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

12. (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2006	2005
(Loss)/profit attributable to equity holders of the Company	**(HK$24,885,000)**	HK$21,231,000
Weighted average number of ordinary shares in issue	**2,257,730,755**	1,920,002,000
Basic (loss)/earning per share	**(HK$0.011)**	HK$0.011

Diluted

There was no dilution effects on the basic (loss)/earnings per share for the year ended 30 April 2006 and 2005 as there were no dilutive shares outstanding during the years ended 30 April 2006 and 2005.

13. FIXED ASSETS

Group

	Land and buildings HK$'000	Leasehold improvement HK$'000	Plant and machinery HK$'000	Furniture fixtures and equipment HK$'000	Motor vehicles HK$'000	Utensils and supplies HK$'000	Sub-total HK$'000	Investment properties HK$'000	Total fixed assets HK$'000
Cost or valuation									
At 1 May 2004	–	–	–	81	–	–	81	12,045	12,126
Additions	–	227	340	50	117	56	790	–	790
Acquisition of subsidiaries *(Note 32)*	3,074	6,761	–	15,205	1,522	3,524	30,086	106,000	136,086
Fair value changes	–	–	–	–	–	–	–	28,936	28,936
Written off	–	(2,308)	–	(8,156)	–	(64)	(10,528)	–	(10,528)
Disposal	(3,074)	(1,049)	–	–	(830)	–	(4,953)	–	(4,953)
At 30 April 2005	–	3,631	340	7,180	809	3,516	15,476	146,981	162,457
Representing									
Cost	–	3,631	340	7,180	809	3,516	15,476	–	15,476
Valuation	–	–	–	–	–	–	–	146,981	146,981
	–	3,631	340	7,180	809	3,516	15,476	146,981	162,457

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

13. FIXED ASSETS (Continued)

Group (Continued)

	Land and buildings HK$'000	Leasehold improvement HK$'000	Plant and machinery HK$'000	Furniture fixtures and equipment HK$'000	Motor vehicles HK$'000	Utensils and supplies HK$'000	Sub-total HK$'000	Investment properties HK$'000	Total fixed assets HK$'000
Accumulated depreciation and impairment									
At 1 May 2004	–	–	–	50	–	–	50	–	50
Charge for the year	–	627	82	2,900	169	1,183	4,961	–	4,961
Acquisition of subsidiaries *(Note 32)*	–	5,262	–	7,859	791	2,360	16,272	–	16,272
Written off	–	(2,147)	–	(5,142)	–	(53)	(7,342)	–	(7,342)
Disposal	–	(402)	–	–	(428)	–	(830)	–	(830)
At 30 April 2005	–	3,340	82	5,667	532	3,490	13,111	–	13,111
Net book value									
At 30 April 2005	–	291	258	1,513	277	26	2,365	146,981	149,346
Cost or valuation									
At 1 May 2005	–	3,631	340	7,180	809	3,516	15,476	146,981	162,457
Additions	–	4	–	17	2,918	16	2,955	–	2,955
Fair value changes	–	–	–	–	–	–	–	(13,913)	(13,913)
Written off	–	(2,111)	(340)	(36)	(117)	–	(2,604)	–	(2,604)
Disposal	–	–	–	–	(352)	–	(352)	–	(352)
At 30 April 2006	–	1,524	–	7,161	3,258	3,532	15,475	133,068	148,543
Representing									
Cost	–	1,524	–	7,161	3,258	3,532	15,475	–	15,475
Valuation	–	–	–	–	–	–	–	133,068	133,068
	–	1,524	–	7,161	3,258	3,532	15,475	133,068	148,543
Accumulated depreciation and impairment									
At 1 May 2005	–	3,340	82	5,667	532	3,490	13,111	–	13,111
Charge for the year	–	121	32	1,061	276	24	1,514	–	1,514
Written off	–	(1,937)	(114)	(14)	(28)	–	(2,093)	–	(2,093)
Disposal	–	–	–	–	(287)	–	(287)	–	(287)
At 30 April 2006	–	1,524	–	6,714	493	3,514	12,245	–	12,245
Net book value									
At 30 April 2006	–	–	–	447	2,765	18	3,230	133,068	136,298

