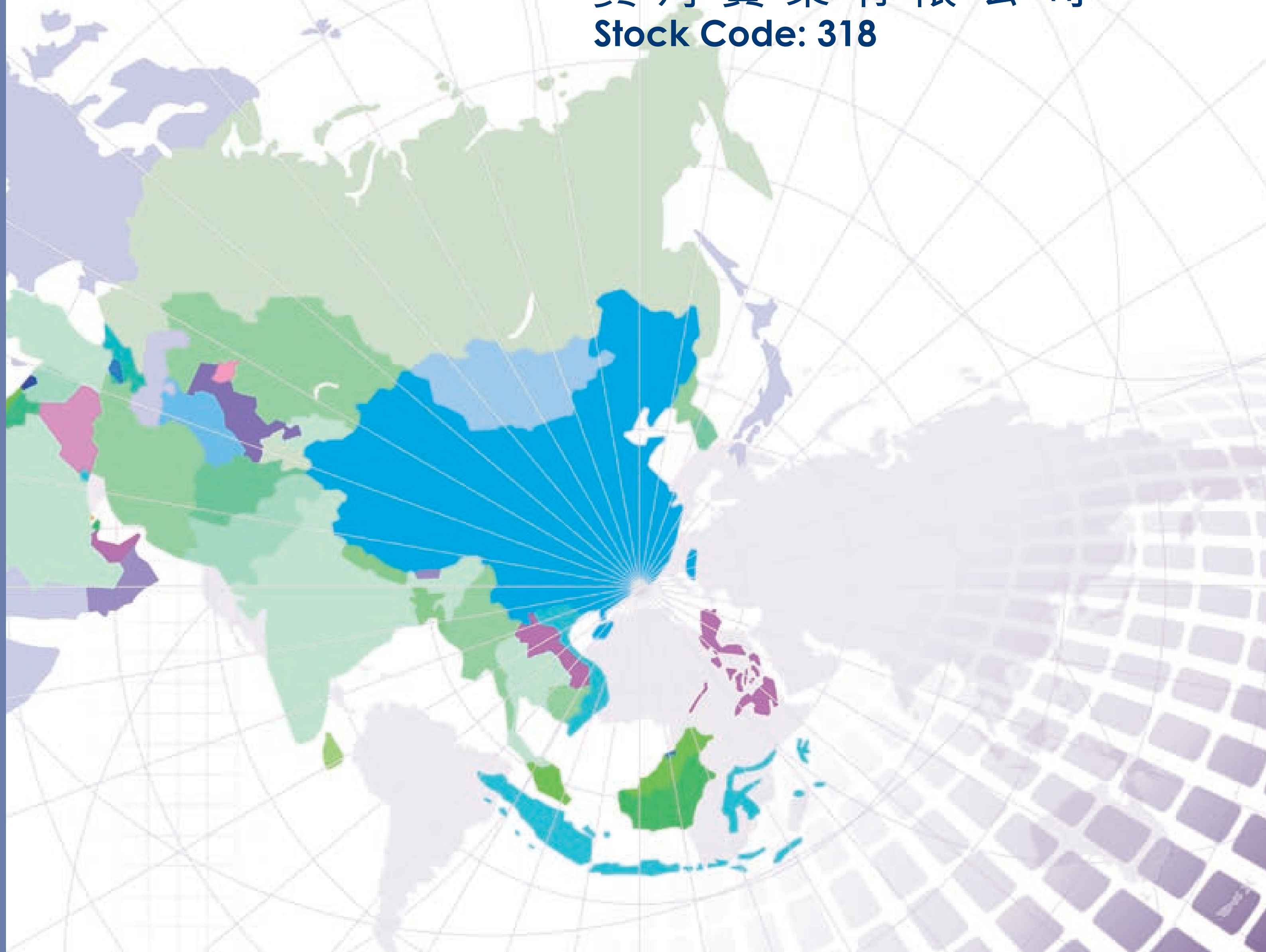
VONGROUP LIMITED

黃河實業有限公司

Stock Code: 318



ANNUAL REPORT 2010

vongroup

Corporate Information

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr TSUI Siu Hung, Raymond

AUDITOR

CCIF CPA Limited
34/F The Lee Gardens
33 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 West 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

Contents

Management's Statement

Dear Fellow Shareholders,

On behalf of the Company, we hereby present to our shareholders the audited results of the Company and its subsidiaries for the year ended 30 April 2010.

The Vongroup corporate model exemplifies an innovative multiple-division listed group, which is coalesced by shared business development initiatives, as well as a unifying corporate ethos. Given the uncertainties that were incumbent in the prevailing market environment, I am pleased with your team's accomplishments during this past year. In achieving our results, including, for example, a reduction in our loss for the year to HK$7.9 million, from HK$50.3 million, we owe a great deal, as usual, to our investment and operational strategy, as well as careful execution by your team of management professionals.

The economic stimulus packages and measures taken by many governments have gradually taken effect, and the financial and investment climate appear to be improving steadily. To stay focused, we will continue our long-standing practice of prioritising investment opportunities that leverage upon our many years of experience and accumulated credibility, and we will continue to make investment decisions based on highly prudent and rigorously calculated risk-adjusted reward analysis. Finally, I wish to say that I am proud of your team, who have been working continuously and with drive to enhance the interests of our shareholders.

