

VONGROUP LIMITED

黃河實業有限公司

Stock Code: 318



Annual Report 2009

vongroup



Corporate Information

EXECUTIVE DIRECTORS

Mr VONG Tat leong, 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 leong, David

COMPANY SECRETARY

Ms Wong Ka Man

AUDITOR

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 Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 Weat Bay Road
Grand Cayman
KY1-1106
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

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Management's Statement

Dear Fellow Shareholders,

We are pleased to present the Annual Report of Vongroup Limited (the "Company") for the financial year ended 30 April 2009.

As was the case for most businesses, the past year has turned out to be a difficult and challenging one. The global economy sank towards recession, posing challenges and uncertainties, and the harsh effects of this have already been felt by many companies and industries. The Company and its subsidiaries (the "Group") have investments in Hong Kong and in the PRC, which have also seen their economies suffering significant impact.

The Group therefore, like many other companies, has been adversely affected, and recorded a loss during the year. To pursue investment in high-growth sectors, after the year-end, in August 2009, we invested in Beijing Tecroad, a manufacturer of environmentally-friendly emission-free lithium-ion batteries and new energy materials for automotive and other industries, especially single-cell high-capacity cylindrical batteries that are in high demand by automotive makers for large all-electric vehicles. We acquired a 20.54% interest, with a call option to increase up to an aggregate of 60% interest.

Vongroup's investment model exemplifies an innovative 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. As always, a great deal of credit is due to our diligent investment and operational professionals.

We seek to capitalise upon innovative opportunities that will arise as the economy continues to waver, and hence to enhance performance for you. To stay focused, we will continue our long-standing practice of prioritising 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.

Finally, I wish to extend my sincere thanks to our Group's management, staff and shareholders for their invaluable support.

Vong Tat leong, David

Executive Director

25 August 2009

Management Discussion and Analysis

OVERALL PERFORMANCE

For the year ended 30 April 2009, the Group generated revenue of HK\$156.2 million (2008: approximately HK\$198.2 million) with a loss for the year of approximately HK\$50.3 million (2008: approximately HK\$27.7 million). The loss for the current year was mainly due to (i) realised and unrealised loss in relation to securities investment; (ii) unrealised fair value losses in relation to investment properties; and (iii) reduction in turnover in relation to the restaurant business, which factors were reflected in the Group's interim report for the six-month period ended 31 October 2008, and, to a small extent, due to disposal loss in relation to certain subsidiaries.

BUSINESS REVIEW

Consumer Finance Business

During the year ended 30 April 2009, the turnover of our consumer finance business was HK\$1.6 million, which was slightly higher than in the previous year. Most of the turnover was generated from secured loans to SME owners.

Smart-card Financial Services Business

In 2008, our RFID "e-ticket" pilot system for theme park admissions was installed and tested in Beijing. We are continuing to develop this RFID "e-ticket" payment card system into a new application as an "e-wallet" for consumer micro payments at multiple merchants in the PRC, and are continuing to explore potential commercial and investment opportunities in this direction. During this year, we have invested about HK\$7.0 million (2008: HK\$12.1 million) in research and development to deploy this "e-wallet" system based on the "e-ticket" system that we have developed. This research and development cost incurred resulted in a segment loss of HK\$11.1 million (2008: HK\$12.6 million).

Securities Investment and Properties Investment

During the year under review, the global turmoil in the stock markets and the market downturn in the Asia Pacific region's property sector had an adverse effect on securities investment and properties investment. The Group recorded a realised and unrealised loss on securities investment of approximately HK\$16.9 million (2008: loss of approximately HK\$4.4 million) for the year ended 30 April 2009.

The turnover of the Group's properties investment segment was HK\$444,000 (2008: HK\$396,000). The segment recorded a loss of HK\$2.2 million (2008: profit of HK\$6.1 million) due to the unrealised fair value losses of the investment properties valued as at 30 April 2009. Excluding the unrealised fair value losses in 2009, the recurring profit of the properties investment segment would have been HK\$283,000 (2008: HK\$220,000).

Management Discussion and Analysis

Restaurant Business

Our restaurant business continues to face a challenging market environment and a declining in consumer demand under the recent adverse conditions and the increasing instability of the global financial markets. During the year, we did not renew our lease at one of our locations in Hong Kong as a result of the increases in rental expenses, staff costs, material costs and fuel costs. Turnover for the restaurant operation dropped from HK\$196.5 million in 2008 to HK\$154.1 million for the year ended 30 April 2009 and a loss of HK\$4.2 million (2008: HK\$5.2 million) was recorded in ordinary restaurant activities and a loss on disposal of certain subsidiaries of HK\$3.6 million for the year ended 30 April 2009.

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 operations only.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintains a stable financial position with cash and cash equivalents of the Group as at 30 April 2009 amounting to HK\$291.5 million (2008: HK\$328.3 million). The Group's current ratio as at 30 April 2009 is 7.8 (2008: 8.6). The total equity of the Group amounted to HK\$373.6 million (2008: HK\$420.4 million) as at 30 April 2009.

Gearing

The gearing ratio, as a ratio of bank loans to total equity, was 0.01 as at 30 April 2009 (2008: 0.01).

Exchange Rate Exposure

As at 30 April 2009, the Group's cash and cash equivalents amounted to HK\$291.5 million, the majority of which was in Hong Kong dollars. Since the majority of the Group's transactions, monetary assets and liabilities is denominated in Hong Kong dollars, United States 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, are charged by reference to prevailing market rates.

Management Discussion and Analysis

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 2009, 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\$976,000 (2008: HK\$1,205,000) at 30 April 2009.
- (c) As at 30 April 2008 and 2009, 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 2008 and 2009 because the directors of the Company did not consider it probable that a claim would be made against the Group under the guarantee.

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\$5.7 million as at 30 April 2009 (2008: HK\$27.5 million).

FUTURE PROSPECTS

The business environment remains challenging in the coming financial year due to the fallout from the U.S. sub-prime mortgage crisis and the continuing weakness has started to be felt around the global economy. We expect that the outlook will continue to be volatile in 2009.

Despite difficulties in the recent financial tsunami and volatility in the global stock markets, the Group will seek for other potential investment opportunities to secure its source of income, to boost its profitability, to lay a solid foundation for its long term business growth, and to bring reasonable return to its shareholders.



Management Discussion and Analysis

EMPLOYMENT AND REMUNERATION POLICY

As at 30 April 2009, the Group had 431 (2008: 452) 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.

Profile of Directors

EXECUTIVE DIRECTORS

Mr Vong Tat leong, David, aged 47, has been a director of the Company since 2005 and serves 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 59, has been a director of the Company since 2001 and 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 47 years experience in the restaurant and catering industries.

Mr Xu Siping, aged 51, has been a director of the Company since 2005 and 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 46, has been an 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.

Dr Lam Lee G., aged 50, has been 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 in law (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 26 years of general management, corporate governance, investment banking and direct investment experience. 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. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, Dr Lam is a Member of the Jilin Province Committee of the Chinese People's Political Consultative Committee (CPPCC), a Member of the Hong Kong Institute of Bankers, a Board Member of the East-West Center Foundation, a Member of the Young Presidents' Organization, a Fellow of the Hong Kong Institute of Directors and a Member of its Corporate Governance Committee, a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, and a Visiting Professor at the School of Economics & Management of Tsinghua University in Beijing. He is Chairman of the Company's Audit Committee and Remuneration Committee.

Ms Wong Man Ngar, Edna, aged 43, has been an Independent Non-executive Director of the Company since 2005, is Senior Consultant at UBM 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 2009.

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 17 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group’s turnover and results by business segment and geographical segments for the year ended 30 April 2009 is set out in note 4 to the financial statements.

RESULTS AND DIVIDENDS

The Group’s loss for the year ended 30 April 2009 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 24 to 27. 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 111. This summary does not form part of the audited financial statements.

DONATIONS

Donations made by the Group during the year amounted to HK\$114,000 (2008: Nil).

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 13 to 15 to the financial statements, respectively. Further details of the Group’s properties are set out on page 112.