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

13. FIXED ASSETS (Continued)

Company

	Office equipment HK$'000
Cost	
At 1 May 2004, 30 April 2005 and 30 April 2006	81
Accumulated depreciation and impairment	
At 1 May 2004	50
Charge for the year	21
At 30 April 2005 and at 1 May 2005	71
Charge for the year	10
At 30 April 2006	81
Net book value	
At 30 April 2006	–
At 30 April 2005	10

Notes:

(a) The analysis of net book value of investment properties is as follows:

	2006 HK$'000	2005 HK$'000
Held in Hong Kong under long-term lease	**115,000**	130,000
Held in Mainland China under medium term lease	**18,068**	16,981
	133,068	146,981

(b) The investment properties of the Group were stated at open market value basis by reference to a valuation report issued by BMI Appraisals Limited, an independent professional qualified valuers on 30 April 2006.

(c) All of the investment properties of the Group are held for rental under operating leases. The investment properties were leased to third parties under operating lease, further summary details of which are included in note 6(b) to the financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

14. DEPOSIT ON PROPERTY UNDER DEVELOPMENT

	2006	2005
	HK$'000	HK$'000
Balance as at year end	**32,899**	32,899

The amount represents payments made by the Group to acquire a commercial property project located in Guangzhou, Guangdong Province, Mainland China (the "Guangdong Property"). Pursuant to a sales and purchase agreement dated 8 October 2002 entered between the developer and a wholly-owned subsidiary of the Group, namely Wealth Vantage Limited ("Wealth Vantage"), the developer was to deliver the Guangdong Property prior to 31 December 2004.

On 14 April 2004, the developer issued a letter to Wealth Vantage pursuant to which the developer agreed to deliver the Guangdong Property to Wealth Vantage by the end of June 2005. In addition, the developer agreed to reduce the outstanding balance of consideration payable by Wealth Vantage for acquisition of the Guangdong Property from RMB10 million to RMB2 million as a result of the delay in delivering the Guangdong Property. After the payment of RMB2 million, the Group has fully paid the consideration in respect of the acquisition of the Guangdong Property. Upon completion, Wealth Vantage can apply for and obtain the real estate title certificate for the Guangdong Property.

The Guangdong Property is held under a land use right for a period of 40 years commencing on 14 August 1995 in Mainland China. Based on the valuation report issued by an independent professional valuer, the open market value of the Guangdong Property was RMB38.7 million as at 30 April 2006. Therefore, the directors considered that no provision for impairment loss is necessary notwithstanding the delay in completing the development.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

15. GOODWILL

		Group	
		2006	2005
	Note	**HK$'000**	HK$'000
Cost			
At 1 May		**15,510**	–
Acquisition of subsidiaries	*33*	**–**	15,510
Prospective effect of adopting HKFRS 3		**(10,878)**	–
At 30 April		**4,632**	15,510
Accumulated amortisation and impairment losses			
At 1 May		**10,878**	–
Amortisation for the year		**–**	244
Impairment loss for the year		**4,632**	10,634
Prospective effect of adopting HKFRS 3		**(10,878)**	–
At 30 April		**4,632**	10,878
Net carrying value		**–**	4,632

16. INTEREST IN SUBSIDIARIES

	Company	
	2006	2005
	HK$'000	HK$'000
Unlisted shares, at cost	**166**	166
Due from subsidiaries	**123,721**	120,854
	123,887	121,020
Less: Impairment loss	**(36,897)**	(35,406)
	86,990	85,614

