ANNUAL REPORT 2008

VONGROUP LIMITED
黃 河 實 業 有 限 公 司

Stock Code: 318

Corporate Information

EXECUTIVE DIRECTORS

Mr VONG Tat Ieong, David
(Chief Executive Officer)
Mr WONG Chi Man
Mr XU Siping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr FUNG Ka Keung, David
Dr LAM Lee G.
Ms WONG Man Ngar, Edna

AUDIT COMMITTEE

Dr LAM Lee G. *(Chairman)*
Mr FUNG Ka Keung, David
Ms WONG Man Ngar, Edna

REMUNERATION COMMITTEE

Dr LAM Lee G. *(Chairman)*
Mr FUNG Ka Keung, David
Mr VONG Tat Ieong, David

COMPANY SECRETARY

Ms Wong Ka Man

AUDITORS

CCIF CPA Limited
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1208 Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Bank (Cayman) Limited
P.O. Box 1109
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

STOCK CODE

00318

COMPANY WEBSITE

www.thevongroup.com

CONTENTS

Management's Statement

Dear Fellow Shareholders,

We are pleased to report that after our corporate transition the year before, we have worked hard to make Vongroup a more robust and very much stronger company during this past year in 2007-2008. It has been a year in which our revenue grew, our assets grew, and our total equity grew. We have strived to build solid foundations for the development of our businesses in innovative financial services sectors in China despite colossal downturns in the overall economy and the uncertainty of post-Olympics China. Most significantly, we have greatly fortified our balance sheet. Operationally, we have re-structured our businesses around key divisions in order to streamline management of them in China. Essentially, we are delighted that we have been successful in achieving our milestones in pursuit of our strategy for short-term consolidation and long-term growth. We incurred a loss this year, which was due in large part to an eye on the future, in prudent spending on technology, research and development for exciting new and innovative business opportunities in highly-regulated financial services related sectors in China.

Our turnover increased to HK$464.4 million from HK$318.3 million, and our net current assets increased to HK$356.9 million from HK$145.1 million. Cash and cash equivalents increased to HK$328.3 million from HK$100.7 million. Total equity increased to HK$420.4 million from HK$175.8 million. Our loss increased to HK$27.7 million from HK$15.2 million, due in large part to the expenditure in R&D that I have referred to above.

The Vongroup corporate model exemplifies an innovative multiple-division high-growth listed group, with innovative financial services and highly-regulated sectors at its core, and which is coalesced by shared business development initiatives, as well as a unifying corporate ethos. Given the challenging market and economic conditions that prevails, I am proud of your team's accomplishments during this past year. In attaining our results under these circumstances, a great deal of credit is due to our diligent investment and operational strategy, as well as streamlined execution by your motivated and proactive management professionals.

Consumer Finance Division. After securing our money lender's licence this past year in Hong Kong, we are now one of the very few publicly listed groups whose money lending operations are licensed in both Hong Kong and China. In China, our consumer finance operations worked indefatigably during the year in its makeover from a traditional "pawn shop" to become a specialty finance provider of short-term working capital loans to small businesses in China. In doing so, we have re-trained our lending professionals in credit risks relating to real estate, financial instruments and other forms of commercial collateral. We seek to step up our level of activity in this promising sector this year in making loans to selected quality small businesses, especially in light of the continuing liquidity crunch in China. In conjunction with our China consumer finance operations, our newly acquired money lender's licence in Hong Kong this past year allows us to offer more comprehensive lending possibilities for cross-border small businesses in Hong Kong and China.

Management's Statement

Smart-Card Financial Services Division. Our China smart-card financial services operations have successfully developed and implemented its innovative "e-ticket" system in Beijing, using advanced RFID technology. As a project that has evolved from its origins as a governmental public policy project, this pilot system in Beijing is now a showcase for increasing the efficiency and management of ticketing and revenue functions at major high-traffic public venues in China, as well as for managing traffic flow, and for deploying a new digital media and advertising platform. During the process of developing this proprietary e-ticket system, we have identified different business opportunities with significant potential by utilizing RFID technology for e-wallet and other payment functions. In pursuit of the significant potential rewards in this sector, we have invested significantly but prudently in related research and development.

Having strengthened our balance sheet, we now seek to capitalize upon innovative opportunities that will arise as the economy continues to waver or weaken, and hence to enhance performance for you. To stay focused during the looming phase of global economic upheaval and post-Olympics uncertainty, we will continue our long-standing practice of prioritizing investment opportunities with government-related partners in innovative financial services and in other highly-regulated sectors. This approach leverages upon our many years of experience and accumulated credibility in our hard work as a valued commercial partner with government-related entities in China, and also enhances our returns through an alignment of motivation, management expertise and public policy mission.

Towards that goal, we believe that as the global and China markets continue with their uncertain outlook, a variety of alternative investment and financing opportunities that also meet our strict criteria will increase, and we expect to deploy our extensive expertise in analyzing, structuring and executing investments with private equity or debt-equity hybrid characteristics, as well as putting to test our experience in structuring sound investments in partnership with major global institutional investors. As you would expect, we will continue to make investment decisions based on highly prudent and rigorously calculated risk-reward methodology.

The product of our Vongroup corporate model, our business development initiatives, governmental partnerships, R&D, and corporate values is that the aggregated value of the whole of Vongroup is significantly greater than the sum of its components. As we have before, we seek to continue to be financially creative in structuring investment opportunities that pre-empt changes brought about by economic cycles, and of course you are the beneficiaries of this innovation.

It is obvious that I am tremendously full of pride when it comes to your team, who wear passion, loyalty and dedication as they pursue their work. To achieve this, we spend a great deal of time in recruiting, coaching, cultivating, enriching, and evaluating our people on a continuous basis, in order that we continuously enhance Vongroup. In closing, I am encouraged by the many achievements of your team this past year, one which we have concluded with heartening drive and affirmative momentum, in spite of the uncertain prevailing market conditions.

Vong Tat Ieong, David
Executive Director
25 August 2008

Management Discussion and Analysis

OVERALL PERFORMANCE

For the year ended 30 April 2008, the Group generated turnover of HK$464.4 million, an increase of approximately 45.9% or HK$146.1 million, from approximately HK$318.3 million for last year with a loss for the year of approximately HK$27.7 million (2007: approximately HK$15.2 million). The loss for the current year is mainly due to the research and development cost incurred for different business units.

As at 30 April 2008, the Group maintained a strong financial position with consolidated net current assets of HK$356.9 million (2007: HK$145.1 million) (an increase of approximately 246%) and consolidated net assets of HK$420.4 million (2007: HK$175.8 million) (an increase of approximately 239%) respectively.

BUSINESS REVIEW

Consumer Finance Business

During the year, we successfully transitioned our business from a traditional "pawn shop" which mainly provided small loan balances to individuals in the past to a "financial services company" for selective small and medium enterprise ("SME") owners in view of their increasing demand for short-term working capital. During the fiscal year ended 30 April, 2008, the turnover was HK$1.3 million which was similar to that in 2007, but the composition was substantially different. More than half of the turnover was generated from secured loans to SME owners. The outstanding loan receivables as at 30 April 2008 was HK$5.2 million which was significantly higher than the balance of HK$1.0 million in 2007. We expect that such demand will increase in line with the economic development of China and the continuing tightening of banks' liquidity, and we have begun to plan towards applying for a new branch in Beijing.

In addition to the PRC market, the Group started to explore business opportunities in the consumer finance market in Hong Kong. In October 2007, the Group obtained its money lender's licence under the Money Lenders Ordinance (Chapter 163 of Laws of Hong Kong) and started its consumer finance business in Hong Kong. Being licensed both in PRC and Hong Kong, the Group is therefore equipped to capture the market of the owners of SMEs with businesses both in PRC and Hong Kong, to facilitate them and give them flexibility to expand their businesses. The Group will continue to identify opportunities to expand its consumer finance business.

Smart-card Financial Services Business

In 2008, we successfully implemented our innovative "e-ticket" system at Beijing Shijingshan Sculpture Park. Beijing Shijingshan Sculpture Park is now positioned as a showcase to demonstrate how our system, by using advanced RFID technology, helps the management of high-traffic venues to control and monitor their traffic flow, and to deploy a new digital media and advertising platform to increase their revenue and help in information dissemination. Such an on-site showcase has been useful in expediting the process of promoting the user-friendliness of the system to major tourist sites and other high-traffic venues in the PRC.

Management Discussion and Analysis

During the process of developing the e-ticket system, we identified different business opportunities with significant potential by utilizing RFID technology. In the current year, we have invested about HK$12.1 million in research and development to deploy an "e-wallet" system based on the e-ticket system. This research and development cost incurred resulted in a segment loss of HK$12.6 million for the current year.

Securities Investment and Properties Investment

During the current year, the Group continued to develop its securities investment and properties investment businesses. The turnover on trading of securities amounted to HK$266.2 million (2007: HK$99.9 million) and the Group purchased one investment property and committed to purchase 6 more investment properties during the year. The securities investment segment contributed a profit of HK$1.3 million for the current year (2007: HK$7.5 million). The properties investment segment contributed a profit of HK$6.1 million for the current year (2007: HK$1.0 million).

Restaurant Business

Our restaurant business continues to face a challenging market environment. During the year, we closed a restaurant in Hong Kong and a restaurant in Shenzhen as a result of the increases in rental expenses, staff costs, material costs and fuel costs. Turnover for the restaurant operation dropped from HK$217.1 million in 2007 to HK$196.5 million for the year ended 30 April 2008 and a loss of HK$5.2 million (2007: HK$9.6 million) was recorded in ordinary restaurant activities.

SEASONAL/CYCLICAL FACTORS

The sales volume during festive periods is normally higher than the sales volume in the slack periods of the year for restaurant operation only.

FINANCIAL REVIEW

Share capital

In July, 2007, a top-up placement was made, where Deutsche Bank AG, acting through its London Branch, acquired shares of the Company at HK$1.141 per Share, representing approximately 4.9% of the issued share capital of the Company at that time. The net proceeds from the placing of approximately HK$296.1 million were used as additional working capital of the Group.

As at 30 April 2008, the Company had 5,863,960,900 shares in issue with total shareholders' funds of the Group amounting to HK$404.7 million.

Management Discussion and Analysis

Liquidity and financial resources

The Group maintains a strong financial position with cash and cash equivalents of the Group as at 30 April 2008 amounting to HK$328.3 million (2007: HK$100.7 million). The Group's current ratio as at 30 April 2008 is 8.6 (2007: 4.2). The total equity of the Group amounted to HK$420.4 million (2007: HK$175.8 million) as at 30 April 2008.

Gearing

The gearing ratio, as a ratio of bank loans to total equity, was 0.01 as at 30 April 2008 (2007: 0.03).

Exchange Rate Exposure

As at 30 April 2008, the Group's cash and cash equivalents amounted to HK$328.3 million, the majority of which is in Hong Kong dollars. Since the majority of the Group's transactions, monetary assets and liabilities is denominated in Hong Kong dollars, United Stated dollars and Renminbi, with relatively stable exchange rates of Renminbi to Hong Kong dollars and Hong Kong's linked exchange rate between United States dollar and Hong Kong dollar, the Group has minimal exposure to exchange rate fluctuations.

Treasury policies

The Group generally finances its ordinary operations with internally generated resources. The interest rates of most of the borrowings, if applicable, is charged by reference to prevailing market rates.

Contingent liabilities

a) In December 2005, a legal action was commenced by a former employee of Kamboat Chinese Cuisine Company Limited ("KCCC"), a wholly owned subsidiary of the Company, against KCCC for the claim of approximately HK$1,569,000 for personal injuries, loss and damages suffered during work in KCCC. In the opinion of the directors, such claim should be adequately covered by the Group's insurance. Hence, no provision has been made in the financial statements.

b) As at 30 April 2008, a number of current employees achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance should their employment be terminated under certain prescribed circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that there will be a material future outflow of resources from the Group in respect thereof. The Group has a contingent liability in respect of possible future payments to employees under the Employment Ordinance with a maximum possible amount of approximately HK$1,205,000 (2007: HK$1,200,000) at 30 April 2008.

c) As at 30 April 2007 and 2008, the Company provided corporate guarantee to a landlord to the extent of approximately HK$370,000 in respect of the operating lease payments of a subsidiary. No recognition of such guarantee was made for the years ended 30 April 2007 and 2008 because the directors of the Company did not consider it probable that a claim would be made against the Group under the guarantee.

Management Discussion and Analysis

Commitments

The Group has capital commitments, which are contracted but not provided for, in respect of purchase of property, plant and equipment and investment properties amounting to HK$27.5 million as at 30 April 2008 (2007: nil).

FUTURE PROSPECTS

The business environment remains challenging in the coming financial year due to the unsettled global macro-economic environment including fluctuating economic situation in the US, continued inflation threat in the PRC and Hong Kong, and concern about possible overheating of the economy in China.