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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association on 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 2009. 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 2009, the Company's reserves available for distribution, calculated in accordance with the Companies Law (2004 Revision) of the Cayman Islands, amounted to HK\$366.1 million. This includes the Company's share premium account, in the amount of HK\$541.0 million as at 30 April 2009, 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 during the year and up to the date of this report were:

Executive Directors:

Mr Vong Tat leong, 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 Wong Chi Man and Ms Wong Man Ngar, Edna, 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 leong, David has an employment agreement with a subsidiary of the Group commencing on 3 September 2005, 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 2009.

Report of the Directors

Mr Wong Chi Man has an employment contract with a subsidiary of the Group commencing on 3 September 2005, 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 Wong has elected to waive part of his entitled compensation under the employment agreement for the year ended 30 April 2009.

Mr Xu Siping has an employment agreement with a subsidiary of the Group commencing on 3 September 2005, 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.

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 IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 April 2009, the interests and short positions of the Directors and chief executive of the Company in the shares, 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 leong, David (<i>Note</i>)	The Company	Held through a controlled corporation	4,062,000,000 ordinary shares of HK\$0.001 each	69.27%
Mr Wong Chi Man	The Company	Direct beneficial owner	59,524,000 ordinary shares of HK\$0.001 each	1.02%

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

Report of the Directors

Save as disclosed above, as at 30 April 2009, none of the Directors had registered an interest 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.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 April 2009, 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.

Name of shareholders	Interest in shares	Percentage of the Company's issued share capital
Mr Vong Tat leong, David (<i>note</i>)	4,062,000,000	69.27%
Vongroup Holdings Limited (<i>note</i>)	4,062,000,000	69.27%

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

Save as disclosed above, as at 30 April 2009, no person other than the Directors of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures" had registered an interest in the shares, 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-contractors 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 2009.

DIRECTORS’ INTERESTS IN COMPETING BUSINESSES AND CONFLICTS OF INTERESTS

During the year ended 30 April 2009, the following Director was 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:

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 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 2009, 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 complied 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.

AUDITOR

CCIF CPA Limited acted as auditor of the Company for the year ended 30 April 2009. CCIF CPA Limited has been appointed to act as the auditor of the Company with effect from 25 July 2007. RSM Nelson Wheeler was the auditor of the Company before the appointment of CCIF CPA Limited.

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

ON BEHALF OF THE BOARD

Vong Tat leong, David

Executive Director

Hong Kong
25 August 2009

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 2009.

Set out below are the status and details of compliance by the Company of the CG Code in the year ended 30 April 2009.

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 2009.

BOARD OF DIRECTORS

Composition

As at 30 April 2009, the Board of Directors (the "Board") comprises six members: three executive Directors, namely, Mr Vong Tat leong, 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 evaluate 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 four regular Board meetings at approximately quarterly intervals during the year ended 30 April 2009 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 leong, David	4/4
Mr WONG Chi Man	4/4
Mr XU Siping	4/4
Mr FUNG Ka Keung, David	4/4
Dr LAM Lee G.	2/4
Ms WONG Man Ngar, Edna	4/4

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 Company's 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 leong, 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 two 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 2008 and for the six months ended 31 October 2008, considered and approved the audit work 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 2009 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 leong, 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.

AUDITOR'S REMUNERATION

The amount of audit fee payable to CCIF CPA Limited for the year ended 30 April 2009 was HK\$620,000.

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 Auditor 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 24 to 110, which comprise the consolidated and Company balance sheets as at 30 April 2009, 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 2009 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 2009

Kwok Cheuk Yuen

Practising Certificate Number P02412

Consolidated Income Statement

For the year ended 30 April 2009

	Note	2009 HK\$'000	2008 HK\$'000 (restated)
Turnover	5	472,939	464,360
Revenue	5	156,178	198,195
Other revenue	5	4,264	9,706
Other net income	5	473	8,452
Cost of inventories consumed		(52,802)	(74,837)
Cost of forfeited collaterals sold		(376)	(207)
Staff costs		(49,832)	(59,485)
Operating lease rentals		(21,374)	(23,665)
Depreciation and amortisation		(2,693)	(1,539)
Other expenses		(80,710)	(90,951)
Impairment loss on property, plant and equipment		(340)	–
Impairment loss on lease premium for land		(303)	–
Change in fair value of investment properties		(2,448)	5,919
Loss from operations	6	(49,963)	(28,412)
Finance costs	7	(182)	(305)
Share of profits/(losses) of:			
Jointly-controlled entity		348	429
Associate		(182)	987
Loss before taxation		(49,979)	(27,301)
Income tax	8(a)	(304)	(392)
Loss for the year		(50,283)	(27,693)
Attributable to:	10		
Equity holders of the Company		(45,229)	(27,214)
Minority interests		(5,054)	(479)
		(50,283)	(27,693)
Dividend	11	–	–
Loss per share	12		
– Basic and diluted		(HK0.77 cents)	(HK0.47 cents)

The notes on pages 31 to 110 form an integral part of these financial statements.

Consolidated Balance Sheet

As at 30 April 2009

	Note	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Property, plant and equipment	13	12,120	11,188
Lease premium for land	14	5,296	5,711
Investment properties	15	45,500	25,800
Goodwill	16	8,988	8,988
Interest in a jointly-controlled entity	18	2,080	1,982
Interest in an associate	19	–	–
Rental and utility deposits		5,201	6,818
Deposits paid in respect of acquisition of property, plant and equipment and investment properties	20	5,264	9,126
Available-for-sale investments	21	635	135
		85,084	69,748
Current assets			
Lease premium for land	14	135	141
Inventories	22	11,121	11,741
Forfeited collaterals held for sale	22	164	128
Accounts receivables	23	518	443
Moneylending loan receivables	24	1,824	5,175
Promissory note receivable	25	–	7,798
Deposits, prepayments and other receivables	26	10,847	7,166
Amount due from a jointly-controlled entity	27	178	178
Financial assets at fair value through profit or loss	28	20,349	42,812
Cash and cash equivalents	29	291,525	328,250
		336,661	403,832
Current liabilities			
Accounts payables	30	7,308	10,265
Accruals and deposits received	31	14,374	15,461
Tax payables	8(b)	19,561	20,149
Finance lease payable – current portion	32	270	162
Mortgage loans – current portion	33	858	828
Amount due to a director	34	830	91
		43,201	46,956
Net current assets		293,460	356,876

Consolidated Balance Sheet

As at 30 April 2009

	Note	2009 HK\$'000	2008 HK\$'000
Total assets less current liabilities		378,544	426,624
Non-current liabilities			
Other payables		760	1,241
Finance lease payable – long-term portion	32	234	212
Mortgage loans – long-term portion	33	3,329	4,189
Deferred tax liabilities	35	591	591
		4,914	6,233
NET ASSETS		373,630	420,391
Capital and reserves			
Share capital	36	5,864	5,864
Reserves	38	357,106	398,813
		362,970	404,677
Minority interests		10,660	15,714
TOTAL EQUITY		373,630	420,391

Approved and authorised for issue by the board of directors on 25 August 2009.

On behalf of the board

Vong Tat leong, David

Director

Wong Chi Man

Director

The notes on pages 31 to 110 form an integral part of these financial statements.

Balance Sheet

As at 30 April 2009

	Note	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Interests in subsidiaries	17	32,090	49,090
Current assets			
Deposits, prepayments and other receivables	26	587	587
Amounts due from subsidiaries	17	328,962	373,220
Financial assets at fair value through profit or loss	28	–	277
Cash and cash equivalents	29	10,700	9,568
		340,249	383,652
Current liabilities			
Accruals and deposits received	31	377	382
Net current assets			
		339,872	383,270
NET ASSETS			
		371,962	432,360
CAPITAL AND RESERVES			
Share capital	36	5,864	5,864
Reserves	38	366,098	426,496
TOTAL EQUITY			
		371,962	432,360

Approved and authorised for issue by the board of directors on 25 August 2009.