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

16. INTEREST IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Oriental Target Limited	British Virgin Islands	US$10,000	100%	–	Investment holding
Oriental Merit Limited	British Virgin Islands	US$1	100%	–	Property investment
Sincere Vantage Limited	British Virgin Islands	US$1	100%	–	Investment holding
Oriental Mate Limited	British Virgin Islands	US$10,000	100%	–	Investment holding
Sincere Land Limited	British Virgin Islands	US$1	100%	–	Investment holding
Dragon Eagle Investments Limited	British Virgin Islands	US$1	100%	–	Investment holding
Capital Vantage Limited	British Virgin Islands	US$1	100%	–	Investment holding
Wealth Vantage Limited	British Virgin Islands	US$1	–	100%	Property investment
Oriental Talent Limited	Hong Kong	HK$2	–	100%	General trading
State Empire Limited	British Virgin Islands	US$1	–	100%	Investment holding
Harbour Wealth Investment Company Limited	Hong Kong	HK$2,000,000	–	100%	Property investment for rental and building management income
Kamboat Bakery Limited	Hong Kong	HK$2,040,000	–	51%	Bakery operations
Oriental Board Limited	Hong Kong	HK$1	–	100%	Consultancy
東莞金龍船餅店有限公司* ("Dongguan Kamboat")	Mainland China	HK$2,000,000	–	51%	Operation of cake shop

* *wholly-owned foreign enterprise*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

17. INTEREST IN ASSOCIATES

	Group	
	2006	2005
	HK$'000	HK$'000
Share of net assets	**–**	–
Due from an associate	**6,681**	6,681
Less: Impairment loss	**(6,681)**	(6,681)
	–	–

Particulars of the principal associate as at the balance sheet date are as follows:

Name of company	Place of incorporation	Issued and fully paid ordinary share capital	Percentage of equity attributable to the company 2006	2005	Principal activity
Australian Environmental Protection Technology Holdings Limited	British Virgin Islands	US$1,000	**30%**	30%	Investment holding engaged in environmental protection business

18. INVESTMENT IN SECURITIES

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Investment securities				
Unlisted shares, at cost	**–**	7,533	**–**	–
Listed shares in Hong Kong, at cost	**–**	2,000	**–**	2,000
	–	9,533	**–**	2,000
Less: Provision for impairment	**–**	(800)	**–**	(800)
	–	8,733	**–**	1,200
Market value of listed investment	**–**	1,200	**–**	1,200

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2006 HK$'000
Opening adjustment on adoption of HKAS 39	
– Transfer from investment in securities	**7,533**

Balance represent financial assets of unlisted equity securities stated at cost less impairment losses at 30 April 2006.

20. DUE FROM AN INVESTEE COMPANY

The amount due from an investee company is unsecured, interest free and repayable on demand. In the last year, such amounts were not repayable within one year from the balance sheet date.

21. INVENTORIES

	Group **2006** **HK$'000**	 2005 HK$'000
Raw materials	**65**	431
Work in progress	**–**	14
Finished goods	**748**	941
	813	1,386
Less: Provision for slow moving and obsolete inventories	**(797)**	(325)
	16	1,061

The carrying amount of inventories (included above) that was stated at net realisable value amounted to approximately HK$1,000 (2005: HK$409,000).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

22. TRADE RECEIVABLES

The aged analysis of the trade receivables is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Current to 3 months	**321**	1,303
4 to 6 months	**421**	78
7 to 12 months	**–**	–
Over one year	**–**	1
	742	1,382

The credit terms granted by the Group to customers are normally less than 90 days. Provision for doubtful debts was made and thereafter written off when collection of the full amount was no longer probable. Bad debts are written off as incurred.

23. DUE FROM A RELATED COMPANY

	2006	2005
	HK$'000	HK$'000
At beginning of the year		
– EIL Property Management Limited	**1,141**	–
At end of the year		
– EIL Property Management Limited	**–**	1,141
Maximum debit balance during the year		
– Hong Thai Travel Services Ltd.	**–**	100
– 東莞新聯食品有限公司	**–**	1,360
– EIL Property Management Limited	**1,141**	1,141

The amount due from a related company is unsecured, interest free and without fixed terms of repayment.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

24. TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Current to 3 months	**38**	1,056
4 to 6 months	**–**	158
7 to 12 months	**–**	266
Over one year	**418**	1,902
	456	3,382

25. DUE TO A MINORITY SHAREHOLDER OF A SUBSIDIARY

The amount due to a minority shareholder of a subsidiary is unsecured, interest-free and with no fixed terms of repayment.