Despite difficulties in the recent general economic situation, the Group will continue to keep a proactive approach riding on the potential opportunity to provide consumer finance and smart-card financial services in PRC and Hong Kong to achieve favorable returns for our shareholders.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 April 2008, the Group had 452 (2007: 630) employees in Hong Kong and the PRC. The Group has not experienced any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare, share options and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities.

Directors Profile

EXECUTIVE DIRECTORS

Mr Vong Tat Ieong, David, aged 46, who has been appointed as director of the Company since 2005, serve as the Chief Executive Officer of the Company. Mr Vong has acquired and run public companies, and made and advised on cross-border mergers and acquisitions, involving capital markets and private equity, for over 20 years. He was formerly Vice Chairman of the Board of Directors of CITIC 21CN Company Limited, a company listed on the Stock Exchange, from 2003-2004. Before that, he was Director and Deputy Chief Executive of i100 Limited, a company listed on the Stock Exchange, since he co-founded the i100 Group in 2000 with an international consortium whose key participants included management and leading institutional investors. Prior to that, he was Chief Executive at Pollon Infrastructure Corporation, an infrastructure investment holding company focused on power and telecom assets in the PRC, since 1997. Mr. Vong is a graduate of Yale Law School and The London School of Economics and Political Science.

Mr Wong Chi Man, aged 58, who has been appointed as director of the Company since 2001, is responsible for corporate planning, strategic business and product development, marketing and overall management of the food and beverage business of the Group. He has approximately 46 years experience in the restaurant and catering industries.

Mr Xu Siping, aged 50, who has been appointed as director of the Company since 2005, held a series of senior policy positions for 18 years at the PRC's State Economic and Trade Commission and the State Development Planning Commission (formerly the State Planning Commission), from 1983-2000, before retiring from public service in the central government. Mr. Xu is a graduate of Dalian University of Technology.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Fung Ka Keung, David, aged 45, who has been appointed as Independent Non-executive Director of the Company since 2005, is General Manager of Group Finance at Golden Concord Holdings Limited. He graduated from Leicester University. He is a member of both of the Company's Audit Committee and Remuneration Committee.

Directors Profile

Dr Lam Lee G., aged 49, who has been appointed as an Independent Non-executive Director of the Company since 2005. He holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the UK, a PCLL (and has completed the Bar Course) from the City University of Hong Kong, and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 25 years of international experience as a CEO, company director and investment banker in the telecommunications, media and technology (TMT), retail, property and financial services sectors. He is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves as an independent or non-executive director of several publicly-listed companies in the Asia Pacific region. He is a Member of the Hong Kong Institute of Bankers, a Member of the Young Presidents' Organization, a Fellow of the Hong Kong Institute of Directors and a Member of its Corporate Governance Policies Committee, a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, and a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region. He is Chairman of the Company's Audit Committee and Remuneration Committee.

Ms Wong Man Ngar, Edna, aged 42, who has been appointed as Independent Non-executive Director of the Company since 2005, is Senior Consultant at CMP Asia, a Director of Xact Limited, and was formerly Regional Marketing Manager at American Express, and Management Consultant at The Mitchell Madison Group in New York. She is a graduate of Columbia Business School and is a member of the Company's Audit Committee.

Report of the Directors

The directors have pleasure to present their report and the audited financial statements of Vongroup Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 April 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group comprise consumer finance business, smart-card financial services business, securities investment and properties investment and restaurant business. Details of the principal subsidiaries are set out in note 16 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's turnover and results by business segments and geographical segments for the year ended 30 April 2008 is set out in note 3 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 30 April 2008 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 25 to 104. The directors of the Company (the "Directors") do not recommend payment of any dividends in respect of the year.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published consolidated financial results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out on page 105. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT, LEASE PREMIUM FOR LAND AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, lease premium for land and investment properties of the Group during the year are set out in notes 12 to 14 to the financial statements, respectively. Further details of the Group's properties are set out on page 106.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's issued share capital and share options during the year, together with the reasons therefore, are set out in notes 36 and 37 to the financial statements, respectively.

Report of the Directors

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASES, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year ended 30 April 2008. The Company did not redeem any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 38 to the financial statements.

DISTRIBUTABLE RESERVES

As at 30 April 2008, the Company's reserves available for distribution, calculated in accordance with the Companies Law (2004 Revision) of the Cayman Islands, amounted to HK$426.5 million. This includes the Company's share premium account, in the amount of HK$541.0 million as at 30 April 2008, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. In addition, the Company's capital redemption reserve in the amount of HK$0.26 million may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The turnover attributable to the five largest customers of the Group accounted for less than 30% of the total Group's turnover for the year. Purchases from the five largest suppliers of the Group accounted for less than 30% of the total Group's purchases for the year.

COMMITMENTS

Details of the commitments are set out in note 45 to the financial statements.

EXCHANGE RATES EXPOSURE

Details of the exchange rate exposure are set out in note 44(a)(iv) to the financial statements.

Report of the Directors

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:
Mr Vong Tat Ieong, David *(Chief Executive Officer)*
Mr Wong Chi Man
Mr Xu Siping

Independent non-executive directors:
Mr Fung Ka Keung, David
Dr Lam Lee G.
Ms Wong Man Ngar, Edna

In accordance with article 87 of the Company's articles of association, Mr Vong Tat Ieong, David and Dr Lam Lee G., who were determined by lot, will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

INDEPENDENCE CONFIRMATION

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The board of Directors is satisfied with the independence of each of the independent non-executive Directors.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the transactions disclosed in note 42 to the financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' SERVICE CONTRACTS

Mr Vong Tat Ieong, David has an employment agreement with a subsidiary of the Group commencing on 3 September 2005, and which will continue thereafter unless and until terminated by either party giving not less than one month's notice in writing or until terminated by mutual consent. Mr Vong has elected to waive part of his entitled compensation under the employment agreement for the year ended 30 April 2008.

Report of the Directors

Mr Wong Chi Man has an employment contract with a subsidiary of the Group commencing on 3 September 2005, which continues unless and until terminated by either party giving not less than one month's notice in writing or until terminated by mutual consent.

Mr Xu Siping has an employment agreement with a subsidiary of the Group commencing on 3 September 2005, which continues unless and until terminated by either party giving not less than one month's notice in writing or until terminated by mutual consent.

Other emoluments are determined by the Company's board of directors with reference to the directors' duties, responsibilities and performance and the results of the Group.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 April 2008, the interests and short positions of the directors and chief executives in the shares and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were set out as follows:

Interests in the shares of the Company

Name of director	The Company/ Name of associated Company	Capacity	Interest in shares	Appropriate percentage of shareholding
Mr Vong Tat Ieong, David *(Note 1)*	The Company	Held through a controlled corporation	4,062,000,000 ordinary shares of HK$0.001 each	69.27%
Mr Wong Chi Man *(Note 2)*	The Company	Direct beneficial owner and through a controlled corporation	59,524,000 ordinary shares of HK$0.001 each	1.02%

Report of the Directors

Note 1: The interest of Mr Vong is held by Vongroup Holdings Limited, of which he is the ultimate beneficial owner.

Note 2: The interest of Wong Chi Man includes 48,299,000 shares held by Cambo Enterprises Limited ("Cambo"), 8,563,000 shares held by New Top Investment Limited ("New Top HK"), and 2,662,000 shares held by Wong Chi Man. Cambo is approximately 49% owned by New Top HK, and approximately 3% owned by Wong Chi Man; New Top HK's ultimate beneficial owner is Wong Chi Man.

Save as disclosed above, as at 30 April 2008, none of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in note 37 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 April 2008, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

	Long Position		Short Position	
Name of shareholders	**Interest in shares**	**Percentage of the Company's issued share capital**	**Interest in shares**	**Percentage of the Company's issued share capital**
Mr Vong Tat Ieong, David *(note 1)*	4,062,000,000	69.27%	-	-
Vongroup Holdings Limited *(note 1)*	4,062,000,000	69.27%	-	-
The Royal Bank of Scotland Group plc *(note 2)*	583,521,056	9.95%	550,676,056	9.39%
RFS Holdings B.V. *(note 2)*	583,521,056	9.95%	550,676,056	9.39%
ABN AMRO Holding N.V. *(note 2)*	550,676,056	9.39%	550,676,056	9.39%

Note 1: The relationship between Vongroup Holdings Limited and Mr Vong is disclosed under "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

Note 2: The Royal Bank of Scotland Group plc owns 38.28% of RFS Holdings B.V. and RFS Holdings B.V. owns 100% of ABN AMRO Holding N.V..

Save as disclosed above, as at 30 April 2008, no person other than the Directors of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" had registered an interest or short position in the shares and underlying shares and debentures of the Company that was required to be recorded under Section 336 of the SFO.

Report of the Directors

SHARE OPTION SCHEME

The Company adopted a share option scheme on 15 September 2001 ("the Share Option Scheme"). Pursuant to the Share Option Scheme, the Directors of the Company, at their discretion, may grant options to Directors, officers and employees (whether full time or part-time) of the Company or a subsidiary and any other groups or classes of suppliers, customers, sub-contracts or agents of the Group from time to time determined by the Directors as having contributed or may contribute to the development and growth of the Group. No share options were outstanding nor granted during the year ended 30 April 2008.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES AND CONFLICTS OF INTERESTS

During the year ended 30 April 2008, the following Directors were considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, as set out below:

(i) Mr Wong Chi Man, an executive Director, and his associates have interests in other companies which are engaged in restaurant businesses in and outside Hong Kong as follows:

Company	Place of operations	Position held	Percentage of interest held
Golden Cup Industries Limited	Hong Kong	None	5.3
East Ocean Teochew Restaurant Pte. Ltd.	Singapore	Director	50.0
East Ocean Seafood Restaurant Pte. Ltd.	Singapore	Director	39.0

Mr Wong Chi Man and his associates have only minority interests in the company listed above which has operation in Hong Kong.

In respect of those companies in which Mr Wong Chi Man and his associates have a controlling stake, the restaurants are located and operate in Singapore, where the Group has no operations. The Directors therefore consider that the Group is capable of carrying on its business independently of, and at arm's length from, the businesses of the abovementioned companies.

Save as disclosed above, none of the executive directors of the Company or any of their respective associates have engaged in any business that competes or may compete with the businesses of the Group or have any other conflict of interests with the Group.

Report of the Directors

CONNECTED TRANSACTIONS

Certain related party transactions entered by the Group during the year ended 30 April 2008, which also constitute connected transactions under the Listing Rules, are disclosed in note 42 to the financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance and has compiled with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. Further information on the Company's corporate governance practices is set out in the Corporate Governance Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's issued share capital was held by the public as at the date of this report.

AUDITORS

CCIF CPA Limited acted as auditors of the Company for the year ended 30 April 2008. CCIF CPA Limited has been appointed to act as the auditors of the Company with effect from 25 July 2007. RSM Nelson Wheeler was the auditors of the Company before the appointment of CCIF CPA Limited.

A resolution for re-appointment of CCIF CPA Limited as the auditors of the Company for the ensuing year is to be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

Vong Tat Ieong, David
Executive Director

Hong Kong
25 August 2008

Corporate Governance Report

The Company is firmly committed to maintaining and improving the quality of corporate governance so to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhance shareholder value.

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") introduced the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") effective from 1 January 2005. The Board of Directors (the "Board") responded promptly to review its corporate governance practice and took appropriate actions to ensure that they are in compliance with the CG Code. The Board also reviewed its corporate governance practices and ensured that they are in compliance with the CG Code in the year ended 30 April 2008.

Set out below are the status and details of compliance by the Company of the CG Code in the year ended 30 April 2008.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions of the directors of the Company (the "Directors"). Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with the required standards set out in the Model Code during the year ended 30 April 2008.

BOARD OF DIRECTORS

Composition

As at 30 April 2008, the Board of Directors of the Company comprises six members: three executive directors, namely, Mr Vong Tat Ieong, David (Chief Executive Officer), Mr Wong Chi Man and Mr Xu Siping; and three independent non-executive directors, namely, Mr Fung Ka Keung, David, who has the professional and accounting qualifications required by the Listing Rules, Dr Lam Lee G. and Ms Wong Man Ngar, Edna.

The biographical details of the Board members are set out on pages 8 and 9 of this Annual Report.

Roles and Functions

The function of the Board is to formulate corporate strategy and business development. The Board meets regularly to discuss operational issues and valuate the financial performance of the Group. The Board will consider and approve acquisition and disposal, remuneration policy, appointment and retirement of directors, connected transactions, placing and repurchase of shares and dividend policy of the Group in pursuit of its strategic goals, if required. The chairmanship of the Board of the Company is elected at each Board meeting. Control and day to day operation of the Company is delegated to the Chief Executive Officer and the management of the Company.