On behalf of the board

Vong Tat leong, David
Director

Wong Chi Man
Director

The notes on pages 31 to 110 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 April 2009

	Attributable to equity holders of the Company						Total HK\$'000	Minority interest HK\$'000	Total HK\$'000
	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			
At 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 and 1 May 2008	5,864	533,481	258	33	(2,970)	(131,989)	404,677	15,714	420,391
Loss for the year	-	-	-	-	-	(45,229)	(45,229)	(5,054)	(50,283)
Transfer	-	-	-	91	-	(91)	-	-	-
Release upon disposal of subsidiaries (note 39)	-	-	-	-	3,651	-	3,651	-	3,651
Exchange differences arising on translation of foreign operations	-	-	-	-	(163)	-	(163)	-	(163)
Share of reserve movements of jointly-controlled entity	-	-	-	-	34	-	34	-	34
At 30 April 2009	5,864	533,481	258	124	552	(177,309)	362,970	10,660	373,630

The notes on pages 31 to 110 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 April 2009

	Note	2009 HK\$'000	2008 HK\$'000
Operating activities			
Loss before taxation		(49,979)	(27,301)
Adjustments for:			
Share of (profits)/losses of:			
– jointly-controlled entity		(348)	(429)
– associate		182	(987)
Interest income		(3,130)	(6,887)
Loan interest income		–	(2,299)
Dividend income from listed securities		(865)	(110)
Finance costs		182	305
Depreciation and amortisation		2,693	1,539
Impairment loss on accounts receivables		15	–
Impairment loss on property, plant and equipment		340	–
Impairment loss on lease premium for land		303	–
Reversal of impairment loss on amount due from an associate		(1,543)	(314)
Change in fair value of investment properties		2,448	(5,919)
Loss/(gain) on disposal of property, plant and equipment		9	(1,380)
Loss on disposal of subsidiaries	39	3,648	–
Operating loss before working capital changes		(46,045)	(43,782)
Decrease in amount due from an associate		1,361	1,301
Decrease in rental and utility deposits		1,617	1,053
Decrease/(increase) in inventories		620	(1,059)
(Increase)/decrease in forfeited collaterals held for sale		(36)	233
(Increase)/decrease in accounts receivables		(90)	1,725
Decrease/(increase) in moneylending loan receivables		3,351	(4,205)
(Increase)/decrease in deposits, prepayments and other receivables		(3,724)	16,733
Decrease in promissory note receivable		7,798	9,778
Decrease in amount due from a jointly-controlled entity		–	23
Decrease in amount due from a related company		–	1
Decrease/(increase) in financial assets at fair value through profit or loss		22,463	(31,457)
Decrease in accounts payables		(2,957)	(906)
Decrease in accruals and deposit received		(1,087)	(780)
Decrease in other payables		(481)	(702)
Cash used in operations		(17,210)	(52,044)
PRC enterprise income tax paid		(1,236)	(33)

Consolidated Cash Flow Statement

For the year ended 30 April 2009

	Note	2009 HK\$'000	2008 HK\$'000
Net cash outflow from operating activities		(18,446)	(52,077)
Investing activities			
Interest received		3,130	8,063
Dividend received from listed securities		865	110
Acquisition of investment properties		(18,286)	(11,081)
Acquisition of property, plant and equipment		(4,124)	(9,814)
Acquisition of lease premium for land		–	(4,449)
Deposit paid for acquisition of property, plant and equipment and investment properties		–	(1,865)
Proceeds from disposal of subsidiaries	39	158	–
Proceeds from disposal of property, plant and equipment		–	1,388
Acquisition of available-for-sale investment		(500)	–
Decrease/(increase) in pledged time deposits		333	(36)
Net cash outflow from investing activities		(18,424)	(17,684)
Financing activities			
Interest paid		(182)	(305)
Proceeds from issue of shares		–	315,573
Issuing expenses		–	(19,195)
Advanced from mortgage loans		–	5,306
Repayment of mortgage loans		(830)	(5,506)
Capital element of finance lease payable		411	374
Increase/(decrease) in amount due to a director		739	(49)
Net cash inflow from financing activities		138	296,198
Net (decrease)/increase in cash and cash equivalents		(36,732)	226,437
Effect of foreign exchange rate changes		340	1,091
Cash and cash equivalents at beginning of year		327,214	99,686
Cash and cash equivalents at end of year	29	290,822	327,214

The notes on pages 31 to 110 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 April 2009

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 Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, 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 17.

In the opinion of the directors of the Company, at 30 April 2009, Vongroup Holdings Limited, a company incorporated in the British Virgin Islands, which owns 69.27% of the issued share capital of the Company, is the ultimate holding company and immediate holding company and Mr Vong Tat leong, David is the ultimate controlling party of the Company. Neither of them produces financial statements available for public use.

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 collective term 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 and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation

The consolidated financial statements for the year ended 30 April 2009 comprise the Company and its subsidiaries.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (Continued)

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. These financial statements are presented in Hong Kong dollars ("HK\$") rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional and presentation currency.

The measurement basis used in the preparation of the financial statements is 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.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, 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 judgments 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.

Judgments made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 43.

(c) 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.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Consolidation (Continued)

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.

(d) 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.

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.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and minority interests (Continued)

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(p) 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(j)), unless the investment is classified as held for sale.

(e) 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(g) and (j)).

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.

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

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) 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.

(g) 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(j)). 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.

(h) Property, plant and equipment

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

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (Continued)

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 held for own use 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 of the lease, if shorter	20% or over the remaining term
Furniture, fixtures and equipment	10% – 20%
Motor vehicles	20%
Utensils and supplies	33⅓%

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 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) 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 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) 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.

(j) 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(j)(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

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of assets (Continued)

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

- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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, which are stated at fair value when a decline in the fair value has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised. 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 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(j) 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.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of assets (Continued)

(ii) *Impairment of other assets (Continued)*

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.

– Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and its 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 profit or loss 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 favourable 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 profit or loss in the year in which the reversals are recognised.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) Provisions and contingent liabilities

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

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets

The Group classified its investments in securities in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired.

(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.

(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.

(m) 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.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(m) Revenue recognition (Continued)

(ii) *Revenue from moneylending 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 forfeited collateral is delivered and the title has passed to customers.

(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.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(n) 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(j)).

(o) 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.

(p) 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.

(q) 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.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(q) Foreign currencies (Continued)

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.

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.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(r) 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.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(s) 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.

(t) 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.

(u) 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 consolidated cash flow statement.

(v) 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.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(v) Income tax (Continued)

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.

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.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividend is recognised.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(v) 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.

(w) 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:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(i)); and

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(w) Leased assets (Continued)

(i) *Classification of assets leased to the Group (Continued)*

- 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.

(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(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(j). 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.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(x) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans 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.

(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).

(iii) *Termination benefits*

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(y) 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;
- (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
- (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.

(z) 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 for the purpose of these financial statements.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(z) Segment reporting (Continued)

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 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 entities 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 period.

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

(aa) 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.

Notes to the Financial Statements

For the year ended 30 April 2009

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ab) 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 and market, or use the product or process; the existence of a market for the product 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 recognised 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(j)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Notes to the Financial Statements

For the year ended 30 April 2009

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has, where applicable, applied the following amendments and interpretations (“new HKFRSs”) issued by the HKICPA which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment is required.

The Group has not early applied any of the following new and revised standards, amendments or interpretations which have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ⁸
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	Eligible hedged items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standard ³
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments ²
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives ⁷
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁵
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners ³
HK(IFRIC) – Int 18	Transfers of Asset from Customers ⁶

Notes to the Financial Statements

For the year ended 30 April 2009

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

- ¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 January 2009
- ³ Effective for annual periods beginning on or after 1 July 2009
- ⁴ Effective for annual periods beginning on or after 1 July 2008
- ⁵ Effective for annual periods beginning on or after 1 October 2008
- ⁶ Effective for transfers on or after 1 July 2009
- ⁷ Effective for annual periods ending on or after 30 June 2009
- ⁸ Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010 as appropriate

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The Company's directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. 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

Notes to the Financial Statements

For the year ended 30 April 2009

4. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's business segments.