26. OTHER LOAN, SECURED

The loan is a revolving loan bearing interest at 3% per annum, secured by legal charges over the shares and shareholder's loan of State Empire and Harbour Wealth, both wholly-owned subsidiaries of the Group and repayable by 30 May 2006. The lender agrees to bear the interest accrued on the bank loan as disclosed in note 28 to the financial statements and the Group is entitled to set off the bank loan interest against the interest payable by it to the lender hereunder. Subsequent to the balance sheet date on 19 June 2006, the loan has been fully settled.

27. LOAN FROM A RELATED PARTY, SECURED

The loan was granted by A.A. Finance Limited, a subsidiary under a discretionary trust founded by Mr. Yeung Sau Shing, Albert ("Mr. Yeung"). The loan is a revolving loan bearing interest at 3% per annum, secured by legal charges over the shares and shareholder's loan of State Empire and Harbour Wealth, both wholly-owned subsidiaries of the Group and repayable by 30 May 2005. A.A. Finance Limited agrees to bear the interest accrued on the bank loan as disclosed in note 28 to the financial statements and the Group is entitled to set off the bank loan interest against the interest payable by it to A.A. Finance Limited hereunder. On 25 April 2005, the Group has entered into a new loan agreement to renew the loan for another one year to 30 May 2006.

As further explained in note 34(a) to the financial statements, Mr. Yeung is no longer a connected person of the Company and therefore, the loan is reclassified to "other loan, secured" as shown in note 26 to the financial statements on the balance sheet date.

28. SHORT-TERM BANK LOAN, SECURED

The short-term bank loan is bearing interest at 1% over one-month HIBOR per annum and is secured by investment properties with net book value of approximately HK$115,000,000 (2005: HK$130,000,000) and a personal guarantee given by Mr. Yeung. Subsequent to the balance sheet date on 18 May 2006, the bank loan has been fully settled.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

29. DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

The major deferred income tax liabilities/(assets) recognised by the Group during the current and prior years is as follows:

	Accelerated tax depreciation HK$'000	**Revaluation of investment properties** HK$'000	**Tax losses** HK$'000	**Total** HK$'000
At 1 May 2004	–	65	–	65
Acquisition of subsidiaries *(Note 32)*	1,855	9,823	(564)	11,114
Charge/(credit) to income statement *(Note 10)*	65	4,694	(3)	4,756
At 30 April 2005 and at 1 May 2005	1,920	14,582	(567)	15,935
Charge/(credit) to income statement *(Note 10)*	436	(2,517)	(194)	(2,275)
At 30 April 2006	2,356	12,065	(761)	13,660

The Group has tax losses arising in Hong Kong and Mainland China of approximately HK$34,128,000 (2005: HK$39,294,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred income tax assets have not been recognised in respect of these losses as these companies have been loss-making for some years.

30. SHARE CAPITAL

	2006		2005	
	Number of shares '000	**Nominal value HK$'000**	Number of shares '000	Nominal value HK$'000
Authorised:				
Ordinary shares of HK$0.10 each	**6,000,000**	**600,000**	3,000,000	300,000
Issued and fully paid:				
Ordinary shares of HK$0.10 each	**2,496,023**	**249,602**	1,920,018	192,002

On 28 September 2005, 576,005,400 new ordinary shares of the Company of HK$0.10 each were issued on the basis of three rights shares for every ten existing shares. The net proceeds receivable by the Company under the rights issue are approximately HK$55 million.

31. SHARE OPTION SCHEMES

The Company operates a share option scheme (the "Scheme"). The purpose of the Scheme is to enable the Company to grant options to eligible participants, thereby as an incentive or rewards for their contribution to the Group. Eligible participants of the Scheme include the directors, employees, suppliers, customers and shareholders of the Group. Unless otherwise terminated or amended, the Scheme will remain in force for ten years from date of adoption to 31 October 2012.