Corporate Governance Report

Board meetings and attendance record

The Board held five regular Board meetings at approximately quarterly intervals during the year ended 30 April 2008 and additional board meetings would be held when necessary. The directors who cannot attend in person might participate through other electronic means of communications. Due notice and relevant materials for the meeting were given to all Directors prior to the meetings in accordance with the Company's articles of association and the CG Code. Details of individual attendance of directors are set out in the table below:

Members of the Board Meetings	Attended/Held
Mr VONG Tat Ieong, David	5/5
Mr WONG Chi Man	5/5
Mr XU Siping	5/5
Mr FUNG Ka Keung, David	5/5
Dr LAM Lee G.	5/5
Ms WONG Man Ngar, Edna	5/5

Relationship among members of the Board

There is no relationship among members of the Board in respect of financial, business, family or other material/relevant relationship.

Independent Non-executive Directors

The Company has received from each of its independent non-executive Director an annual confirmation of his/her independence pursuant to rule 3.13 of the Listing Rules and the Company considers the independent non-executive Directors to be independent.

According to the Code provision, the non-executive Directors should be appointed for a specific term, subject to re-election. All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the articles of association, and the terms of their appointment will be reviewed when they are due for re-election. As such, the Board considers that sufficient measures are in place to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with the Code provision, the role of chairman and chief executive officer ("CEO") should be performed by different individuals. Since September 2006, Mr Vong Tat Ieong, David, who is director and CEO of the Company, has also carried out the responsibilities of the chairman of the Company. The Board considers the present structure is more suitable to the Company for it can provide strong and consistent leadership and allow for more efficient formulation and implementation of the Company's development strategies.

BOARD COMMITTEES

The Board has established three board committees to strengthen its functions and corporate governance practices, namely, Audit Committee, Remuneration Committee and Executive Committee. The Audit Committee and the Remuneration Committee perform their specific roles in accordance with their respective written terms of reference. The Executive Committee assists the Group in corporate strategy, business development and operations.

Audit Committee

The Company's Audit Committee is composed of three independent non-executive Directors, currently, Dr Lam Lee G. (Chairman of the Audit Committee), Mr Fung Ka Keung, David and Ms Wong Man Ngar, Edna. The Audit Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules.

The Audit Committee is responsible for considering all relationships between the Company and the auditing firm (including the provision of non-audit services), monitoring the integrity of the Company's financial statements, any issues arising from the audit and any other auditors may wish to raise and review of the Company's internal control and risk management.

The Audit Committee held three meetings during the year with an attendance rate of 100%. In the meetings, the Audit Committee reviewed the financial statements for the year ended 30 April 2007 and for the six months ended 31 October 2007, considered and approved the audit work of the auditors, and approval of the change of the auditors and reviewed the business and financial performance of the Company and the internal control system and risk management.

The Group's results for the year ended 30 April 2008 have been reviewed by the Company's Audit Committee.

Corporate Governance Report

Remuneration Committee

The Company's Remuneration Committee is composed of two independent non-executive Directors, Dr Lam Lee G. (Chairman of the Remuneration Committee) and Mr Fung Ka Keung, David, and one executive Director, Mr Vong Tat Ieong, David. The Remuneration Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules.

The Remuneration Committee is responsible of developing remuneration policies and in overseeing remuneration packages of the directors whether the emoluments offered are appropriate to the duties and performance of the respective individuals concerned. It is the Company's policy to offer remuneration packages which are competitive and sufficient to retain such individuals and no director is involved in decision of his/her own remuneration.

The Remuneration Committee held one meeting during the year with an attendance rate of 100%. In the meeting, the Remuneration Committee reviewed and approved the remuneration of directors according to their respective responsibilities, expertise and performance.

Other information

The Board has not established a nomination committee. According to the articles of association of the Company, the Board has the power from time to time and at any time to appoint any person as a director either to fill a vacancy or as an addition to the Board. In assessing nomination of new directors, the Board will consider the nominee's qualification, ability and potential contributions to the Company.

AUDITORS' REMUNERATION

The amount of audit fee payable to CCIF CPA Limited for the year ended 30 April 2008 was HK$705,000.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to the management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management functions within an established framework.

Corporate Governance Report

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledge their responsibility for preparing the financial statements for the year under review. The Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and suitable accounting policies.

The statement of the Auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report of this Annual Report.

COMMUNICATION WITH SHAREHOLDERS

The Company communicates with its shareholders through different channels, including annual general meetings, special general meetings, annual and interim reports, notices of general meetings and circulars sent to shareholders by post, announcements on the website of the Stock Exchange and the Company's website.

Registered shareholders are notified by post of the shareholders' meetings. Any registered shareholder is entitled to attend and vote at the annual and special general meetings, provided that his/her/its shares have been fully paid up and recorded in the register of members of the Company.

Shareholders or investors can make enquiries or proposals to the Company by putting their enquiries or proposals to the Company through the contact details listed in our Company's website.

Independent auditor's report

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

INDEPENDENT AUDITOR'S REPORT TO
THE SHAREHOLDERS OF VONGROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vongroup Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 104, which comprise the consolidated and Company balance sheets as at 30 April 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Independent auditor's report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 2008 and of the Group's result and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 25 August 2008

Kwok Cheuk Yuen
Practising Certificate Number P02412

Consolidated Income Statement

For the year ended 30 April 2008

	Note	2008 HK$'000	2007 HK$'000 (restated)
Turnover	4	**464,360**	318,324
Other revenue	4	**9,596**	6,640
Other net income	4	**3,846**	1,566
Cost of inventories consumed		**(74,837)**	(84,329)
Cost of trading securities		**(270,540)**	(92,664)
Cost of forfeited collaterals sold		**(207)**	(461)
Staff costs		**(59,485)**	(60,833)
Operating lease rentals		**(23,665)**	(27,588)
Depreciation and amortisation		**(1,539)**	(4,363)
Other expenses		**(81,860)**	(65,826)
Impairment loss on property, plant and equipment		**–**	(3,875)
Change in fair value of investment properties		**5,919**	834
Loss from operations	5	**(28,412)**	(12,575)
Finance costs	6	**(305)**	(359)
Share of results of:			
Jointly-controlled entity		**429**	1,115
Associate		**987**	896
Loss before taxation		**(27,301)**	(10,923)
Income tax	7(a)	**(392)**	(4,257)
Loss for the year		**(27,693)**	(15,180)
Attributable to:	9		
Equity holders of the Company		**(27,214)**	(14,948)
Minority interests		**(479)**	(232)
		(27,693)	(15,180)
Loss per share	11		
– Basic		**(HK0.47 cents)**	(HK0.27 cents)
– Diluted		**N/A**	N/A

The notes on pages 32 to 104 form an integral part of these financial statements.

Consolidated Balance Sheet

As at 30 April 2008

	Note	2008 HK$'000	2007 HK$'000 (restated)
Non-current assets			
Property, plant and equipment	12	**11,188**	2,610
Lease premium for land	13	**5,711**	1,292
Investment properties	14	**25,800**	8,800
Goodwill	15	**8,988**	8,988
Investment in a jointly-controlled entity	17	**1,982**	1,368
Rental and utility deposits		**6,818**	7,871
Deposits paid in respect of acquisition of property, plant and equipment and investment properties	19	**9,126**	7,261
Available-for-sale investment	20	**135**	135
		69,748	38,325
Current assets			
Lease premium for land	13	**141**	27
Inventories	21	**11,741**	10,682
Forfeited collaterals held for sale	21	**128**	361
Accounts receivables	22	**443**	2,168
Moneylending loan receivables	23	**5,175**	970
Promissory note receivable	24	**7,798**	40,151
Deposits, prepayments and other receivables	25	**7,166**	23,899
Amount due from a jointly-controlled entity	26	**178**	201
Amount due from a related company	27	**–**	1
Financial assets at fair value through profit or loss	28	**42,812**	11,355
Cash and cash equivalents	29	**328,250**	100,686
		403,832	190,501
Current liabilities			
Accounts payables	30	**10,265**	11,171
Accruals and deposits received	31	**15,461**	16,241
Tax payables	7(b)	**20,149**	17,694
Finance lease payable – current portion	32	**162**	–
Mortgage loans – current portion	33	**828**	156
Amount due to a director	34	**91**	140
		46,956	45,402
Net current assets		**356,876**	145,099

Consolidated Balance Sheet

As at 30 April 2008

	Note	2008 HK$'000	2007 HK$'000 (restated)
Total assets less current liabilities		**426,624**	183,424
Non-current liabilities			
Other payables		**1,241**	1,943
Finance lease payable – long-term portion	32	**212**	–
Mortgage loans – long-term portion	33	**4,189**	5,061
Deferred tax liabilities	35	**591**	591
		6,233	7,595
NET ASSETS		**420,391**	175,829
Capital and reserves			
Share capital	36	**5,864**	5,587
Reserves	38	**398,813**	131,474
		404,677	137,061
Minority interests		**15,714**	38,768
TOTAL EQUITY		**420,391**	175,829

Approved and authorised for issue by the board of directors on 25 August 2008.

On behalf of the board

Vong Tat Ieong, David
Director

Wong Chi Man
Director

The notes on pages 32 to 104 form an integral part of these financial statements.

Balance Sheet

As at 30 April 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Interests in subsidiaries	16	**49,090**	49,090
Current assets			
Deposits, prepayments and other receivables	25	**587**	5,344
Amounts due from subsidiaries	16	**373,220**	74,735
Financial assets at fair value through profit or loss	28	**277**	315
Cash and cash equivalents	29	**9,568**	8,776
		383,652	89,170
Current liabilities			
Accruals and deposits received	31	**382**	494
Net current assets		**383,270**	88,676
NET ASSETS		**432,360**	137,766
CAPITAL AND RESERVES			
Share capital	36	**5,864**	5,587
Reserves	38	**426,496**	132,179
TOTAL EQUITY		**432,360**	137,766

Approved and authorised for issue by the board of directors on 25 August 2008.

On behalf of the board

Vong Tat Ieong, David
Director

Wong Chi Man
Director

The notes on pages 32 to 104 form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 30 April 2008

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Statutory surplus reserve HK$'000	Exchange translation reserve HK$'000	Accumulated losses HK$'000	Attributable to equity holders of the Company HK$'000	Minority interest HK$'000	Total HK$'000
At 1 May 2006	5,587	237,380	258	–	(60)	(89,794)	153,371	–	153,371
Loss for the year	–	–	–	–	–	(14,948)	(14,948)	(232)	(15,180)
Shareholders' contribution	–	–	–	–	–	–	–	39,000	39,000
Exchange differences arising on translation of foreign operations	–	–	–	–	(1,398)	–	(1,398)	–	(1,398)
Share of reserve movements of jointly controlled entity	–	–	–	–	36	–	36	–	36
At 30 April 2007 and 1 May 2007	5,587	237,380	258	–	(1,422)	(104,742)	137,061	38,768	175,829
Loss for the year	–	–	–	–	–	(27,214)	(27,214)	(479)	(27,693)
Issue of shares	277	315,296	–	–	–	–	315,573	–	315,573
Issuing expenses	–	(19,195)	–	–	–	–	(19,195)	–	(19,195)
Repayment to minority interests	–	–	–	–	–	–	–	(22,575)	(22,575)
Transfer	–	–	–	33	–	(33)	–	–	–
Exchange differences arising on translation of foreign operations	–	–	–	–	(1,733)	–	(1,733)	–	(1,733)
Share of reserve movements of jointly controlled entity	–	–	–	–	185	–	185	–	185
At 30 April 2008	5,864	533,481	258	33	(2,970)	(131,989)	404,677	15,714	420,391

The notes on pages 32 to 104 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 April 2008

	Note	2008 HK$'000	2007 HK$'000 (restated)
Operating activities			
Loss before taxation		**(27,301)**	(10,923)
Adjustments for:			
Share of results of:			
– jointly-controlled entity		**(429)**	(1,115)
– associate		**(987)**	(896)
Interest income		**(6,887)**	(2,894)
Loan interest income		**(2,299)**	(1,151)
Dividend income from listed securities		**(110)**	(256)
Finance costs		**305**	359
Depreciation and amortisation		**1,539**	4,363
Impairment loss on property, plant and equipment		**–**	3,875
(Reversal of impairment)/impairment loss on amount due from an associate		**(314)**	1,801
Change in fair value of investment properties		**(5,919)**	(834)
Write-back of other payables		**–**	(180)
Gain on disposal of property, plant and equipment		**(1,380)**	(542)
Operating loss before working capital changes		**(43,782)**	(8,393)
Decrease/(increase) in amount due from an associate		**1,301**	(905)
Decrease/(increase) in rental and utility deposits		**1,053**	(277)
(Increase)/decrease in inventories		**(1,059)**	2,975
Decrease/(increase) in forfeited collaterals held for sale		**233**	(347)
Decrease/(increase) in accounts receivables		**1,725**	(1,280)
(Increase)/decrease in moneylending loan receivables		**(4,205)**	1,208
Decrease/(increase) in deposits, prepayments and other receivables		**16,733**	(17,232)
Decrease in promissory note receivable	39	**9,778**	–
Decrease in amount due from a jointly controlled entity		**23**	111
Decrease in amount due from a related company		**1**	7
(Increase)/decrease in financial assets at fair value through profit or loss		**(31,457)**	4,427
(Decrease)/increase in accounts payables		**(906)**	385
Decrease in accruals and deposit received		**(780)**	(2,668)
Decrease in amount due to former ultimate holding company		**–**	(278)
Decrease in amount due to ultimate holding company		**–**	(36)
(Decrease)/increase in other payables		**(702)**	802
Cash used in operations		**(52,044)**	(21,501)
PRC enterprise income tax paid		**(33)**	(148)
Net cash outflow from operating activities		**(52,077)**	(21,649)