	Consumer finance		Securities investment		Properties investment		Smart-card financial services business		Restaurant operation		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000 (restated)	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000 (restated)
Segment revenue:												
Revenue	1,639	1,252	-	-	444	396	-	-	154,095	196,547	156,178	198,195
Other revenue and net income	807	818	1,269	4,716	-	-	120	2,372	193	1,953	2,389	9,859
Total	2,446	2,070	1,269	4,716	444	396	120	2,372	154,288	198,500	158,567	208,054
Segment results	233	379	(16,931)	(4,375)	(2,165)	6,139	(11,114)	(12,639)	(7,812)	(5,211)	(37,789)	(15,707)
Unallocated other revenue											2,348	8,299
Unallocated expenses											(14,522)	(21,004)
Loss from operations											(49,963)	(28,412)
Finance costs											(182)	(305)
Share of profits/ (losses) of:												
Jointly-controlled entity	-	-	-	-	-	-	-	-	348	429	348	429
Associate	-	-	-	-	-	-	-	-	(182)	987	(182)	987
Loss before taxation											(49,979)	(27,301)
Income tax											(304)	(392)
Loss for the year											(50,283)	(27,693)

Notes to the Financial Statements

For the year ended 30 April 2009

4. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Consumer finance		Securities investment		Properties investment		Smart-card financial services business		Restaurant operation		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000 (restated)	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000 (restated)
Segment assets	24,401	22,010	40,147	47,188	49,555	33,265	10,688	24,263	36,375	44,128	161,166	170,854
Interest in a jointly-controlled entity	-	-	-	-	-	-	-	-	2,080	1,982	2,080	1,982
Unallocated assets											258,499	300,744
Total assets											421,745	473,580
Segment liabilities	760	727	-	-	120	64	159	75	40,462	45,795	41,501	46,661
Unallocated liabilities											6,614	6,528
Total liabilities											48,115	53,189
Other segment information:												
Capital expenditure	30	21	-	-	22,157	11,092	68	611	1,879	12,380	24,134	24,104
Unallocated amounts											2,138	1,240
											26,272	25,344
Depreciation and amortisation:												
Unallocated amounts	63	161	-	-	3	-	198	5	1,801	1,166	2,065	1,332
											628	207
											2,693	1,539
Reversal of impairment loss on amount due from an associate	-	-	-	-	-	-	-	-	(1,543)	(314)	(1,543)	(314)
Impairment loss on property, plant and equipment and lease premium for land	-	-	-	-	-	-	-	-	456	-	456	-
Unallocated amount											187	-
											643	-
Loss/(gain) on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	9	(1,388)	9	(1,388)
Unallocated amount											-	8
											9	(1,380)
Change in fair value of investment properties	-	-	-	-	(2,448)	5,919	-	-	-	-	(2,448)	5,919

Notes to the Financial Statements

For the year ended 30 April 2009

4. 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	
	2009 HK\$'000	2008 HK\$'000 (restated)	2009 HK\$'000	2008 HK\$'000 (restated)	2009 HK\$'000	2008 HK\$'000 (restated)
Segment revenue:						
Revenue	113,439	156,137	42,739	42,058	156,178	198,195
Other segment information:						
Segment assets	380,841	425,515	40,904	48,065	421,745	473,580
Capital expenditure	24,624	21,613	1,648	3,731	26,272	25,344

5. TURNOVER, REVENUE, 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 financial services 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 2009

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

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

	Group	
	2009 HK\$'000	2008 HK\$'000 (restated)
Revenue		
Income from restaurant operations	154,095	196,547
Moneylending loan service charge income	1,195	1,040
Sales of forfeited collaterals	444	212
Gross rental income from an investment property	444	396
	156,178	198,195
Other revenue		
Bank interest income	3,130	6,887
Loan interest income	–	2,299
Total interest income on financial assets not at fair value through profit or loss	3,130	9,186
Dividend income	865	110
Sundry income	269	410
	4,264	9,706
Other net income		
Exchange gain, net	69	2,466
Net gain on disposal of property, plant and equipment	–	1,380
Net realised gain on disposal of trading securities	–	4,606
Net unrealised gain on disposal of trading securities	404	–
	473	8,452

Notes to the Financial Statements

For the year ended 30 April 2009

6. LOSS FROM OPERATIONS

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

	2009 HK\$'000	2008 HK\$'000 (restated)
Cost of inventories consumed (note 22(b))	52,802	74,837
Cost of forfeited collaterals sold	376	207
Staff costs (including directors' emoluments – note 9):		
Wages and salaries	48,412	57,677
Retirement benefits scheme contributions	1,420	1,808
	49,832	59,485
Reversal of impairment loss on amount due from an associate	(1,543)	(314)
Auditors' remuneration	635	758
Depreciation and amortisation	2,693	1,539
Research and development costs*	7,020	17,600
Impairment loss on accounts receivables	15	–
Impairment loss on property, plant and equipment	340	–
Impairment loss on lease premium for land	303	–
Operating lease charges in respect of land and buildings	21,374	23,665
Loss on disposal of subsidiaries (note 39)	3,648	–
Loss/(gain) on disposal of property, plant and equipment	9	(1,380)
Gross rental income from an investment property less direct outgoings of HK\$35,000 (2008: HK\$38,000)	(409)	(358)
Dividend income	(865)	(110)
Net realised loss/(gain) on financial assets at fair value through profit or loss	18,200	(4,606)
Net unrealised (gain)/loss on financial assets at fair value through profit or loss	(404)	9,091

* This item is included in other expenses.

Notes to the Financial Statements

For the year ended 30 April 2009

7. FINANCE COSTS

	Group	
	2009 HK\$'000	2008 HK\$'000
Interest on banks and mortgage loans	140	211
Interest on finance lease	40	14
Other interests paid	2	80
Total interest expense on financial liabilities not at fair value through profit or loss	182	305

8. INCOME TAX

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

	Group	
	2009 HK\$'000	2008 HK\$'000
Provision for the year Outside Hong Kong	304	392
Income tax for the year	304	392

Notes to the Financial Statements

For the year ended 30 April 2009

8. 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:

	2009 HK\$'000	2008 HK\$'000 (restated)
Loss before taxation	(49,979)	(27,301)
Calculated at transaction rate of 16.5% (2008: 17.5%)	(8,247)	(4,778)
Effect of different taxation rate in the PRC	1,408	(396)
Income not subject to taxation	(4,391)	(3,313)
Expenses not deductible for taxation purposes	3,066	2,877
Tax losses not yet recognised	8,269	6,870
Tax effect of unrecognised temporary differences	(60)	(488)
Under provision for previous year	259	–
Others	–	(380)
Tax charge	304	392

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.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/09.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2008: 25%).

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. The New Law and Implementation Regulations changed the tax rate from 33% to 25% for a subsidiary from 1 January 2008. In 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 (adjusted as appropriate).

Notes to the Financial Statements

For the year ended 30 April 2009

8. INCOME TAX (CONTINUED)

(b) Taxation in the consolidated balance sheet represents:

	Group	
	2009 HK\$'000	2008 HK\$'000
At beginning of the year	20,149	17,694
Provision for the year		
– outside Hong Kong	304	392
Taxation paid	(1,236)	(33)
Exchange adjustment	344	2,096
At end of the year	19,561	20,149
Analysed for reporting purposes as:		
Outside Hong Kong	19,561	20,149

9. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION

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

Name of Director	Year ended 30 April 2009			
	Fees HK\$'000	Basic salaries, allowances and other benefits HK\$,000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors				
Vong Tat leong, David (Chief Executive Officer)	–	4,498	–	4,498
Xu Siping	–	500	–	500
Wong Chi Man	–	360	–	360
Independent non-executive directors				
Fung Ka Keung, David	100	–	–	100
Lam Lee G.	150	–	–	150
Wong Man Ngar, Edna	100	–	–	100
	350	5,358	–	5,708

Notes to the Financial Statements

For the year ended 30 April 2009

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

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

Name of Director	Year ended 30 April 2008			
	Fees HK\$'000	Basic salaries, allowances and other benefits HK\$,000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors				
Vong Tat leong, 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

Notes to the Financial Statements

For the year ended 30 April 2009

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

- (ii) Of the five individuals with the highest emoluments in the Group, three (2008: two) were directors of the Company whose emoluments are included in the disclosures in note 8(i) above. The emoluments of the remaining two (2008: three) individuals were as follows:

	2009	2008
	HK\$'000	HK\$'000
Salaries and other benefits	1,627	2,920
Retirement benefits scheme contributions	12	32
	1,639	2,952

The number of the two (2008: three) highest paid individuals whose remuneration fall within the following bands are as follows:

	2009	2008
Nil – HK\$1,000,000	1	1
HK\$1,000,001 – HK\$1,500,000	1	2
	2	3

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.