Pursuant to the Scheme, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and options granted and yet to be exercised under any other schemes shall not exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period must not exceed 1% of the issued share capital of the Company at any time. The offer of a grant of options may be accepted within 21 days from the date of the offer with signed acceptance letter comprising consideration of HK$1.00 received by the Company. The exercise period of the share options granted is determinable by the Directors, but no later than 10 years from the date of the offer. The subscription price for the shares in respect of which options are granted is determinable by the Directors, but in any case must be in the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares. As at 30 April 2006 and 2005, no option has been granted under the Scheme.

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 26 of the financial statements.

(b) Company

	Accumulated losses HK$'000
At 1 May 2004	(105,392)
Net loss for the year	(53)
At 30 April 2005	(105,445)
At 1 May 2005	(105,445)
Net loss for the year	(19,692)
At 30 April 2006	(125,137)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

33. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Acquisitions of subsidiaries

	Note	**2006** **HK$'000**	2005 HK$'000
Net assets acquired of:			
Fixed assets		–	13,814
Investment properties		–	106,000
Inventories		–	996
Due from a related company		–	1,006
Prepayment, deposits and other receivable		–	2,786
Due from fellow subsidiary		–	120
Other loan receivable		–	100,000
Rental and utility deposits		–	1,274
Trade receivable		–	1,284
Cash and balance balances		–	3,237
Due to immediate holding company		–	(68,289)
Other payables and accruals		–	(9,680)
Loan from a fellow subsidiary		–	(100,000)
Deposits received and rental income received in advance		–	(1,203)
Trade payable		–	(3,544)
Due to a fellow subsidiary		–	(7)
Deferred tax liabilities		–	(11,114)
Bank loan		–	(3,040)
Minority interests		–	9,215
		–	42,855
Goodwill on acquisition	*15*	–	15,510
		–	58,365
Consideration satisfied by:			
Cash		–	58,365
Analysis of the net outflow of cash and cash equivalents in respect of the acquisitions of subsidiaries			
Cash and cash equivalents acquired		–	3,237
Cash consideration paid		–	(58,365)
Net outflow of cash and cash equivalents in respect of the acquisitions of subsidiaries		–	(55,128)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

34. OPERATING LEASE ARRANGEMENTS

The Group leases its office premises and quarters under operating lease arrangements. Leases are negotiated for terms of 1 to 2 years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Not later than one year	**2,034**	7,656	**1,208**	235
Later than one year but not later than five years	**767**	3,473	**519**	–
	2,801	11,129	**1,727**	235

35. RELATED PARTY TRANSACTIONS

(a) On 30 March 2004, Sincere Vantage Limited ("Sincere Vantage"), a wholly-owned subsidiary of the Group entered into a conditional sales and purchase agreement with Praise Value Group Limited ("Praise Value") to acquire the entire issued share capital and the shareholder's loan of State Empire Limited ("State Empire") for an aggregate consideration of HK$100 million (the "State Empire Acquisition"). State Empire holds through Harbour Wealth Investment Company Limited ("Harbour Wealth"), a wholly-owned subsidiary of State Empire, Right Emperor Commercial Building, a 24-storey commercial building located in Central, Hong Kong. On 31 May 2004, the Group paid the consideration for the State Empire Acquisition through a loan of HK$100 million bearing interest at 3 percent per annum for a period of 12 months from A.A. Finance Limited (the "State Empire Loan"). On 8 June 2004, Habour Wealth has drawdown a bank loan of HK$50,000,000 for partial repayment of the State Empire Loan.

The shares of the Company held by Wealth Success Limited, the substantial shareholder of the Company, were pledged to Emperor Securities Limited ("ESL") for a loan unrelated to the above transaction granted to Wealth Success Limited. ESL, A.A. Finance Limited and Praise Value are subsidiaries of a discretionary trust set up by Mr. Yeung Sau Shing, Albert ("Mr. Yeung"). Therefore, Mr. Yeung is deemed to be a connected person of the Company and the State Empire Acquisition and the State Empire Loan constituted connected transactions, the details of which were set out in the circular issued by the Company dated 19 November 2004. The consideration was arrived at after arm's length negotiations among the parties. The State Empire Acquisition and State Empire Loan had been approved in the special general meeting of the shareholders of the Company held on 7 December 2004, therefore, State Empire became a wholly-owned subsidiary of the Group effective from 31 May 2004.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

35. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

On 25 April 2005, the Group entered into a new loan agreement to renew the loan for another one year to 30 May 2006.