Consolidated Cash Flow Statement

For the year ended 30 April 2008

	Note	2008 HK$'000	2007 HK$'000 (restated)
Investing activities			
Interest received		**8,063**	2,894
Dividend received from a jointly-controlled entity		**–**	902
Dividend received from listed securities		**110**	256
Purchase of an investment property		**(11,081)**	(7,966)
Acquisition of property, plant and equipment		**(9,814)**	(2,877)
Acquisition of lease premium for land		**(4,449)**	(1,340)
Deposit paid for acquisition of property, plant and equipment and investment properties		**(1,865)**	(3,761)
Proceeds from disposal of property, plant and equipment		**1,388**	633
Refund from deposit paid for a restaurant		**–**	3,000
Purchase of available-for-sale investment		**–**	(135)
Increase in pledged time deposits		**(36)**	(1,000)
Net cash outflow from investing activities		**(17,684)**	(9,394)
Financing activities			
Interest paid		**(305)**	(359)
Proceeds from issue of shares		**315,573**	–
Issuing expenses		**(19,195)**	–
Advanced from mortgage loans		**5,306**	5,285
Repayment of mortgage loans		**(5,506)**	(19,485)
Capital element of finance lease payable		**374**	(34)
Decrease in amount due to a director		**(49)**	(368)
Net cash inflow/(outflow) from financing activities		**296,198**	(14,961)
Net increase/(decrease) in cash and cash equivalents		**226,437**	(46,004)
Effect of foreign exchange rate changes		**1,091**	(1,004)
Cash and cash equivalents at beginning of year		**99,686**	146,694
Cash and cash equivalents at end of year	29	**327,214**	99,686

The notes on pages 32 to 104 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 April 2008

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 1109 Grand Cayman KY1-1102, Cayman Islands. The address of its principal place of business is 1208 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 16.

In the opinion of the directors of the Company, at 30 April 2008, Vongroup Holdings Limited, a company incorporated in the British Virgin Islands, which owns 59.9% of the issued share capital of the Company, is the ultimate holding company and Mr. Vong Tat Ieong, David is the ultimate controlling party of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

a) *Statement of compliance*

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Group is set out below.

b) *Basis of preparation*

The consolidated financial statements of the Company have been prepared in accordance with HKFRSs and under the historical cost convention, except for the available-for-sale financial assets, investment properties and financial assets at fair value through profit or loss that have been measured at fair value.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

b) *Basis of preparation (Continued)*

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

c) *Amendments, new standards and interpretations issued and effective for the year ended 30 April 2008*

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial Instruments: Disclosure and presentation. These disclosures are provided throughout these financial statements, in particular in note 44(a).

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 44(b).

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

c) *Amendments, new standards and interpretations issued and effective for the year ended 30 April 2008 (Continued)*

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

d) *Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 30 April 2008*

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 April 2008 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the financial statements:

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 and HKAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
HKFRS 2 Amendment	Share-based Payment-Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) – Int 12	Service Concession Arrangements	1 January 2008
HK(IFRIC) – Int 13	Customer Loyalty Programmes	1 July 2008
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

e) *Consolidation*

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

All material inter-company transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the sales proceeds and the Group's share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated income statement.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

f) *Subsidiaries and minority interests*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet with equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

f) *Subsidiaries and minority interests (Continued)*

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with note 2(r) depending on the nature of the liability.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 2(l)), unless the investment is classified as held for sale.

g) *Associates*

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investments in associates recognised for the year (see notes 2(i) and (l)).

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal and constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

g) *Associates (Continued)*

In the Company's balance sheet, investments in associates are stated at cost less impairment losses (see note 2(l)), unless it is classified as held for sale.

h) *Jointly-controlled entities*

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Jointly-controlled entity is a contractual arrangement that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest.

The Group's share of the post acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. The Group's interest in jointly-controlled entity is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any provision for diminution in value other than that considered to be temporary in nature deemed necessary by the directors.

i) *Goodwill*

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (note 2(l)). In respect of associates or jointly-controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly-controlled entity is recognised immediately in profit or loss.

On disposal of a cash generating unit, an associate or a jointly-controlled entity during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

j) *Property, plant and equipment*

Property, plant and equipment other than investment properties are stated at cost less accumulated depreciation and impairment losses.

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– buildings situated on leasehold land are depreciated on a straight-line basis over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion;

– other property, plant and equipment are depreciated on a straight-line method over their estimated useful lives as follows:

Leasehold improvements	20% or over the remaining term of the lease, if shorter
Furniture, fixtures and equipment	10% – 20%
Motor vehicles	20%
Utensils and supplies	33 $^{1}/_{3}$%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

k) *Investment properties*

Investment property is property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

(a) use in the production or supply of goods or services or for administrative purposes; or

(b) sale in the ordinary course of business.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

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

After initial recognition, investment property is carried at fair value. 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 performed in accordance with the guidance issued by the International Valuation Standards Committee. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

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 repairs 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.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

k) *Investment properties (Continued)*

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. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

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 item 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.

Investment property held for sale without redevelopment is classified within non-current assets held for sale, under HKFRS 5.

l) *Impairment of assets*

i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries, associates and jointly controlled entities: see note 2(l)(ii)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale equity securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

l) *Impairment of assets (Continued)*

i) Impairment of investments in equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective Group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale securities, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

l) Impairment of assets (Continued)

i) Impairment of investments in equity securities and other receivables (Continued)

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;
– lease premium for land;
– investments in subsidiaries, associates and jointly-controlled entity (except for those classified as held for sale; and
– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

l) *Impairment of assets (Continued)*

ii) Impairment of other assets (Continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

l) *Impairment of assets (Continued)*

iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

m) *Provisions and contingent liabilities*

Provisions are recognised for liabilities of uncertain timing or amount when the Company or Group 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 expenditures 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.

n) *Financial assets*

i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. Financial assets at fair value through profit or loss are carried at fair value, realised and unrealised gains and losses arising from changes in the fair value of these investments are included in the income statement in the period in which they arise.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

n) *Financial assets (Continued)*

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains or losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process. They arise when the Group provides money or services directly to a debtor or a related company with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

o) *Revenue recognition*

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Revenue from restaurant operations

Revenue from restaurant operations is recognised when catering services have been provided to customers.

ii) Revenue from money lending loan

– Moneylending loan service charge income, which is collected from the customer at the inception of the moneylending loan, is recognised ratably over the term of the loan made.

– Moneylending loan interest income is recognised using the effective interest method for all moneylending loans that the Group deems to be collectible based on historical moneylending loan redemption statistics.

iii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

iv) Sales of forfeited collaterals

Sales of forfeited collaterals are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the merchandise is delivered and the title has passed to customers.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

o) *Revenue recognition (Continued)*

v) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

vi) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

vii) Sale of trading securities

Revenue on sale of trading securities is recognised on a trade date basis when the relevant transactions are executed.

p) *Trade and other receivables*

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment losses for bad and doubtful debts (see note 2(l)).

q) *Moneylending loan receivables*

Moneylending loan receivables secured by the pledge of personal property are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A typical moneylending loan has a term of thirty days. If the loan is not repaid, the loan principal becomes the cost of the forfeited collateral, which is held for sale.

r) *Trade and other payables*

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

s) *Foreign currencies*

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.

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, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Group companies

The results and financial position of all the Group's 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.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

s) *Foreign currencies (Continued)*

Group companies (Continued)

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 shareholders' 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.

t) *Retirement scheme*

The Group operates a defined contribution mandatory provident fund retirement benefits scheme (the "Hong Kong Scheme") under the Mandatory Provident Fund Scheme Ordinance, for those employees who are eligible to participate in the Hong Kong Scheme. The Hong Kong Scheme became effective on 1 December 2000. 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 Hong Kong Scheme. The assets of the Hong Kong 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 Hong Kong Scheme.

u) *Inventories*

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

v) *Forfeited collaterals held for sale*

Forfeited collaterals held for sale consists of forfeited collateral, from moneylending loans not repaid. The forfeited collateral is stated at the lower of cost (moneylending loan principal) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of forfeited collaterals held for sale, computed on the specific identification basis, is recorded as a cost of revenue at the time of sale.

w) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that the repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

x) *Income tax*

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

x) *Income tax (Continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

x) *Income tax (Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously: or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

y) *Leased assets*

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the Group

Assets held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exception:

Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee, or at the date of construction of those buildings, if later.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

y) *Leased assets (Continued)*

ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Company or Group will obtain ownership of the asset, the life of the asset, as set out in note 2(j). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(l). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

z) *Employee benefits*

i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the group of non-monetary benefits are accrued in the year in which the associated services are rendered by employee of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

z) Employee benefits (Continued)

ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the binomial pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

aa) Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; or

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals, or

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

aa) Related parties (Continued)

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

ab) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Intra-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

Notes to the Financial Statements

For the year ended 30 April 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

ac) *Borrowing costs*

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

ad) *Research and development costs*

Research and development costs are expensed as incurred, except where the product or process is clearly defined and the costs attributable to the product or process can be separately identified and measured reliably; is technically feasible; the Group intends to produce or process or, if it is to be used internally rather than sold, its usefulness to the Group, can be demonstrated; and adequate resources exist, or their availability can be demonstrated, to complete the project and market or use the product or process.

Such development costs are recognised as an asset to the extent of the amount that, taken together with further development costs, related production costs, and selling and administrative costs directly incurred in marketing the product, is probable of being recovered from related future economic benefits. The excess amount is written off as incurred.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized as an expense in the period in which it is incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(l)). Other development expenditure is recongised.

Notes to the Financial Statements

For the year ended 30 April 2008

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (a) on a primary segment reporting basis, by business segments; and (b) on a secondary segment reporting basis, by geographical segments.

Business segments

The Group comprises the following main business segments:

Consumer finance:	Consumer finance business
Securities investment:	Trading of securities
Properties investment:	Letting of properties
Smart-card financial services business:	Smart-card financial services business
Restaurant operation:	Catering services through the operation of a chain of Chinese restaurants

The following tables present revenue, result and certain asset, liability and expenditure information for the Group's business segments.

Notes to the Financial Statements

For the year ended 30 April 2008

3. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Consumer finance		Securities investment		Properties investment		Smart-card financial services business		Restaurant operation		Consolidated	
	2008 HK$'000	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000 (restated)
Segment revenue:												
Turnover	**1,252**	1,082	**266,165**	99,944	**396**	192	**-**	–	**196,547**	217,106	**464,360**	318,324
Other revenue and net income	**818**	1,140	**5,662**	227	**-**	–	**2,372**	1,198	**1,953**	3,888	**10,805**	6,453
Total	**2,070**	2,222	**271,827**	100,171	**396**	192	**2,372**	1,198	**198,500**	220,994	**475,165**	324,777
Segment results	**379**	523	**1,287**	7,507	**6,139**	982	**(12,639)**	(359)	**(5,211)**	(9,640)	**(10,045)**	(987)
Unallocated other revenue											**2,637**	1,753
Unallocated expenses											**(21,004)**	(13,341)
Loss from operations											**(28,412)**	(12,575)
Finance costs											**(305)**	(359)
Share of results of:												
Jointly-controlled entity	**-**	–	**-**	–	**-**	–	**-**	–	**429**	1,115	**429**	1,115
Associate	**-**	–	**-**	–	**-**	–	**-**	–	**987**	896	**987**	896
Loss before taxation											**(27,301)**	(10,923)
Income tax											**(392)**	(4,257)
Loss for the year											**(27,693)**	(15,180)

Notes to the Financial Statements

For the year ended 30 April 2008

3. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Consumer finance		Securities investment		Properties investment		Smart-card financial services business		Restaurant operation		Consolidated	
	2008 HK$'000	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000 (restated)
Segment assets	**22,010**	27,838	**330,842**	34,296	**33,265**	8,849	**24,263**	56,474	**44,128**	67,179	**454,508**	194,636
Investment in a jointly-controlled entity	**-**	–	**-**	–	**-**	–	**-**	–	**1,982**	1,368	**1,982**	1,368
Unallocated assets											**17,090**	32,822
Total assets											**473,580**	228,826
Segment liabilities	**727**	1,209	**651**	99	**64**	5,302	**75**	56	**45,795**	45,106	**47,312**	51,772
Unallocated liabilities											**5,877**	1,225
Total liabilities											**53,189**	52,997
Other segment information:												
Capital expenditure	**21**	176	**-**	–	**11,092**	7,966	**611**	23	**12,380**	2,619	**24,104**	10,784
Unallocated amounts											**1,240**	2,757
											25,344	13,541
Depreciation and amortisation	**161**	70	**-**	–	**-**	–	**5**	5	**1,166**	4,194	**1,332**	4,269
Unallocated amounts											**207**	94
											1,539	4,363
(Reversal of impairment)/impairment loss on amount due from an associate	**-**	–	**-**	–	**-**	–	**-**	–	**(314)**	1,801	**(314)**	1,801
Impairment loss on property, plant and equipment	**-**	–	**-**	–	**-**	–	**-**	–	**-**	3,875	**-**	3,875
(Gain)/loss on disposal of property, plant and equipment	**-**	–	**8**	–	**-**	–	**-**	–	**(1,388)**	(542)	**(1,380)**	(542)

Notes to the Financial Statements

For the year ended 30 April 2008

3. SEGMENT INFORMATION (CONTINUED)

Geographical segments

The Group's operations are carried out in Hong Kong and PRC. Consumer finance business is carried out in Hong Kong and PRC, and smart-card financial services business is carried out in PRC. Securities investment and properties investment are carried out in Hong Kong. Restaurant operation is carried out in Hong Kong and PRC.