Notes to the Financial Statements

For the year ended 30 April 2009

10. 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\$60,398,000 (2008: net loss of HK\$1,784,000).

11. DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 30 April 2009 (2008: Nil).

12. 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\$45,229,000 (2008: HK\$27,214,000) and the weighted average number of 5,863,960,900 (2008: 5,809,552,703) ordinary shares in issue during the year.

Diluted loss per share is equal to basic loss per share as there were no dilutive potential ordinary shares in existence in both years presented.

Notes to the Financial Statements

For the year ended 30 April 2009

13. PROPERTY, PLANT AND EQUIPMENT

Group

	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 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 and 1 May 2008	5,259	37,610	9,552	1,173	11,128	64,722
Additions	-	1,373	375	2,299	77	4,124
Disposals	-	(672)	(29)	-	-	(701)
Disposal of a subsidiary (note 39)	-	-	-	(491)	-	(491)
Exchange adjustment	36	93	18	5	9	161
At 30 April 2009	5,295	38,404	9,916	2,986	11,214	67,815
Accumulated depreciation and impairment losses						
At 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 and 1 May 2008	76	33,892	8,634	149	10,783	53,534
Charge for the year	117	1,449	272	628	84	2,550
Impairment loss	340	-	-	-	-	340
Written back on disposals	-	(672)	(20)	-	-	(692)
Written back through disposal of a subsidiary (note 39)	-	-	-	(98)	-	(98)
Exchange adjustment	1	46	8	1	5	61
At 30 April 2009	534	34,715	8,894	680	10,872	55,695
Net carrying amount						
At 30 April 2009	4,761	3,689	1,022	2,306	342	12,120
At 30 April 2008	5,183	3,718	918	1,024	345	11,188

Notes to the Financial Statements

For the year ended 30 April 2009

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 30 April 2009, the Group carried out a review on the recoverable amounts of its buildings held for own use in the Group's restaurant operation and other segments. The review led to the recognition of an impairment loss of HK\$340,000 (2008: Nil), that has been recognised in profit or loss. The recoverable amount of the relevant assets have been determined on the basis of their fair value less cost to sell. The fair value has been arrived at based on a valuation carried out by Asset Appraisal Limited, independent valuers not connected with the Group. The valuation was determined by reference to recent market prices for similar properties, locations and conditions.

The impairment losses have been included in line item in the consolidated income statement.

The carrying amount of a motor vehicle of the Group held under finance lease at 30 April 2009 amounted to HK\$671,000 (2008: HK\$450,000).

The carrying amount of the Group's buildings held for own use, which is held under long term lease, is analysed as follows:

	2009 HK\$'000	2008 HK\$'000
Situated in:		
Hong Kong	3,214	3,647
PRC	1,547	1,536
	4,761	5,183

Notes to the Financial Statements

For the year ended 30 April 2009

14. LEASE PREMIUM FOR LAND

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

	Group	
	2009 HK\$'000	2008 HK\$'000
Cost		
Brought forward	5,946	1,340
Additions	–	4,449
Exchange adjustment	25	157
Carried forward	5,971	5,946
Accumulated amortisation and impairment loss		
Brought forward	94	21
Amortisation for the year	143	69
Impairment loss	303	–
Exchange adjustment	–	4
Carried forward	540	94
Net carrying amount	5,431	5,852
Leases of between 10 to 50 years, held in:		
Hong Kong	3,994	4,409
PRC	1,437	1,443
	5,431	5,852
Analysed for reporting purposes as:		
Current assets	135	141
Non-current assets	5,296	5,711
	5,431	5,852

Notes to the Financial Statements

For the year ended 30 April 2009

14. LEASE PREMIUM FOR LAND (CONTINUED)

As at 30 April 2009, the Group carried out a review on the recoverable amounts of its lease premium for land in the Group's restaurant operation and other segments. The review led to the recognition of an impairment loss of HK\$303,000 (2008: Nil), that has been recognised in profit or loss. The recoverable amount of the relevant assets have been determined on the basis of their fair value less cost to sell. The fair value has been arrived at based on a valuation carried out by Asset Appraisal Limited, independent valuers not connected with the Group. The valuation was determined by reference to recent market prices for similar properties, locations and conditions.

The impairment losses have been included in line item in the consolidated income statement.

15. INVESTMENT PROPERTIES

	Group	
	2009 HK\$'000	2008 HK\$'000
Balance at beginning of year	25,800	8,800
Transfer from deposit paid in respect of acquisition of investment properties (note 20)	3,862	–
Additions	18,286	11,081
(Decrease)/increase in fair value	(2,448)	5,919
Balance at end of year	45,500	25,800

The fair value of the Group's investment properties at 30 April 2009 have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. Asset 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.

Notes to the Financial Statements

For the year ended 30 April 2009

16. GOODWILL

	Group	
	2009 HK\$'000	2008 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

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:

	Group	
	2009 HK\$'000	2008 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:

	Group	
	2009	2008
Growth rate	12%	12%
Discount rate	9%	9%

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 (2008: Nil).

Notes to the Financial Statements

For the year ended 30 April 2009

17. INTERESTS IN SUBSIDIARIES

	Company	
	2009 HK\$'000	2008 HK\$'000
Unlisted shares, at cost	136,072	136,072
Less: Impairment loss recognised	(103,982)	(86,982)
	32,090	49,090
Amounts due from subsidiaries	418,463	413,702
Less: Impairment loss recognised	(89,501)	(40,482)
	328,962	373,220

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

As determined by the directors of the Company, in view of the decrease in fair value of certain subsidiaries, the carrying amounts of the amounts due from subsidiaries are greater than the recoverable amounts. Therefore, impairment losses are recognised accordingly.

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		Principal activities
			Direct	Indirect	
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
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

Notes to the Financial Statements

For the year ended 30 April 2009

17. 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	
Vongroup Financial Holdings Corporation ("VFHC")	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 (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
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") (note iii)	PRC/ Mainland China	Registered capital RMB10,000,000	–	100	Consumer finance
龐通投資諮詢(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 ("Unitech")	Hong Kong	Ordinary HK\$1	–	100	Property investment

Notes to the Financial Statements

For the year ended 30 April 2009

17. 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 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 (“Mica”)	Hong Kong	Ordinary HK\$1	–	100	Property investment
Twinway Industries Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
United Luck 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:

- (i) Pursuant to the written resolution passed on 27 April 2008, the nominee 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.

Notes to the Financial Statements

For the year ended 30 April 2009

18. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	Group	
	2009 HK\$'000	2008 HK\$'000
Share of net assets	2,080	1,982

Details of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Business structure	Place of incorporation/ and operations	Percentage of			Principal activity
			Ownership interest	Voting power	Profit sharing	
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.

Summary financial information on the jointly-controlled entity:

	2009		2008	
	100% HK\$'000	Group's effective interest HK\$'000	100% HK\$'000	Group's effective interest HK\$'000
Non-current assets	30	15	326	163
Current assets	6,880	3,440	7,815	3,907
Current liabilities	(2,749)	(1,375)	(4,177)	(2,088)
Total equity	4,161	2,080	3,964	1,982
Income	20,750	10,375	22,804	11,402
Expenses	(20,053)	(10,027)	(21,946)	(10,973)
Profit for the year	697	348	858	429

Notes to the Financial Statements

For the year ended 30 April 2009

19. INTEREST IN AN ASSOCIATE

	Group	
	2009 HK\$'000	2008 HK\$'000
Unlisted investment, at cost	1,000	1,000
Share of post-acquisition results	(16,328)	(16,146)
Share of other reserves	(41)	(41)
	(15,369)	(15,187)
Amount due from an associate	18,447	19,808
Allowance for amount due from an associate	(3,078)	(4,621)
	-	-

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.