During the year ended 30 April 2005, a loan interest of approximately HK$1,964,000 was paid.

On 26 April 2005, a deed of release (the "Deed") was signed between (i) Wealth Success Limited; (ii) Emperor Securities Limited; (iii) Mr. Lai Leong and (iv) Mr. Wang Hao. According to the Deed, the charge over the shares of the Company held by Wealth Success Limited which had been pledged to ESL has been released and the loan granted from ESL to Wealth Success Limited has been fully settled. Therefore, Mr. Yeung is no longer a connected person of the Company.

(b) EIL Property Management Limited ("EIL") was appointed to provide building management services for the investment property, Right Emperor Commercial Building. Mr. Yeung has control over and is deemed to be interested indirectly in EIL. The building management service fee paid by the Group for the year ended 30 April 2005 was approximately HK$1,339,000. The building management service fee was determined after the arm's length negotiation between the parties concerned.

(c) Emperor Investment (Management) Limited ("EIML") provided accounting, secretarial and professional services for handling of tenancy agreements to Harbour Wealth. Mr. Yeung has control over and is deemed to be interested indirectly in EIML. The Group paid service fee of approximately HK$98,000 for the year ended 30 April 2005. In the opinion of the directors, the fees were charged on normal commercial terms and were fair and reasonable.

(d) During the year ended 30 April 2005, Mr. Yeung provided a personal guarantee of HK$100,000,000 in favour of a bank for banking facility of HK$50,000,000 granted to Harbour Wealth. As at 30 April 2005, the facilities utilised by Harbour Wealth amounted to HK$50,000,000. Pursuant to the terms of a loan agreement entered into between Harbour Wealth and A.A. Finance Limited on 31 May 2004, (details of which are set out in note 35(a) above) utilisation of the banking facility shall be made at the sole discretion of A.A. Finance Limited as the banking facility is guaranteed by Mr. Yeung. Harbour Wealth is required to seek consent from A.A. Finance Limited to utilise the banking facility.

(e) During the year, Kamboat Bakery purchased moon cake and bakery products from 東莞新聯食品有限公司 (Dongguan Xin Lian Food Products Company Limited) ("Dongguan Xin Lian") for a total amount of approximately HK$Nil (2005: HK$7,216,000). Dongguan Xin Lian is subsidiary of a minority shareholder. The purchase price was mutually agreed between the parties concerned.

(f) During the year, Kamboat Bakery purchased red wine from Kamboat Trading Limited for approximately HK$Nil (2005: HK$191,000). Kamboat Trading Limited is a subsidiary of a minority shareholder. The purchase price was mutually agreed between the parties concerned.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

35. RELATED PARTY TRANSACTIONS (Continued)

(g) During the year, Kamboat Bakery issued corporate guarantees to a bank in respect of banking facilities of approximately HK$Nil (2005: HK$4,670,000) granted to a subsidiary of the minority shareholder. The corporate guarantees were released during the year ended 30 April 2005.

In addition, the banking facilities of approximately HK$2,100,000 of Kamboat Bakery were secured by the corporate guarantees given by the subsidiary and immediate holding company of the minority shareholder and a property owned by the subsidiary of the minority shareholder in last year. The corporate guarantees and the property were also released upon redemption of the bank loans during the year ended 30 April 2005.

(h) During the year, Kamboat Bakery sold bakery products to Kamboat Group Company Limited for approximately HK$Nil (2005: HK$3,265,000). Kamboat Group Company Limited is a minority shareholder of a subsidiary. The purchase price was mutually agreed between the parties concerned.

(i) During the year, Dongguan Kamboat shared the office space of Dongguan Xin Lian and paid management fee of approximately HK$Nil (2005: HK$709,000) to Dongguan Xin Lian for rentals, salaries and equipment of the office. The other operating expenses of the office were paid by Dongguan Kamboat. As such, a management fee income of approximately HK$Nil (2005: HK$520,000) was charged to Dongguan Xin Lian for sharing of the operating expenses.