The following table presents revenue and certain assets and expenditure information for the Group's geographical segments.

	Hong Kong		Mainland China		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000 (restated)	**HK$'000**	HK$'000 (restated)
Segment revenue:						
Turnover	**416,736**	272,241	**47,624**	46,083	**464,360**	318,324
Other segment information:						
Segment assets	**425,515**	183,555	**48,065**	45,271	**473,580**	228,826
Capital expenditure	**21,613**	11,216	**3,731**	2,325	**25,344**	13,541

4. TURNOVER, OTHER REVENUE AND OTHER NET INCOME

The principal activities of the Group are providing consumer finance, smart-card financial services business, securities investment, properties investment and restaurant operations.

Turnover represents income from consumer finance, smart-card business, securities investment, properties investment and restaurant operations received or receivable during the year.

Notes to the Financial Statements

For the year ended 30 April 2008

4. TURNOVER, OTHER REVENUE AND OTHER NET INCOME (CONTINUED)

The Group's turnover, other revenue and other net income for the year arose from the following activities:

	Group	
	2008	2007
	HK$'000	HK$'000
		(restated)
Turnover		
Income from restaurant operations	**196,547**	217,106
Sales of trading securities	**266,165**	99,944
Moneylending loan service charge income	**1,040**	590
Sales of forfeited collaterals	**212**	492
Gross rental income from an investment property	**396**	192
	464,360	318,324
Other revenue		
Bank interest income	**6,887**	2,894
Loan interest income	**2,299**	1,151
Total interest income on financial assets not at fair value through profit or loss	**9,186**	4,045
Sundry income	**410**	2,415
Written back of other payables	**–**	180
	9,596	6,640
Other net income		
Exchange gain, net	**2,466**	1,024
Net gain on disposal of property, plant and equipment	**1,380**	542
	3,846	1,566

Notes to the Financial Statements

For the year ended 30 April 2008

5. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging/(crediting):

	2008 HK$'000	2007 HK$'000 (restated)
Cost of inventories consumed (note 21(b))	74,837	84,329
Cost of trading securities	270,540	92,664
Cost of forfeited collaterals sold	207	461
Staff costs (including directors' emoluments – note 8):		
Wages and salaries	57,677	58,839
Retirement benefits scheme contributions	1,808	1,994
	59,485	60,833
(Reversal of impairment)/impairment loss on amount due from an associate	(314)	1,801
Auditors' remuneration	758	620
Depreciation and amortisation	1,539	4,363
Research and development costs*	17,600	–
Impairment loss on property, plant and equipment	–	3,875
Operating lease charges in respect of land and buildings	23,665	27,588
Rental income from an investment property less direct outgoings of HK$14,000 (2007: HK$8,000)	(382)	(184)
Dividend income from listed securities∆	(110)	(256)
Net realised gain on financial assets at fair value through profit or loss	(4,606)	(7,445)
Net unrealised loss on financial assets at fair value through profit or loss#	9,091	421

* This item is included in other expenses.

\# This item is included in cost of trading securities.

∆ This item is included in sales of trading securities.

Notes to the Financial Statements

For the year ended 30 April 2008

6. FINANCE COSTS

	Group	
	2008	2007
	HK$'000	HK$'000
Interest on banks and mortgage loans	**211**	221
Interest on finance lease	**14**	–
Other interests paid	**80**	138
Total interest expense on financial liabilities not at fair value through profit or loss	**305**	359

7. INCOME TAX

a) The taxation in the consolidated income statement represents:

	2008	2007
	HK$'000	HK$'000
Provision for the year		
Outside Hong Kong	**392**	4,257
Income tax for the year	**392**	4,257

Notes to the Financial Statements

For the year ended 30 April 2008

7. INCOME TAX (CONTINUED)

a) *The taxation in the consolidated income statement represents: (Continued)*

Income tax for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2008 HK$'000	2007 HK$'000 (restated)
Loss before taxation	**(27,301)**	(10,923)
Tax at the applicable rates in the jurisdictions concerned	**(5,174)**	1,801*
Income not subject to taxation	**(3,313)**	(998)
Expenses not deductible for taxation purposes	**2,877**	1,133
Tax losses not yet recognised	**6,870**	1,395
Tax effect of unrecognised temporary differences	**(488)**	787
Others	**(380)**	139
Tax charge	**392**	4,257

* Amount included deemed corporate income tax expense for the year based on the deemed income generated from restaurant operation in Mainland China at a rate of 10% (2007: 10%).

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years.

Hong Kong profits tax, if any, is calculated at 17.5% (2007: 17.5%) of the estimated assessable profit for the year. Taxes on profits assessable other than Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Notes to the Financial Statements

For the year ended 30 April 2008

7. INCOME TAX (CONTINUED)

a) *The taxation in the consolidated income statement represents: (Continued)*

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the tax rate for a subsidiary from 33% to 25% will be revised from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

b) *Taxation in the consolidated balance sheet represents:*

	Group	
	2008	2007
	HK$'000	HK$'000
		(restated)
At beginning of the year	**17,694**	13,189
Provision for the year		
– Outside Hong Kong	**392**	4,257
Taxation paid	**(33)**	(148)
Exchange adjustment	**2,096**	396
At end of the year	**20,149**	17,694
Analysed for reporting purposes as:		
Outside Hong Kong	**20,149**	17,694

Notes to the Financial Statements

For the year ended 30 April 2008

8. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION

i) *The details of emoluments of every director are shown below:*

		Year ended 30 April 2008			
Name of Director		**Fees**	**Basic salaries, allowances and other benefits**	**Retirement benefits scheme contributions**	**Total**
	Note	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Vong Tat Ieong, David *(Chief Executive Officer)*		–	3,543	–	3,543
Xu Siping		–	500	–	500
Wong Chi Man		–	824	9	833
Independent non-executive directors					
Fung Ka Keung, David		100	–	–	100
Lam Lee G.		150	–	–	150
Wong Man Ngar, Edna		100	–	–	100
		350	4,867	9	5,226

		Year ended 30 April 2007			
Name of Director		Fees	Basic salaries, allowances and other benefits	Retirement benefits scheme contributions	Total
	Note	HK$'000	HK$'000 (restated)	HK$'000	HK$'000 (restated)
Executive directors					
Vong Tat Ieong, David *(Chief Executive Officer)*		400	1,418	–	1,818
Xu Siping		–	500	–	500
Wong Chi Man		1,455	805	12	2,272
Wong See Sum, J.P.	(a)	3,000	–	–	3,000
Independent non-executive directors					
Fung Ka Keung, David		100	–	–	100
Lam Lee G.		150	–	–	150
Wong Man Ngar, Edna		100	–	–	100
		5,205	2,723	12	7,940

Notes to the Financial Statements

For the year ended 30 April 2008

8. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION (CONTINUED)

i) The details of emoluments of every director are shown below: (Continued)

Note:

(a) Retired on 27 October 2006

For the year ended 30 April 2008, except for Mr. Vong Tat Ieong, David who has waived his salary and housing allowance in aggregate of HK$2,400,000 (2007: HK$4,000,000), there was no arrangement under which a director waived or agreed to waive any emoluments.

ii) Of the five individuals with the highest emoluments in the Group, two (2007: three) were directors of the Company whose emoluments are included in the disclosures in note 8(i) above. The emoluments of the remaining three (2007: two) individuals were as follows:

	2008 **HK$'000**	2007 HK$'000
Salaries and other benefits	**2,920**	1,155
Retirement benefits scheme contributions	**32**	24
	2,952	1,179

The number of the three (2007: two) highest paid individuals whose remuneration fall within the following bands are as follows:

	2008 **HK$'000**	2007 HK$'000
Nil – HK$1,000,000	**1**	2
HK$1,000,001 – HK$2,000,000	**2**	–
	3	2

Notes to the Financial Statements

For the year ended 30 April 2008

8. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION (CONTINUED)

ii) *Of the five individuals with the highest emoluments in the Group, two (2007: three) were directors of the Company whose emoluments are included in the disclosures in note 8(i) above. The emoluments of the remaining three (2007: two) individuals were as follows: (Continued)*

During the year, no emoluments were paid to the five highest paid individuals (including directors and other employees) as inducement to join or upon joining the Group or as compensation for loss of office.

9. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss for the year attributable to equity holders of the Company for the year dealt with in the financial statements of the Company is net loss of HK$1,784,000 (2007: net loss of HK$16,318,000).

10. DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 30 April 2008 (2007: Nil).

11. LOSS PER SHARE

a) *Basic loss per share*

The calculation of basic loss per share for the year is based on the net loss attributable to equity holders of the Company of HK$27,214,000 (2007: HK$14,948,000) and the weighted average number of 5,809,552,703 (2007: 5,587,385,900) ordinary shares in issue during the year.

b) *Diluted loss per share*

Diluted loss per share is not presented as there was no dilutive potential ordinary shares in existence in both years.

Notes to the Financial Statements

For the year ended 30 April 2008

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings held for own use HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Utensils and supplies HK$'000	Total HK$'000
Cost						
At 1 May 2006	–	41,491	18,894	1,752	11,359	73,496
Additions	–	2,132	527	146	72	2,877
Transfer from deposits paid in respect of acquisition of property, plant and equipment (note 19)	1,358	–	–	–	–	1,358
Disposals	–	(6,024)	(9,568)	(568)	–	(16,160)
Exchange adjustment	60	192	45	–	155	452
At 30 April 2007 and 1 May 2007	1,418	37,791	9,898	1,330	11,586	62,023
Additions	3,683	3,971	839	1,010	311	9,814
Disposals	–	(4,465)	(1,247)	(1,184)	(808)	(7,704)
Exchange adjustment	158	313	62	17	39	589
At 30 April 2008	5,259	37,610	9,552	1,173	11,128	64,722
Accumulated depreciation and impairment losses						
At 1 May 2006	–	36,122	17,982	1,563	11,328	66,995
Charge for the year	14	3,582	496	124	126	4,342
Impairment loss	–	3,364	511	–	–	3,875
Written back on disposals	–	(6,142)	(9,424)	(503)	–	(16,069)
Exchange adjustment	–	169	39	–	62	270
At 30 April 2007 and 1 May 2007	14	37,095	9,604	1,184	11,516	59,413
Charge for the year	59	999	225	146	41	1,470
Written back on disposals	–	(4,465)	(1,239)	(1,184)	(808)	(7,696)
Exchange adjustment	3	263	44	3	34	347
At 30 April 2008	76	33,892	8,634	149	10,783	53,534
Net book value						
At 30 April 2008	5,183	3,718	918	1,024	345	11,188
At 30 April 2007	1,404	696	294	146	70	2,610

Notes to the Financial Statements

For the year ended 30 April 2008

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net book value of a motor vehicle of the Group held under finance lease at 30 April 2008 amounted to HK$450,000 (2007: nil).