Notes to the Financial Statements

For the year ended 30 April 2009

19. INTEREST IN AN ASSOCIATE (CONTINUED)

Summary financial information on an associate:

	2009		2008	
	100% HK\$'000	Group's effective interest HK\$'000	100% HK\$'000	Group's effective interest HK\$'000
Assets	-	-	1,827	895
Liabilities	(32,070)	(15,714)	(33,524)	(16,427)
Net liabilities	(32,070)	(15,714)	(31,697)	(15,532)
Revenue	40	19	4,916	2,409
(Loss)/profit for the year	(372)	(182)	2,015	987

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

	Group	
	2009 HK\$'000	2008 HK\$'000
Balance brought forward	9,126	7,261
Additions	-	7,365
Transfer to investment properties (note 15)	(3,862)	-
Recognised in research and development costs	-	(5,500)
Balance carried forward	5,264	9,126

Notes to the Financial Statements

For the year ended 30 April 2009

21. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2009 HK\$'000	2008 HK\$'000
Unlisted investments:		
Club membership, at fair value	135	135
Unlisted equity investment in Hong Kong	500	–
	635	135

22. INVENTORIES/FORFEITED COLLATERALS HELD FOR SALE

(a) Inventories in the consolidated balance sheet comprise:

	Group	
	2009 HK\$'000	2008 HK\$'000
Inventories – food and beverage products	11,121	11,741
Forfeited collaterals held for sale	164	128
	11,285	11,869

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

	Group	
	2009 HK\$'000	2008 HK\$'000
Carrying amount of inventories sold	52,802	74,837

Notes to the Financial Statements

For the year ended 30 April 2009

23. ACCOUNTS RECEIVABLES

	Group	
	2009 HK\$'000	2008 HK\$'000
Accounts receivables	603	513
Less: Allowance for doubtful debts	(85)	(70)
	518	443

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 aging analysis of accounts receivables net of allowance for doubtful debts as at the balance sheet date is as follows:

	Group	
	2009 HK\$'000	2008 HK\$'000
Within 30 days	245	46
31 – 90 days	223	256
91 – 180 days	32	41
Over 180 days	18	100
	518	443

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

	Group	
	2009 HK\$'000	2008 HK\$'000
Neither past due nor impaired	468	302
1 to 3 months past due	32	41
3 to 6 months past due	14	99
Over 6 months, but less than 1 year past due	4	1
Over 1 year past due	–	–
	50	141
	518	443

Notes to the Financial Statements

For the year ended 30 April 2009

23. ACCOUNTS RECEIVABLES (CONTINUED)

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 balances.

Movement in the allowance for doubtful debts

	Group	
	2009 HK\$'000	2008 HK\$'000
Balance at beginning of the year	70	70
Impairment loss recognised on receivables	15	–
Balance at the end of the year	85	70

Included in the allowance for doubtful debts made for the year are individually impaired trade receivables with a balance of HK\$15,000 (2008: Nil) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

Aging of impaired trade receivables

	2009 HK\$'000	2008 HK\$'000
91-180 days	–	–
Over 180 days	15	–
Total	15	–

Notes to the Financial Statements

For the year ended 30 April 2009

24. MONEYLENDING LOAN RECEIVABLES

	Group	
	2009 HK\$'000	2008 HK\$'000
Balance brought forward	5,175	970
Loan advanced	11,880	30,573
Repayment during the year	(15,319)	(26,482)
Exchange adjustment	88	114
Balance carried forward	1,824	5,175

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 range from 30 to 180 days.

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

25. PROMISSORY NOTE RECEIVABLE

	Group	
	2009 HK\$'000	2008 HK\$'000
At beginning of the year	7,798	40,151
Interest on promissory note	-	2,299
Settled during the year	(7,798)	(34,652)
At end of the year	-	7,798

Notes to the Financial Statements

For the year ended 30 April 2009

25. PROMISSORY NOTE RECEIVABLE (CONTINUED)

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.

The total outstanding balances were settled on 25 August 2008.

26. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Prepayments	3,824	3,105	587	587
Rental and other deposits	2,339	2,078	–	–
Credit card receivables	374	488	–	–
Staff advances (note)	169	382	–	–
Others	4,141	1,113	–	–
	10,847	7,166	587	587

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.

27. 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.

Notes to the Financial Statements

For the year ended 30 April 2009

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
At fair value:				
Listed equity investments in Hong Kong	19,552	41,413	-	277
Listed equity investments outside Hong Kong	797	1,399	-	-
	20,349	42,812	-	277

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	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Cash and bank balances	63,415	55,388	10,700	4,857
Pledged time deposit (note)	703	1,036	-	-
Time deposits	227,407	271,826	-	4,711
Cash and cash equivalents in the balance sheets	291,525	328,250	10,700	9,568
Less: Pledged time deposit	(703)	(1,036)	-	-
Cash and cash equivalents in the consolidated cash flow statement	290,822	327,214	10,700	9,568

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.

Notes to the Financial Statements

For the year ended 30 April 2009

30. ACCOUNTS PAYABLES

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

	Group	
	2009 HK\$'000	2008 HK\$'000
0 – 30 days	2,487	4,271
31 – 90 days	3,453	5,248
91 – 180 days	917	354
181 – 360 days	18	392
Over 360 days	433	–
	7,308	10,265

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 approximate to the fair values.

31. ACCRUALS AND DEPOSITS RECEIVED

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Accruals	7,938	9,991	–	5
Accrued salaries, wages and benefits	2,664	3,014	350	350
Rental and other deposits received	1,538	1,445	–	–
VAT and other tax payables	167	40	–	–
Others	2,067	971	27	27
	14,374	15,461	377	382

Included in accruals of the Group are amounts of approximately HK\$850,000 (2008: HK\$850,000) representing accrued remuneration due to the Company's directors.

Included in accruals of the Company are amounts of approximately HK\$350,000 (2008: HK\$350,000) representing accrued remuneration due to the Company's directors.

Notes to the Financial Statements

For the year ended 30 April 2009

31. ACCRUALS AND DEPOSITS RECEIVED (CONTINUED)

The carrying amounts of accruals and deposits received at the balance sheet date approximate to the 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 PAYABLE

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Amount payable:				
Within one year	286	175	270	162
Between two to five years	238	218	234	212
Less: Future finance charges	(20)	(19)	–	–
Present value of finance lease payable	504	374	504	374
Less: Portion classified as current liabilities	(270)	(162)		
Non-current portion	234	212		

The financial lease payable is arised from a new motor vehicle purchased by the Group during the year and is not secured. The remaining lease term is less than three years. Effective interest rate is fixed at 4.03% per annum. No arrangement have been entered into for contingent rental payment.

The finance lease payable as at 30 April 2008 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. The finance lease payable was transferred out during the year when one of the subsidiaries is being sold to an independent third party, together with the motor vehicle (note 39). At the time of disposal, the finance lease payable is approximately HK\$281,000.

Notes to the Financial Statements

For the year ended 30 April 2009

33. MORTGAGE LOANS

	Group	
	2009 HK\$'000	2008 HK\$'000
Mortgage loans are repayable as follows:		
– within one year	858	828
– between two to five years	3,329	3,582
– after five years	–	607
	4,187	5,017
Less: Amount due within one year included in current liabilities	(858)	(828)
Amount due after one year	3,329	4,189

The mortgage loans of HK\$4,187,000 as at 30 April 2009 and HK\$5,017,000 as at 30 April 2008 were secured by a personal guarantee provided by a director, Mr. Wong, the Group's buildings held for own use (note 13) and lease premium for land (note 14) with net carrying amount amounted of HK\$3,214,000 and HK\$3,994,000 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.

Notes to the Financial Statements

For the year ended 30 April 2009

35. DEFERRED TAX LIABILITIES

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

	Group	
	2009 HK\$'000	2008 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\$92,244,000 (2008: HK\$50,475,000). The unrecognised tax losses, mainly to Hong Kong companies, can be carried forward indefinitely.

36. SHARE CAPITAL

	Group and Company			
	2009		2008	
	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	5,863,960,900	5,864	5,587,385,900	5,587
Issue of shares	-	-	276,575,000	277
At end of the year	5,863,960,000	5,864	5,863,960,900	5,864

Notes to the Financial Statements

For the year ended 30 April 2009

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.

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 2009 (2008: Nil).