36. EVENTS AFTER THE BALANCE SHEET DATE

(a) Rich Crown Transactions

On 10 November 2005, King Vantage Limited ("King Vantage"), a wholly-owned subsidiary of the Group, entered into a conditional sale and purchase agreement (the "Agreement") with Mr. Ko Tin Kwok ("Mr. Ko") to acquire 51% of the issued share capital and the shareholders' loan of Rich Crown International Industries Limited ("Rich Crown") for an aggregate consideration of HK$168 million (the "Rich Crown Acquisition"). Rich Crown holds through Shanghai Goyeah Real Estate Development Co., Limited ("Shanghai Goyeah"), a 59.78% owned subsidiary of Rich Crown, (i) the investment in the Hoi Tung Securities Building Units (being various commercial and office units with a gross floor area of approximately 13,000 square meters and 135 carparks in a commercial and office building located at No. 689 Guangdong Road, Huangpu District, Shanghai, PRC); (ii) a 53.80% equity interest in Shanghai Gu Yuan Real Estate Co., Limited, a company which is principally involved in property investment and development, which owns the Bao Shan Project (being a residential development project known as "Great Garden" to be developed on a parcel of land with a site area of 76,458.1 square meters and located at the Bao Shan District, Shanghai, PRC); and (iii) a 29.89% equity interest in Shanghai Gu Hoi Property Management Co., Limited, a company which is principally involved in property management.

Further on 3 March 2006, King Vantage and Mr. Ko entered into a supplementary agreement in relation to the Rich Crown Acquisition. According to the supplementary agreement, the consideration payable by King Vantage was revised to HK$149.5 million.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

36. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

(a) Rich Crown Transactions (Continued)

Upon signing of the Agreement, the Group paid the HK$30 million deposit by using part of the total funds of approximately HK$55 million raised from the rights issue (note 30). Further on 24 May 2006, the Group paid the remaining consideration by way of (i) transferring the entire issued share capital and shareholder's loan of Wealth Vantage Limited, a wholly-owned subsidiary of the Group; (ii) transferring the entire issued share capital and shareholder's loan of Dragon Eagle Investments Limited, a wholly-owned subsidiary of the Group; (iii) cash of approximately HK$24 million and (iv) promissory note of approximately HK$9 million.

The Rich Crown Acquisition constituted, under the Listing Rules, a very substantial acquisition, the details of which were set out in the circular issued by the Company on 20 March 2006. The Rich Crown Acquisition had been approved in the special general meeting of the shareholders held on 7 April 2006; therefore, Rich Crown became a 51% owned subsidiary of the Group effective from 24 May 2006.

(b) State Empire Transactions

On 23 December 2005, Sincere Vantage Limited ("Sincere Vantage"), a wholly-owned subsidiary of the Group, entered into a conditional sale and purchase agreement with Lion Castle Limited ("Lion Castle") to sell the entire issued share capital and the shareholder's loan of State Empire Limited ("State Empire") for an aggregate consideration of not less than HK$101 million (the "State Empire Disposal"). State Empire holds through Harbour Wealth Investment Company Limited ("Harbour Wealth"), a wholly-owned subsidiary of State Empire, Right Emperor Commercial Building, a 24-storey commercial building located in Central, Hong Kong.

The consideration was the aggregate of (i) the amount of sale share, equal to the consolidated net asset value of State Empire, was approximately HK$59,372,000 and (ii) the amount for the shareholder's loan, was approximately HK$42,675,000.

Upon signing of the agreement, the Group receive a deposit of HK$1,000,000 from Lion Castle. The remaining consideration has been further received on 19 June 2006.

The State Empire Disposal constituted, under the Listing Rules, a very substantial disposal, the details of which were set out in the circular issued by the Company on 29 May 2006. The State Empire Disposal had been approved in the special general meeting of the shareholders held on 15 June 2006; therefore, State Empire Disposal was effective from 19 June 2006.

37. COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of the changes in accounting policies, details of which are set out in Note 2.