	2008	2007
	HK$'000	HK$'000
Situated in:		
Hong Kong	**3,647**	–
PRC	**1,536**	1,404
	5,183	1,404

13. LEASE PREMIUM FOR LAND

The Group's interests in lease premium for land represent prepaid operating lease payments and their net book value are analysed as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Cost		
Brought forward	**1,340**	–
Additions	**4,449**	1,340
Exchange adjustment	**157**	–
Carried forward	**5,946**	1,340
Accumulated amortisation		
Brought forward	**21**	–
Amortisation for the year	**69**	21
Exchange adjustment	**4**	–
Carried forward	**94**	21
Net carrying amount	**5,852**	1,319

Notes to the Financial Statements

For the year ended 30 April 2008

13. LEASE PREMIUM FOR LAND (CONTINUED)

	Group	
	2008	2007
	HK$'000	HK$'000
Leases of between 10 to 50 years, held in:		
Hong Kong	**4,409**	–
PRC	**1,443**	1,319
	5,852	1,319
Analysed for reporting purposes as:		
Current assets	**141**	27
Non-current asset	**5,711**	1,292
	5,852	1,319

14. INVESTMENT PROPERTIES

	Group	
	2008	2007
	HK$'000	HK$'000
Balance at beginning of year	**8,800**	–
Additions	**11,081**	7,966
Increase in fair value	**5,919**	834
Balance at end of year	**25,800**	8,800

Notes to the Financial Statements

For the year ended 30 April 2008

14. INVESTMENT PROPERTIES (CONTINUED)

The fair value of the Group's investment properties at 30 April 2008 have been arrived at on the basis of a valuation carried out on that date by RHL Appraisal Limited, an independent qualified professional valuer not connected with the Group. RHL Appraisal Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to Hong Kong Institute of Surveyors Valuation Standards on Properties, was mainly arrived at by reference to comparable market transactions for similar properties.

All of the Group's properties interests held under operating leases to earn rentals and/or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

One investment property is leased to a third party under operating lease, further summary details of which are included in note 41(a) to the financial statements.

One of the Group's investment properties with fair value amounting to HK$13,000,000 (2007: HK$8,800,000) was pledged to a bank to secure banking facilities granted to the Group (note 33). As at 30 April 2008, such banking facilities had been released.

15. GOODWILL

	Group	
	2008	2007
	HK$'000	HK$'000
Cost		
Brought forward and carried forward	**11,383**	11,383
Accumulated amortisation		
Brought forward and carried forward	**2,395**	2,395
Net carrying value	**8,988**	8,988

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For the year ended 30 April 2008

15. GOODWILL (CONTINUED)

Impairment test for cash-generating unit containing goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to business segment as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Consumer finance business	**8,988**	8,988

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions for consumer finance business used for value-in-use calculations:

	The Group	
	2008	2007
	%	%
Growth rate	**12%**	8%
Discount rate	**9%**	10%

Management determined the budgeted gross margin based on past performance and its expectation for market development. The weighted average growth rate used is consistent with forecasts included in industry reports. The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

Based on the impairment test performed, no impairment loss is recognised for the year (2007: Nil).

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For the year ended 30 April 2008

16. INTERESTS IN SUBSIDIARIES

	Company 2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	**136,072**	136,072
Less: Impairment loss	**(86,982)**	(86,982)
	49,090	49,090
Amounts due from subsidiaries	**413,702**	115,217
Less: Impairment loss	**(40,482)**	(40,482)
	373,220	74,735

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

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group:

Name	Place of incorporation/ registration and operations	Nominal value of issued share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
E-Rapid Developments Limited ("E-Rapid")	The British Virgin Islands ("BVI")	Ordinary US$6,950,526	100	–	Investing holding
Glory Billion Industrial Limited	Hong Kong	Ordinary HK$2	–	100	Properties investment

Notes to the Financial Statements

For the year ended 30 April 2008

16. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and operations	Nominal value of issued share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Win Investment Limited	Hong Kong	Ordinary HK$10	–	100	Properties investment
Max Wide Finance Limited	Hong Kong	Ordinary HK$1	100	–	Securities investment
Vongroup Consumer Finance Corporation ("VCFC")	BVI	Ordinary US$1	100	–	Investment holding
Vongroup Financial Services Limited	BVI	Ordinary US$1	100	–	Investment holding
Honning Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Golden Throne Holdings Limited	BVI	Ordinary US$1	–	100	Investment holding
Guo Xin China Pay Systems Limited ("Guo Xin")	BVI	Ordinary US$10,000	–	45	Investment holding
China e-ticket Investment Holdings Limited ("CET")	BVI	Ordinary US$500,000 (2007: US$5,000,001) (note (i))	–	24.75	Investment holding
Kamboat China Limited	BVI/ Mainland China	Ordinary US$1	–	100	Investment holding and operation of Chinese restaurants
Kamboat Trading Limited	Hong Kong	Ordinary HK$2	–	100	Trading of wine and food

Notes to the Financial Statements

For the year ended 30 April 2008

16. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and operations	Nominal value of issued share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Kamboat Chinese Cuisine Company Limited ("KCCC")	BVI/ Hong Kong	Ordinary US$6,950,523 Non-voting deferred US$101 (note (ii))	–	100	Operations of Chinese restaurants
北京順通典當有限責任公司 (“北京順通”) (notes (iii) and (iv))	PRC/ Mainland China	Registered capital RMB10,000,000	–	100	Consumer finance
龐通投資咨詢（深圳）有限公司 (“龐通投資”) (note (iv))	PRC/ Mainland China	Registered capital HK$23,000,000	–	100	Provision of investment and consultancy services
Easy Credit Limited	Hong Kong	Ordinary HK$1	–	100	Consumer finance
Centrix Properties Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Unitech Properties Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Win Harbour Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Champmark Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Allex Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Mica Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Twinway Industries Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
北京國新萬聯科技有限公司 (note iv)	PRC/ Mainland China	Registered capital US$1,300,000	–	24.75	Smart-card financial services business
Berries Limited	Hong Kong	Ordinary HK$1	–	24.75	Investment holding
廣東金龍船餐飲有限公司 (note iv)	PRC/ Mainland China	Registered capital HK$8,000,000	–	100	Operation of a Chinese restaurant
勝昌食品（惠東）有限公司 (note iv)	PRC/ Mainland China	Registered capital HK$4,000,000	–	100	Bakery operation

Notes to the Financial Statements

For the year ended 30 April 2008

16. INTERESTS IN SUBSIDIARIES (CONTINUED)

Notes:

(i) Pursuant to the written resolution passed on 27 April 2008, the nominal value of all the existing issued shares of CET be reduced from US$0.01 to US$0.001 each, by the cancellation of US$0.09 per share of the CET's paid-up capital on each issued share ("Capital Reduction"). The amount of approximately HK$35,100,000 arising from the Capital Reduction was credited to the share premium account.

(ii) The non-voting deferred shares carry no rights to dividends, no rights to attend or vote at general meetings and no rights to receive any surplus assets in a return of capital in a winding up (other than the nominal amount paid up or credited as fully paid on such shares, after the sum of US$100,000,000,000,000 has been distributed to the holders of the ordinary shares of the company in such winding-up).

(iii) 北京順通 is a limited liability company established in the PRC.

(iv) Registered as a wholly-foreign owned enterprise under the PRC Law.

17. INTEREST IN A JOINTLY-CONTROLLED ENTITY

Details of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Business structure	Place of incorporation/ and operations	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
上海金龍船餐飲有限公司	Corporation	PRC/ Mainland China	50	50	50	Operating of a Chinese restaurant

The Group's jointly-controlled entity is a Sino-foreign joint equity enterprise established in the PRC and is indirectly held by the Company.

Notes to the Financial Statements

For the year ended 30 April 2008

17. INTEREST IN A JOINTLY-CONTROLLED ENTITY (CONTINUED)

Summary financial information on the jointly-controlled entity:

	2008		2007	
	100%	Group's effective interest	100%	Group's effective interest
	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	326	163	1,272	636
Current assets	7,815	3,907	5,086	2,543
Current liabilities	(4,177)	(2,088)	(3,623)	(1,811)
Total equity	3,964	1,982	2,735	1,368
Income	22,804	11,402	22,960	11,480
Expenses	(21,946)	(10,973)	(20,730)	(10,365)
Profit for the year	858	429	2,230	1,115

18. INTEREST IN AN ASSOCIATE

	Group	
	2008	2007
	HK$'000	HK$'000
Unlisted investment, at cost	1,000	1,000
Share of post-acquisition results	(16,146)	(17,133)
Share of other reserves	(41)	(41)
	(15,187)	(16,174)
Amount due from an associate	19,808	21,109
Allowance for amount due from an associate	(4,621)	(4,935)
	–	–

Notes to the Financial Statements

For the year ended 30 April 2008

18. INTEREST IN AN ASSOCIATE (CONTINUED)

The amount due from an associate is unsecured, interest free and has no fixed term of repayment.

Details of an associate are as follows:

Name	Business structure	Place of incorporation and operations	Nominal value of issued share	Percentage of ownership interest	Principal activities
Kamboat Bakery Limited	Corporate	Hong Kong	Ordinary HK$2,040,000	49	Bakery operation

The Group's associate is indirectly held by the Company.

The above table lists the associate of the Group 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.

Summary financial information on an associate:

	2008		2007	
	100%	**Group's effective interest**	100%	Group's effective interest
	HK$'000	**HK$'000**	HK$'000	HK$'000
Assets	**1,827**	**895**	1,790	877
Liabilities	**(33,524)**	**(16,427)**	(35,502)	(17,396)
Net liabilities	**(31,697)**	**(15,532)**	(33,712)	(16,519)
Revenue	**4,916**	**2,409**	9,185	4,501
Profit for the year	**2,015**	**987**	1,829	896

Notes to the Financial Statements

For the year ended 30 April 2008

19. DEPOSITS PAID IN RESPECT OF ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Group	
	2008	2007
	HK$'000	HK$'000
Balance brought forward	**7,261**	4,858
Additions	**7,365**	3,761
Transfer to property, plant and equipment (note 12)	**–**	(1,358)
Recognised in research and development costs	**(5,500)**	–
Balance carried forward	**9,126**	7,261

20. AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2008	2007
	HK$'000	HK$'000
Unlisted investment:		
Club membership, at fair value	**135**	135

21. INVENTORIES/FORFEITED COLLATERALS HELD FOR SALE

(a) Inventories in the consolidated balance sheet comprise:

	Group	
	2008	2007
	HK$'000	HK$'000
Inventories – food and beverage products	**11,741**	10,682
Forfeited collaterals held for sale	**128**	361
	11,869	11,043

As at 30 April 2008, none of the inventories were carried at net realisable value (2007: Nil).

(b) The analysis of the amount of inventories recognised as an expense is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Carrying amount of inventories sold	**74,837**	84,329

Notes to the Financial Statements

For the year ended 30 April 2008

22. ACCOUNTS RECEIVABLES

The general credit terms granted by the Group to its customers range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Further details on the Group's credit policy are set out in note 44 (a)(i).

An aged analysis of the Group's accounts receivables as at balance sheet date is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
		(restated)
Within 30 days	**46**	442
31 – 90 days	**256**	673
91 – 180 days	**41**	477
Over 180 days	**100**	576
	443	2,168

The aging analysis of account receivables that are not considered to be impaired is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	**302**	1,125
1 to 3 months past due	**41**	299
3 to 6 months past due	**99**	716
Over 6 months, but less than 1 year past due	**1**	2
Over 1 year past due	**–**	26
	141	1,043
	443	2,168

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balance.

Notes to the Financial Statements

For the year ended 30 April 2008

23. MONEYLENDING LOAN RECEIVABLES

	Group 2008 HK$'000	2007 HK$'000
Balance brought forward	**970**	2,178
Loan advanced	**30,573**	3,266
Repayment during the year	**(26,482)**	(4,539)
Exchange adjustment	**114**	65
Balance carried forward	**5,175**	970

The Group offers loans secured by tangible personal property, such as real estate and jewellery, commonly known as moneylending loans. A typical moneylending loan generally has a term of 30 to 180 days.

All the Group's moneylending loan receivables in PRC are denominated in Renminbi. The moneylending loan receivables in PRC carry interest at a monthly effective rate of approximately 0.5% mark up over the 6-month bank lending rate that is announced by the People's Bank of China.

24. PROMISSORY NOTE RECEIVABLE

	Group 2008 HK$'000	2007 HK$'000 (restated)
At beginning of the year	**40,151**	–
Issue of promissory note	**–**	39,000
Interest on promissory note	**2,299**	1,151
Settled during the year	**(34,652)**	–
At end of the year	**7,798**	40,151

On 12 December 2006, CET issued 275,000,000 and 225,000,000 shares (totaling 500,000,000 shares) of US$0.01 each to Guo Xin and SCIO Investment Company Limited, the Company's minority interests, respectively, in consideration of a promissory note of US$5,000,000 issued by Red Star Holdings Enterprises Limited ("Red Star"), a shareholder of Guo Xin, in favour of CET, the liabilities of which was subsequently transferred to and assumed by Smart View Technology Limited ("Smart View") by a novated promissory note dated 13 December 2006. As a result of the novation agreement, the original promissory note of US$5,000,000 receivable issued by Red Star was replaced by the novated promissory note of US$5,000,000 receivable issued by Smart View in favour of CET, which was supplemented by a supplementary agreement dated 22 August 2007.