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For the year ended 30 April 2009

38. RESERVES

Group

	Attributable to equity holders of the Company					Total
	Share premium	Capital redemption reserve	Statutory surplus reserve	Exchange translation reserve	Accumulated losses	
	(note i)	(note ii)	(note iii)	(note iv)		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 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 and 1 May 2008	533,481	258	33	(2,970)	(131,989)	398,813
Loss for the year	–	–	–	–	(45,229)	(45,229)
Transfer	–	–	91	–	(91)	–
Release upon disposal of subsidiaries (note 39)	–	–	–	3,651	–	3,651
Exchange difference arising on translation of foreign operations	–	–	–	(163)	–	(163)
Share of reserve movements of jointly controlled entity	–	–	–	34	–	34
At 30 April 2009	533,481	258	124	552	(177,309)	357,106

Notes to the Financial Statements

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38. RESERVES (CONTINUED)

Company

	Share premium (note i) HK\$'000	Capital redemption reserve (note ii) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 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 and 1 May 2008	541,047	258	(114,809)	426,496
Loss for the year	–	–	(60,398)	(60,398)
At 30 April 2009	541,047	258	(175,207)	366,098

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 purchased. 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

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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(q).

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39. DISPOSAL OF SUBSIDIARIES

On 23 December 2008, the Group disposed 100% equity interest in Kamboat Group Company Limited (formerly known as “Jin Long Chuan Group Limited”) and its wholly-owned subsidiary, 東莞新聯食品有限公司 (“東莞新聯”) to an independent third party, Ren Lin Zhi. The disposal consideration of HK\$158,000 was satisfied in cash.

Details of the net assets disposed of in respect of the disposal of Kamboat Group Company Limited and 東莞新聯 are summarised as below:

	HK\$'000
<hr/>	
Net assets disposed of:	
Property, plant and equipment	393
Other receivables	43
Finance lease payable	<u>(281)</u>
	155
Release of exchange translation reserve	3,651
Loss on disposal	<u>(3,648)</u>
	158
Total consideration satisfied by cash consideration	<u>158</u>
Net cash inflow arising on disposal:	
Cash consideration	<u>158</u>

The subsidiary disposed during the year contributed revenue of HK\$85,000 and loss after tax HK\$309,000 to the Group for the period from 1 May 2008 to 23 December 2008.

Notes to the Financial Statements

For the year ended 30 April 2009

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 the 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) At 30 April 2009, 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\$976,000 (2008: HK\$1,205,000) at 30 April 2009.
- (c) At 30 April 2008 and 2009, the Company provided corporate guarantee to a landlord to the extent of approximately HK\$370,000 in respect of the operating lease payments of its subsidiaries. No recognition of such guarantee was made for the years ended 30 April 2008 and 2009 because the directors of the Company did not consider it probable that a claim would be made against the Group under the guarantee.

41. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment property (note 15 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	
	2009 HK\$'000	2008 HK\$'000
Within one year	492	204
In the second to fifth years, inclusive	252	–
	744	204

Notes to the Financial Statements

For the year ended 30 April 2009

41. OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) As lessee

At 30 April 2009, The Group had outstanding commitments under non-cancellable operating leases falling due as follows:

	Group	
	2009 HK\$'000	2008 HK\$'000
Within one year	19,334	21,530
In the second to fifth years, inclusive	21,338	37,741
	40,672	59,271

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.

42. RELATED PARTY TRANSACTIONS

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

	Note	2009 HK\$'000	2008 HK\$'000
Associate			
Purchase of bakery products	(i)	15	4,153
Sales of wine	(i)	-	(644)
Related companies			
Legal fees	(ii)	666	3
Secretarial fees	(iii)	44	95
Rental expense	(iv)	14	521
Rental expense	(v)	45	180
Other related parties			
Salaries and other allowances paid	(vi)	334	240

Notes to the Financial Statements

For the year ended 30 April 2009

42. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Notes:

- (i) The Group purchases bakery products from/sells wine to its associate. The prices were determined through negotiations with its associate on a case-by-case basis.
- (ii) 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 leong, David.
- (iii) 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 leong, David.
- (iv) 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 leong, David.
- (v) 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.
- (vi) 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 9(i).

Notes to the Financial Statements

For the year ended 30 April 2009

43. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

(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 judgment 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.

(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 judgment, 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.

Notes to the Financial Statements

For the year ended 30 April 2009

43. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(a) Key sources of estimation uncertainty (Continued)

(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.

(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 judgments 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, judgments are also made during the process of applying the Group's accounting policies.

Notes to the Financial Statements

For the year ended 30 April 2009

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk factors

The Group's major financial instruments include equity investments, borrowings, trade receivable and trade 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, 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. Except for the moneylending loan receivables, the Group does not require collateral in respect of its 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.

The credit risk on cash and cash equivalents is limited because the major counterparties are reputable banks operating in Hong Kong and in PRC. Other than the concentration of cash and cash equivalents which are deposited with several reputable banks in Hong Kong and in PRC, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Further quantitative data in respect of the Group's exposure to credit risk arising from other receivables is disclosed in note 26 to the financial statements.

(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.

Notes to the Financial Statements

For the year ended 30 April 2009

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Liquidity risk (Continued)

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 HK\$'000	More than one year but less than two years HK\$'000	More than two years but less than five years HK\$'000	After five years HK\$'000	Total contractual discounted cash flow HK\$'000	Carrying amount HK\$'000
2009						
Accounts payables	7,308	-	-	-	7,308	7,308
Other payables and accruals	14,374	-	-	-	14,374	14,374
Mortgage loans	966	966	2,542	-	4,474	4,187
Finance lease payable	286	238	-	-	524	504
	22,934	1,204	2,542	-	26,680	26,373

	Within one year or on demand HK\$'000	More than one year but less than two years HK\$'000	More than two years but less than five years HK\$'000	After five years HK\$'000	Total contractual discounted cash flow HK\$'000	Carrying amount 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 2009

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Cash flow interest-rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 33 for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prime rate arising from the company's Hong Kong dollar borrowings.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the balance sheet date:

	Group			
	2009		2008	
	Effective Interest rates %	HK\$'000	Effective Interest rates %	HK\$'000
Fixed rate borrowings:				
Finance lease payable	7.94	504	3.74	374
Variable rate borrowings:				
Mortgage loans	3.32	4,187	4.20	5,017
Total borrowings		<u>4,691</u>		<u>5,391</u>
Net fixed rate borrowings as a percentage of total net borrowings		<u>3.82%</u>		<u>4.17%</u>

Notes to the Financial Statements

For the year ended 30 April 2009

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk factors (Continued)

(iii) *Cash flow interest-rate risk (Continued)*

(ii) Sensitivity analysis

At 30 April 2009, it is estimated that a general increase/decrease of 100 basis points in interest rates would decrease/increase the Group's loss after tax and accumulated losses by approximately HK\$39,000 (2008: HK\$44,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2008.

(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.

Notes to the Financial Statements

For the year ended 30 April 2009

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk factors (Continued)

(iv) Currency risk (Continued)

(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	
	2009 RMB'000	2008 RMB'000
Property, plant and equipment	5,014	4,743
Lease premium for land	1,264	1,292
Inventories	3,997	4,620
Accounts receivables	342	441
Moneylending loan receivables	1,605	4,632
Other receivables, deposits and prepayments	4,161	1,930
Cash and cash equivalents	7,844	20,982
Accounts payables	(1,050)	(1,617)
Other payables and accruals	(3,702)	(3,451)
Tax payable	(17,214)	(18,034)
Overall exposure arising from recognised assets and liabilities	2,261	15,538

Notes to the Financial Statements

For the year ended 30 April 2009

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.

	2009		2008	
	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%	(271)	5%	(214)
	(5)%	271	(5)%	214

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 loss 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 2008.

Notes to the Financial Statements

For the year ended 30 April 2009

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 2009 would be decrease/increase by HK\$1,018,000 (2008: HK\$2,141,000) 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 2009

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 divided by total equity as shown in the consolidated balance sheet. The gearing ratios as at 30 April 2009 and 2008 were as follows:

	Group	
	2009 RMB'000	2008 RMB'000
Mortgage loans	4,187	5,017
Finance lease payable	504	374
Total borrowings	4,691	5,391
Total equity	373,630	420,391
Gearing ratio	0.01	0.01

(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) Mortgage loans

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

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For the year ended 30 April 2009

45. CAPITAL COMMITMENTS

At 30 April 2009, the Group had the following capital commitments:

	Group	
	2009 HK\$'000	2008 HK\$'000
Contracted but not provided for		
Property, plant and equipment	–	1,373
Investment properties	5,664	26,159
	5,664	27,532

46. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's and the Company's financial assets and liabilities recognised at the balance sheet date may also be categorised as follows.