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For the year ended 30 April 2008

24. PROMISSORY NOTE RECEIVABLE (CONTINUED)

As at the balance sheet date, the promissory note receivable is unsecured with interest accrued on a daily basis at the Hong Kong dollar prime rate announced by The Hongkong and Shanghai Banking Corporation Limited. Subsequent to the balance sheet date, the total outstanding balances were settled.

25. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000
Prepayments	**3,105**	3,500	**587**	487
Rental and other deposits	**2,078**	11,924	**–**	57
Credit card receivables	**488**	1,089	**–**	–
Staff advances (note)	**382**	797	**–**	–
Others	**1,113**	6,589	**–**	4,800
	7,166	23,899	**587**	5,344

Note: The Group's staff advances represent advances to the non-director employees. The advances are unsecured, non-interest bearing and are repayable in accordance with the repayment schedules agreed by the staff and the Group.

All of the deposits, prepayments and other receivables are expected to be recovered or recognised as expense within one year.

26. AMOUNT DUE FROM A JOINTLY-CONTROLLED ENTITY

The amount due from a jointly-controlled entity is unsecured, interest free and has no fixed terms of repayment.

27. AMOUNT DUE FROM A RELATED COMPANY

The amount due from a related company, Hong Thai Travel Services Limited ("Hong Thai"), is unsecured, interest free and has no fixed terms of repayment. The maximum outstanding balance during the year was HK$1,000 (2007: HK$8,000).

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For the year ended 30 April 2008

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
At fair value:				
Listed equity investments in Hong Kong	**41,413**	9,825	**277**	315
Listed equity investments outside Hong Kong	**1,399**	1,530	**–**	–
	42,812	11,355	**277**	315

Changes in fair values of financial assets at fair value through profit or loss are recorded in the income statement.

29. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000
Cash and bank balances	**55,388**	64,420	**4,857**	8,776
Pledged time deposit (note)	**1,036**	1,000	**–**	–
Time deposits	**271,826**	36,266	**4,711**	–
Cash and cash equivalents in the balance sheets	**328,250**	100,686	**9,568**	8,776
Less: Pledged time deposit	**(1,036)**	(1,000)	**–**	–
Cash and cash equivalents in the consolidated cash flow statement	**327,214**	99,686	**9,568**	8,776

Notes to the Financial Statements

For the year ended 30 April 2008

29. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents include short-term bank deposits carrying interest at prevailing market rates. The directors consider the carrying value of the amount at the balance sheet date approximates to the fair value.

Note: The time deposit is pledged to a bank in respect of the guarantee given in lieu of utility deposits.

30. ACCOUNTS PAYABLES

The aging of the Group's accounts payables is analysed as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
0-30 days	**4,271**	5,549
31-90 days	**5,248**	5,458
91-180 days	**354**	117
181-360 days	**392**	34
Over 360 days	**–**	13
	10,265	11,171

The accounts payables are non-interest bearing and are normally settled on 90-day terms. The carrying amounts of the accounts payables at the balance sheet date approximated their fair values.

31. ACCRUALS AND DEPOSITS RECEIVED

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000
Accruals	**9,991**	10,554	**5**	117
Accrued salaries, wages and benefits	**3,014**	3,246	**350**	350
Rental and other deposits received	**1,445**	635	**–**	–
VAT and other tax payables	**40**	2	**–**	–
Others	**971**	1,804	**27**	27
	15,461	16,241	**382**	494

Notes to the Financial Statements

For the year ended 30 April 2008

31. ACCRUALS AND DEPOSITS RECEIVED (CONTINUED)

Included in accruals of the Group are amounts of approximately HK$850,000 (2007: HK$850,000) representing accrued remuneration due to the Company's directors and HK$nil (2007: HK$56,000) representing accrued legal fees and office expenses due to related companies.

Included in accruals of the Company are amounts of approximately HK$350,000 (2007: HK$350,000) representing accrued remuneration due to the Company's directors and HK$nil (2007: HK$50,000) representing accrued legal fees and office expenses due to related companies.

The carrying amounts of accruals and deposits received at the balance sheet date approximated their fair values.

All of the accruals and deposits received are expected to be settled or recognised as income within one year or are repayable on demand.

32. FINANCE LEASE PAYABLES

Group

	Minimum lease payments		Present value of minimum lease payments	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable:				
Within one year	**175**	–	**162**	–
Between two to five years	**218**	–	**212**	–
Less: Future finance charges	**(19)**	–	**–**	–
Present value of finance lease payables	**374**	–	**374**	–
Less: Portion classified as current liabilities	**(162)**	–		
Non–current portion	**212**	–		

The finance lease payable is secured by a motor vehicle of the Group with net book value of approximately HK$450,000 and a personal guarantee provided by a director, Mr. Wong Chi Man ("Mr. Wong"). The remaining lease term is less than three years. Effective interest rate is fixed at 4.21% per annum. No arrangement have been entered into for contingent rental payment.

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33. MORTGAGE LOANS

	Group	
	2008	2007
	HK$'000	HK$'000
Mortgage loans are repayable as follows:		
– within one year	**828**	156
– between two to five years	**3,582**	622
– after five years	**607**	4,439
	5,017	5,217
Less: Amount due within one year included in current liabilities	**(828)**	(156)
Amount due after one year	**4,189**	5,061

The mortgage loan of HK$5,217,000 as at 30 April 2007 was secured by the Group's investment property (note 14) with fair value amounted of HK$8,800,000. The interest is charged at 0.55% per annum over 6-month HIBOR with capped rate of 2.75% per annum below prime.

The mortgage loans of HK$5,017,000 as at 30 April 2008 was secured by a personal guarantee provided by a director, Mr. Wong, the Group's leasehold buildings (note 12) and lease premium for land (note 13) with net book value amounted of HK$3,647,000 and HK$4,409,000 respectively. The interests are charged at 2.4% per annum below Hong Kong dollar prime rate.

34. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, interest free and has no fixed terms of repayment.

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For the year ended 30 April 2008

35. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities during the year is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
At beginning of the year and end of the year	**591**	591

Deferred tax assets are to be recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

The Group has not recognised deferred tax assets in respect of tax losses of HK$50,475,000 (2007: HK$19,290,000 (restated)). The unrecognised tax losses, mainly to Hong Kong companies, can be carried forward indefinitely.

36. SHARE CAPITAL

	Group and Company			
	2008		2007	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorised:				
Ordinary shares of HK$0.001 each	**200,000,000,000**	**200,000**	200,000,000,000	200,000
Issued and fully paid:				
At beginning of the year	**5,587,385,900**	**5,587**	5,587,385,900	5,587
Issue of shares (note a)	**276,575,000**	**277**	–	–
At end of the year	**5,863,960,900**	**5,864**	5,587,385,900	5,587

a) Pursuant to a placing and subscription agreement dated 10 July 2007, the substantial shareholder of the Company, Vongroup Holdings Limited ("Vongroup Holdings"), agreed to place, 276,575,000 shares beneficially owned by Vongroup Holdings to Deutsche Bank AG, acting through its London Branch, at a price of HK$1.141 per share. On the same date, the Company had conditionally agreed to allot and issue, and Vongroup Holdings has agreed to subscribe for 276,575,000 new shares at a price of HK$1.141 per share. The placement was completed on 12 July 2007 and the total proceeds raised as a result of the placement was HK$296.1 million.

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37. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including non-executive directors, employees of the Group, any other groups or classes of suppliers, customers, subcontractors or agents of the Group and the Company's shareholders determined by the directors as having contributed or who may contribute to the development and growth of the Group. The Scheme became effective on 9 October 2001 and, unless otherwise cancelled or amended, remains in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholder's approval in a general meeting.

Share options granted to any director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the official closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

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37. SHARE OPTION SCHEME (CONTINUED)

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon the payment of a nominal consideration of HK$1 in total by the grantee. An option may be exercised in accordance with the terms of the Scheme at any time during the period commencing from the date on which the option is deemed to be granted and accepted and expiring on a date to be notified by the directors to each grantee, which shall not be more than 10 years from the date on which the option is deemed to be granted and accepted. There is no minimum holding period before an option may be exercised.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share options under the Share Option Scheme were granted and outstanding during the year ended 30 April 2008.

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38. RESERVES

	Share premium (note i) HK$'000	Capital redemption reserve (note ii) HK$'000	Statutory surplus reserve (note iii) HK$'000	Exchange translation reserve (note iv) HK$'000	Accumulated losses HK$'000	Attributable to equity holders of the Company HK$'000
At 1 May 2006	237,380	258	–	(60)	(89,794)	147,784
Loss for the year	–	–	–	–	(14,948)	(14,948)
Exchange differences arising on translation of foreign operations	–	–	–	(1,398)	–	(1,398)
Share of reserve movements of jointly controlled entity	–	–	–	36	–	36
At 30 April 2007 and 1 May 2007	237,380	258	–	(1,422)	(104,742)	131,474
Loss for the year	–	–	–	–	(27,214)	(27,214)
Issue of shares	315,296	–	–	–	–	315,296
Issuing expenses	(19,195)	–	–	–	–	(19,195)
Transfer	–	–	33	–	(33)	–
Exchange differences arising on translation of foreign operations	–	–	–	(1,733)	–	(1,733)
Share of reserve movements of jointly controlled entity	–	–	–	185	–	185
At 30 April 2008	533,481	258	33	(2,970)	(131,989)	398,813

Notes to the Financial Statements

For the year ended 30 April 2008

38. RESERVES (CONTINUED)

Company

	Share premium (note i) HK$	Capital redemption reserve (note ii) HK$	Accumulated losses HK$	Total HK$
At 1 May 2006	244,946	258	(96,707)	148,497
Loss for the year	–	–	(16,318)	(16,318)
At 30 April 2007 and 1 May 2007	244,946	258	(113,025)	132,179
Issue of shares	315,296	–	–	315,296
Issuing expenses	(19,195)	–	–	(19,195)
Loss for the year	–	–	(1,784)	(1,784)
At 30 April 2008	541,047	258	(114,809)	426,496

Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in share premium account are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital redemption reserve

The capital redemption reserve represents the amount by which the Company's issued share capital has been diminished on the cancellation of the shares repurchased. Under the Companies Law of the Cayman Islands, the capital redemption reserve may be applied by the Company in paying up its unissued shares to be allocated to shareholders of the Company as fully-paid bonus shares.

Notes to the Financial Statements

For the year ended 30 April 2008

38. RESERVES (CONTINUED)

Nature and purpose of reserves (Continued)

(iii) Statutory surplus reserve

According to the Company's PRC subsidiaries' articles of association, the PRC company is required to transfer 10% of its net profit after tax, as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve. When the balance of the statutory surplus reserve reaches 50% of the PRC company's registered capital, any further appropriation is optional. The transfer to this reserve must be made before distribution of a dividend to the shareholders.

Statutory surplus reserve can be used to make up previous years' losses, if any, and may be converted into capital in proportion to their existing shareholdings, provided that the balance after such conversion is not less than 25% of the registered capital.

(iv) Exchange translation reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policy set out in note 2(s).

39. NON-CASH TRANSACTION

During this year, a subsidiary of the Company, CET, declared an interim dividend in specie of HK$30,000,000 to its shareholders, in which HK$22,575,000 was settled by novation of the promissory note receivable to the minority shareholders.

40. CONTINGENT LIABILITIES

a) In December 2005, a legal action was commenced by a former employee of KCCC, a wholly owned subsidiary of the Company, against KCCC for the claim of approximately HK$1,569,000 for personal injuries, loss and damages suffered during work in KCCC. In the opinion of the directors, such claim should be adequately covered by the Group's insurance. Hence, no provision has been made in the financial statements.

b) As at 30 April 2008, a number of current employees achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance should their employment be terminated under certain prescribed circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that there will be a material future outflow of resources from the Group in respect thereof. The Group has a contingent liability in respect of possible future payments to employees under the Employment Ordinance with a maximum possible amount of approximately HK$1,205,000 (2007: HK$1,200,000) at 30 April 2008.

c) As at 30 April 2007 and 2008, the Company provided corporate guarantee to a landlord to the extent of approximately HK$370,000 in respect of the operating lease payments of a subsidiary. No recognition of such guarantee was made for the years ended 30 April 2007 and 2008 because the directors of the Company did not consider it probable that a claim would be made against the Group under the guarantee.

Notes to the Financial Statements

For the year ended 30 April 2008

41. OPERATING LEASE ARRANGEMENTS

a) *As lessor*

The Group leases its investment property (note 14 to the financial statements) under operating lease arrangement, with leases negotiated for terms of two years. The terms of the lease generally also require the lessee to pay security deposit and provide for periodic rent adjustment according to the then prevailing market conditions.

At the balance sheet, the Group had total future minimum lease receivables under non-cancellable operating lease with its lessee falling due as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**204**	396
In the second to fifth years, inclusive	**–**	204
	204	600

b) *As lessee*

At 30 April 2008, the Group had outstanding commitments under non-cancellable operating leases falling due as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**21,530**	26,467
In the second to fifth years, inclusive	**37,741**	62,703
	59,271	89,170

The Group leases restaurant premises, staff quarters, offices and warehouses under non-cancellable operating lease arrangements with lease terms ranging from three to nine years.

The operating lease rentals of certain restaurant premises are based on the higher of a minimum guaranteed rental or a sales level based rental, ranging from 6% to 7.5% on the sales level. The minimum guaranteed rental has been used to arrive at the above commitments.

Notes to the Financial Statements

For the year ended 30 April 2008

42. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with its related parties during the year:

	Note	2008 HK$'000	2007 HK$'000
Associate			
Purchase of bakery products	(i)	**4,153**	6,635
Sales of wine	(i)	**(644)**	–
Related companies			
Sale of food	(ii)	**–**	(54)
Legal fees	(iii)	**3**	390
Secretarial fees	(iv)	**95**	55
Rental expense	(v)	**521**	438
Rental expense	(vi)	**180**	180
Director			
Sales of food	(vii)	**–**	(509)
Other related parties			
Salaries and other allowances paid	(viii)	**279**	240

Notes:

(i) The Group purchases bakery products from/sells wines to its associate. The prices were determined through negotiations with its associate on a case-by-case basis.

(ii) The Group made sales to Hong Thai during the year ended 30 April 2007. The sales were based on the published selling prices of the Group, less discounts ranging from 30% to 50%.

(iii) The legal fees were charged for legal services rendered by Vongs, a law firm, a partner of which is a close relative of a director, Mr. Vong Tat Ieong, David.

(iv) The secretarial services rendered was charged by Vongs Corporate Services Limited, of which a director and a shareholder of the company, is a close relative of a director, Mr. Vong Tat Ieong, David

(v) The rental expense was charged in accordance with a licence agreement between the Group and Jenco Limited. Jenco Limited is owned and controlled by a close relative of a director, Mr. Vong Tat Ieong, David.

Notes to the Financial Statements

For the year ended 30 April 2008

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (Continued)

Notes: *(Continued)*

(vi) The Group paid rental expense to Cambo Enterprises Limited, in which Mr. Wong Chi Man is a shareholder and director of the company. Cambo Enterprises Limited is also a former ultimate holding company of the Group.

(vii) The Group made sales to a director, Mr. Wong Chi Man. The sales were based on the published selling prices of the Group, less discounts at 10%.

(viii) The salaries and other allowances were paid to Mr. Wong Chi Kuen, a close relative of a director, Mr. Wong Chi Man.

(b) Key management personnel:

The key management personnel of the Group comprises all directors, details of their emoluments are disclosed in note 8(i).

43. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

(i) Impairment of property, plant and equipment and lease premium for land

The recoverable amount of an asset is the greater of its net selling price 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, which requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

Notes to the Financial Statements

For the year ended 30 April 2008

43. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

a) *Key sources of estimation uncertainty (Continued)*

(ii) Estimate fair value of investment properties

The investment properties were revalued at the balance sheet date on market value existing use basis by independent qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each balance sheet date.

(iii) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the accounts receivables and other receivables, where applicable, at each balance sheet date. The estimates are based on the aging of the accounts receivables and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

(iv) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the fair value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(v) Estimated fair value of available-for-sale financial assets

The fair value of financial instruments in active markets (such as trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the closing bid price at the balance sheet date.

The fair value of financial instruments that are not traded in active market is determined based on available recent market information such as most recent market transaction price with third parties and the latest available financial information existing at each balance sheet date.

Notes to the Financial Statements

For the year ended 30 April 2008

43. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

a) *Key sources of estimation uncertainty (Continued)*

(vi) Allowance for inventories

The management of the Group reviews its inventories at each balance sheet date and make allowance for obsolete and slow-moving inventory items identified that no longer suitable for use in production. Management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and make allowance for obsolete items.

b) *Critical accounting judgements in applying the Group's accounting policies*

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the balance sheet date. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) *Financial risk factors*

The Group's major financial instruments include equity investments, borrowings, accounts receivables and accounts payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk, cash flow interest-rate risk and other price risk. The policies on how to mitigate these risk are set out below. The Group's management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Credit risk

Credit risk arises mainly from the risk that counterparties defaulting on the terms of their agreements. The carrying amounts of cash and cash equivalents, pledged cash and cash equivalents, loan receivable and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group monitors the exposure to credit risk on an ongoing basis and credit evaluations are performed on customers requiring credit over a certain amount. In addition, receivables balances are monitored on an ongoing basis, therefore, the Group's exposure to bad debts is not significant. The credit risk on balances of cash and cash equivalents and pledged cash and cash equivalents is low as these balances are placed with reputable financial institutions.

Further quantitative data in respect of the Group's exposure to credit risk arising from other receivables is disclosed in note 25 to the financial statements.

Notes to the Financial Statements

For the year ended 30 April 2008

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) *Financial risk factors (Continued)*

(ii) Liquidity risk

The Group is responsible for its own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demand, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group relies on bank borrowings as a significant source of liquidity.

The following liquidity risk tables set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group required to pay:

	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	After five years	Total contractual discounted cash flow	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2008						
Accounts payables	10,265	–	–	–	10,265	10,265
Other payables and accruals	15,461	–	–	–	15,461	15,461
Mortgage loans	972	972	2,916	614	5,474	5,017
Finance lease payable	175	175	43	–	393	374
	26,873	1,147	2,959	614	31,593	31,117

Notes to the Financial Statements

For the year ended 30 April 2008

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) *Financial risk factors (Continued)*

(ii) Liquidity risk (Continued)

	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	After five years	Total contractual discounted cash flow	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2007						
Accounts payables	11,171	–	–	–	11,171	11,171
Other payables and accruals	16,241	–	–	–	16,241	16,241
Mortgage loans	411	412	1,235	6,002	8,060	5,217
Finance lease payable	–	–	–	–	–	–
	27,823	412	1,235	6,002	35,472	32,629

(iii) Cash flow interest-rate risk

Except for certain interest-bearing bank deposits and mortgage loans, the Group has no significant interest-bearing assets and liabilities. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Bank deposits and mortgage loans issued at variable rates expose the Group to cash flow interest-rate risk. Details of the Group's mortgage loans have been disclosed in note 33 to the financial statements.

The Group has not entered into any interest rate swaps to hedge its exposure to interest risks.

The sensitivity analysis represents the effects on the Group's loss before taxation for the year as a result of change in interest income on interest bearing bank deposits and interest expense on floating rate mortgage loans. Same interest rate shift is used for all currencies. Based on the analysis performed, the impact on pre-tax profit or loss of a 100 basis-point shift would be an increase or decrease of HK$73,000 (2007: HK$141,000).

Notes to the Financial Statements

For the year ended 30 April 2008

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) *Financial risk factors (Continued)*

(iv) Currency risk

Presently, there is no hedging policy with respect to the Group's foreign exchange exposure. The Group's transactional currency is mainly HK$ as substantially most of the turnover is in HK$.

Considering the gradual appreciation of RMB against Hong Kong dollars which is expected to continue, the management is of the view that the currency risk is not significant.

i) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Group	
	2008	2007
	RMB'000	RMB'000
Property, plant and equipment	**4,743**	2,472
Lease premium for land	**1,292**	1,319
Inventories	**4,505**	4,498
Accounts receivables	**441**	2,176
Money lending loan receivables	**4,632**	970
Other receivables, deposits and prepayments	**1,930**	3,232
Cash and cash equivalents	**20,982**	21,474
Accounts payables	**(1,617)**	(2,040)
Other payables and accruals	**(3,451)**	(4,934)
Tax payable	**(13,997)**	(13,265)
Overall exposure arising from recognised assets and liabilities	**19,575**	16,263

Notes to the Financial Statements

For the year ended 30 April 2008

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) *Financial risk factors (Continued)*

(iv) Currency risk (Continued)

ii) Sensitivity analysis

The following table indicates the approximate change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rate to which the Group has significant exposure at the balance sheet date.

	2008		2007	
	Increase/ (decrease) in foreign exchange rate	**Effect on loss after tax and accumulated losses HK$'000**	Increase/ (decrease) in foreign exchange rate	Effect on loss after tax and accumulated losses HK$'000
RMB	**5%**	**(214)**	5%	(108)
	(5)%	**214**	(5)%	108

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the Group's exposure to currency risk for both derivative and non derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rate over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group's entities profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollar at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2007.

Notes to the Financial Statements

For the year ended 30 April 2008

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) *Financial risk factors (Continued)*

(v) Other price risk

The Group is exposed to equity price risk arising from investments held-for-trading. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on listed equity investment quoted on the Stock Exchange.

Sensitivity analysis

If the prices of the respective equity instruments had been 5% higher/lower, the Group's loss for the year ended 30 April 2008 would be decrease/increase by HK$2,141,000 (2007: HK$568,000) as a result of the changes in fair value of investments held-for-trading. The sensitivity analysis has been determined based on the exposure to equity price risks, assuming all other variables were held constant, at the reporting date.

(vi) Fair values

The fair values of cash and cash equivalents, bank deposits, debtors, other receivables, trade and other payables are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair value of financial assets traded on active liquid markets is determined with reference to listed market prices. The carrying amounts of bank loans approximate its fair values.

b) *Capital risk management*

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Notes to the Financial Statements

For the year ended 30 April 2008

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) *Capital risk management (Continued)*

The Group monitors capital on the basis of the gearing ratio, which is calculated as total borrowings dividend by total equity as shown in the consolidated balance sheet. The gearing ratios as at 30 April 2008 and 2007 were as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Mortgage loans	**5,017**	5,217
Finance lease payable	**374**	–
Total borrowings	**5,391**	5,217
Total equity	**420,391**	175,829
Gearing ratio	**0.01**	0.03

c) *Estimation of fair values*

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

(i) Securities

Fair value is based on listed market price at the balance sheet date without any deduction for transaction costs.

(ii) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

Notes to the Financial Statements

For the year ended 30 April 2008

45. CAPITAL COMMITMENTS

At 30 April 2008, the Group had the following capital commitments:

	Group	
	2008	2007
	HK$'000	HK$'000
Contracted but not provided for		
Property, plant and equipment	**1,373**	–
Investment properties	**26,159**	–
	27,532	–

46. COMPARATIVE FIGURES

As a result of adopting HKFRS 7, Financial instruments: Disclosures, and the amendments to HKAS 1, Presentation of financial statements: Capital disclosures, certain comparative figures have been adjusted to conform with changes in disclosures in the recent year and to show separately comparative amounts in respect of items disclosed for the first time in 2007. Further details of these developments are disclosed in note 2(c).

Summary Financial Information

A summary of the published consolidated results and assets and liabilities of the Group for the last five financial years prepared on the basis as hereunder stated is as set out below:

CONSOLIDATED RESULTS

	Consolidated for the year ended 30 April				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(restated)	(restated)	(restated)	
Turnover	**464,360**	318,324	244,460	238,373	318,113
Loss before taxation	**(27,301)**	(10,923)	(29,313)	(18,123)	(23,056)
Income tax	**(392)**	(4,257)	(4,905)	(2,859)	(3,785)
Loss for the year from continuing operations	**(27,693)**	(15,180)	(34,218)	(20,982)	(26,841)
Loss for the year from discontinued operation	**–**	–	(23,697)	(3,932)	–
Loss for the year	**(27,693)**	(15,180)	(57,915)	(24,914)	(26,841)
Attributable to:					
Equity holders of the Company	**(27,214)**	(14,948)	(57,915)	(24,914)	(26,841)
Minority interest	**(479)**	(232)	–	–	–
	(27,693)	(15,180)	(57,915)	(24,914)	(26,841)

CONSOLIDATED ASSETS AND LIABILITIES

	Consolidated as at 30 April				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(restated)	
TOTAL ASSETS	**473,580**	228,826	218,260	92,885	126,047
TOTAL LIABILITIES	**(53,189)**	(52,997)	(64,889)	(43,296)	(55,279)
	420,391	175,829	153,371	49,589	70,768

Summary Financial Information

LIST OF PROPERTIES

Locations		Existing use	Term of lease
Investment properties			
1.	Flat E, 5/F., Tower 1, Starcrest, 9 Star Street, Hong Kong	Residential	Medium term
2.	Flat B, 25/F., Block 7, Parc Palais, 18 Wylie Road, Kowloon	Residential	Medium term
Leasehold buildings			
1.	深圳市羅湖區松園路68號 鴻翔花園3003室	Residential	Long term
2.	Room 310, Hewlett Centre 52 Hoi Yuen Road, Kwun Tong	Commercial	Medium term
3.	Unit 2, 3, 4 & 8, 4/F., Raton Industrial Building, 4 Kin Wong Street, Tuen Mun	Commercial	Medium term
Lease premium for land			
1.	白花鎮太陽坳金排山地段 (平深公路)	Commercial	Long term