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Financial Assets				
Financial assets at fair value				
through profit or loss	20,349	42,812	–	277
Available-for-sale investments	635	135	–	–
	20,984	42,947	–	277
Loan and receivables:				
– Accounts receivables	518	443	–	–
– Moneylending loan receivables	1,824	5,175	–	–
– Promissory note receivable	–	7,798	–	–
– Credit card receivables	374	488	–	–
– Other receivables	4,141	1,113	–	–
– Cash and cash equivalents	291,525	328,250	10,700	9,568
	298,382	343,267	10,700	9,568
	319,366	386,214	10,700	9,845

Notes to the Financial Statements

For the year ended 30 April 2009

46. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (CONTINUED)

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Financial Liabilities				
Financial liabilities measured at amortised cost:				
– Accounts payables	7,308	10,265	–	–
– Accruals	12,836	14,016	377	382
– Finance lease payable	504	374	–	–
– Mortgage loans	4,187	5,017	–	–
– Amount due to a director	830	91	–	–
	25,665	29,763	377	382

47. MAJOR NON-CASH TRANSACTION

During the year, deposits paid for acquisition of property, plant and equipment and investment properties of HK\$3,862,000 were transferred to investment properties upon acceptance of title by the Group.

48. POST BALANCE SHEET EVENTS

- (a) On 19 May 2009, a wholly-owned subsidiary of the Company, Kamboat Trading Limited, which has been dormant since November 2008, applied for deregistration and was approved by the Companies Registry on 25 May 2009.

Notes to the Financial Statements

For the year ended 30 April 2009

48. POST BALANCE SHEET EVENTS (CONTINUED)

- (b) On 3 July 2009, VFHC, entered into a Share Purchase and Subscription Agreement (“Agreement”) with Tian Da Energy Holdings Limited (“Tecroad HoldCo”) and the sole shareholder of Tecroad HoldCo, Mr. Ji Kewei (“Tecroad Shareholder”), pursuant to which:
- (i) Tecroad Shareholder conditionally agreed to sell and VFHC conditionally agreed to acquire 11 shares legally and beneficially owned by Tecroad Shareholder (“Sale Shares”), and Tecroad HoldCo conditionally agreed to issue and allot and VFHC conditionally agreed to subscribe 12 shares of Tecroad HoldCo (“Subscription Shares”), for a total consideration of HK\$120 million, partly in cash and partly in issuance of new shares of the Company, subject to and upon the terms and conditions of the Agreement. Upon completion, VFHC’s shareholding in Tecroad HoldCo as a result of the purchase of the Sale Shares and the subscription for the Subscription Shares will be approximately 20.54% on an enlarged share capital basis; and
 - (ii) Under the Agreement, a call option is also granted to VFHC (“Call Option”) by Tecroad Shareholder and Tecroad HoldCo to acquire up to an aggregate of 60% of the issued share capital of Tecroad HoldCo as may be enlarged by the full exercise of such call option (the “Option Shares”) and any issue of new shares of Tecroad HoldCo from time to time, which is exercisable in any number of times commencing from the date of completion and ending on a date falling nine months thereafter or three months after the date of publication of the 2009 audited consolidated financial results for Tecroad HoldCo, whichever is later. The exercise price for the Option Shares, if fully exercised, shall be equal to HK\$230,608,696.

Upon completion, VFHC, Tecroad Shareholder and Tecroad HoldCo entered into the Shareholders’ Agreement dated 4 August 2009 (“Completion Date”), which have agreed, among others, upon a modified payment scheme that enhances the alignment of the interests of VFHC with those of Tecroad Shareholder and Tecroad HoldCo, that is, (i) HK\$15 million will be paid in cash to Tecroad Shareholder 7 days after the Completion Date, (ii) the consideration payable to Tecroad HoldCo and the balance of the cash consideration payable to Tecroad Shareholder will be subject to Tecroad HoldCo and its subsidiaries receiving new sales orders, the terms of which meet certain eligibility requirements, for lithium-ion batteries aggregating not less than RMB600 million (approximately HK\$679.7 million) within four months after the Completion Date, and (iii) the Company’s 126,635,000 new shares (“Consideration Shares”) will be issued to Tecroad Shareholder upon receipt of such sales orders within four months after the Completion Date (and upon the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in such Consideration Shares).

Notes to the Financial Statements

For the year ended 30 April 2009

48. POST BALANCE SHEET EVENTS (CONTINUED)

Upon exercise of the Call Option, the date of payment for the exercise thereof and the date of issuance of shareholding to VFHC in respect thereto will, in lieu of the relevant dates stated in the Company's announcement dated 6 July 2009, take place on a date on or before the end of the option period that will be specified by VFHC.

Tecroad HoldCo is an investment holding company which has 100% beneficial ownership in Beijing Tecroad Energy Limited, a company established in the PRC which is principally engaged in the research and development, production and sales and distribution of technologically advanced environmentally-friendly emission-free lithium-ion batteries and new energy materials.

Details of the acquisition were disclosed in the Company's announcements dated 14 June, 6 July and 4 August 2009.

- (c) From 22 to 26 May 2009, the Company repurchased 4,100,000 of its own shares in aggregate at a total consideration of HK\$456,800, representing 0.0699% of the issued share capital at 26 May 2009.
- (d) Subsequent to the balance sheet date, the Group had disposed of two investment properties. The details are as follows:
 - (i) Mica entered into a sale and purchase agreement with an independent third party to dispose of an investment property with carrying value of HK\$3.5 million at 30 April 2009 for a consideration of HK\$3.8 million. Up to the date of this report, a deposit of HK\$380,000 has been received and the balance of HK\$3,420,000 shall be received upon completion on 31 August 2009; and
 - (ii) Unitech entered into a sale and purchase agreement with an independent third party to dispose of an investment property with carrying value of HK\$10 million at 30 April 2009 for a consideration of HK\$11.95 million. Such property has been disposed of and completed on 18 August 2009 and the total consideration has also been received on the same date.

49. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm with the current year's change in presentation.

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				
	2009 HK\$'000	2008 HK\$'000 (restated)	2007 HK\$'000 (restated)	2006 HK\$'000 (restated)	2005 HK\$'000
Revenue	156,178	198,195	218,188	217,626	238,373
Loss before taxation	(49,979)	(27,301)	(10,923)	(29,313)	(18,123)
Income tax	(304)	(392)	(4,257)	(4,905)	(2,859)
Loss for the year from continuing operations	(50,283)	(27,693)	(15,180)	(34,218)	(20,982)
Loss for the year from discontinued operation	-	-	-	(23,697)	(3,932)
Loss for the year	(50,283)	(27,693)	(15,180)	(57,915)	(24,914)
Attributable to:					
Equity holders of the Company	(45,229)	(27,214)	(14,948)	(57,915)	(24,914)
Minority interests	(5,054)	(479)	(232)	-	-
	(50,283)	(27,693)	(15,180)	(57,915)	(24,914)

CONSOLIDATED ASSETS AND LIABILITIES

	Consolidated as at 30 April				
	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000
TOTAL ASSETS	421,745	473,580	228,826	218,260	92,885
TOTAL LIABILITIES	(48,115)	(53,189)	(52,997)	(64,889)	(43,296)
	373,630	420,391	175,829	153,371	49,589

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
3.	Flat F, 5/F, Tower 6, Harbour Place, 8 Oi King Street, Kowloon	Residential	Medium term
4.	Flat B, 10/F, Tower 7, Harbour Place, 8 Oi King Street, Kowloon	Residential	Medium term
5.	Flat C, 10/F, Tower 7, Harbour Place, 8 Oi King Street, Kowloon	Residential	Medium term
6.	Flat H, 10/F, Tower 7, Harbour Place, 8 Oi King Street, Kowloon	Residential	Medium term
7.	Flat D, 8th Floor, Tower 7, Harbour Place, 8 Oi King Street, Kowloon	Residential	Medium term
8.	Flat K, 8th Floor, Tower 7, Harbour Place, 8 Oi King Street, 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