Vong Tat Ieong, David
Executive Director
23 August 2010

Management Discussion and Analysis

OVERALL PERFORMANCE

For the year ended 30 April 2010, the Group generated revenue of approximately HK$102.8 million (2009: approximately HK$156.2 million) with a loss for the year of approximately HK$7.9 million (2009: approximately HK$50.3 million).

BUSINESS REVIEW

Financial Services

During this year, the revenue of our financial services businesses was approximately HK$1.6 million, which reflected no significant change as compared to last year.

Securities

Our securities business returned a profit of approximately HK$9.7 million (2009: loss of approximately HK$18.6 million) which was mainly contributed by net realised and unrealised gain on securities investment of approximately HK$11.4 million (2009: loss of approximately HK$16.9 million) for this year.

Property

Our property business contributed steady rental income to the Group. The revenue of the Group's property business segment was approximately HK$554,000 (2009: approximately HK$444,000). The business segment contributed a profit of approximately HK$9.4 million (2009: loss of approximately HK$2.2 million) to the Group. The increase in segment profit was mainly due to (i) the unrealised fair value gain on investment properties of approximately HK$7.0 million (2009: fair value loss of approximately HK$2.4 million) as at 30 April 2010; and (ii) gain on disposal of certain investment properties of approximately HK$2.1 million during this year. Excluding the gain on unrealised fair value and disposed of certain properties in 2010, the recurring profit of the property business segment would have been approximately HK$310,000 (2009: approximately HK$283,000).

Technology & Media

Our technology & media businesses recorded a loss of approximately HK$1.9 million, a decrease in loss of approximately HK$9.3 million or 83.3% as compared to last year.

Food & Beverage

During this year, revenue for our food & beverage businesses was approximately HK$100.6 million (2009: approximately HK$154.1 million), resulting in a segment loss of approximately HK$5.8 million (2009: approximately HK$7.8 million).

SEASONAL/CYCLICAL FACTORS

The sales volume during festive periods is normally higher than the sales volume in the slack periods of the year for food and beverage operations.

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 2010 amounting to approximately HK$235.2 million (2009: approximately HK$291.5 million). The Group's current ratio as at 30 April 2010 is 6.7 (2009: 7.8). The total equity of the Group amounted to approximately HK$365.2 million (2009: approximately HK$373.6 million) as at 30 April 2010.

Gearing

The gearing ratio, as a ratio of bank borrowings to total equity, was 0.04 as at 30 April 2010 (2009: 0.01).

Exchange Rate Exposure

As at 30 April 2010, the Group's cash and cash equivalents amounted to approximately HK$235.2 million, the majority of which was in Hong Kong dollars. Since the majority of the Group's transactions, monetary assets and liabilities are 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 2010, 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$233,000 (2009: approximately HK$976,000) at 30 April 2010.

(c) As at 30 April 2009 and 2010, KCCC provided corporate guarantee to a landlord to the extent of approximately HK$370,000 and HK$190,000 respectively in respect of the operating lease payments. No recognition of such guarantee was made for the years ended 30 April 2009 and 2010 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$nil as at 30 April 2010 (2009: approximately HK$5.7 million).

FUTURE PROSPECTS

The Group anticipates that the next year will be no less challenging than the previous year, but we will continue to seek potential investment opportunities, to diversify our business portfolios, and improve our business performance.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 April 2010, the Group had 344 (2009: 431) employees in Hong Kong and the PRC. The Group has not had 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 Ieong, David, aged 48, 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 Xu Siping, aged 52, has been a director of the Company since 2005 and held a series of senior policy positions for about 18 years at the PRC's State Economic and Trade Commission and the National Development and Reform 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.

Profile of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Fung Ka Keung, David, aged 47, has been an Independent Non-executive Director of the Company since 2005, is Director of Finance at Golden Concord Holdings Limited and an Executive Director of Asia Energy Logistics Group Limited, a company listed on the Stock Exchange. He is a member of the Company's Audit Committee and Remuneration Committee. Mr Fung graduated from Leicester University.

Dr Lam Lee G., aged 51, 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, a Master of Law from the University of Wolverhampton in the UK, and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 28 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 (and a former Specially-invited Member of the Zhejiang 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 Fellow of the Hong Kong International Arbitration Centre, 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 44, 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 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group comprise financial services businesses, securities businesses, property businesses, technology & media businesses and food & beverage businesses. Details of the principal subsidiaries are set out in note 17 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's segment revenue, results, assets and liabilities for the year ended 30 April 2010 is set out in note 4 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 30 April 2010 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 115. This summary does not form part of the audited financial statements.

DONATIONS

Donations made by the Group during the year amounted to HK$3,000 (2009: HK$114,000).

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 116.

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 35 and 36 to the financial statements, respectively.

Report of the Directors

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association 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

During the year, the Company repurchased a total of 4,100,000 shares of HK$0.001 each on the Stock Exchange at an aggregate consideration of HK$460,802. All of the shares repurchased have been cancelled during the year.

Date of repurchase	Total number of shares repurchased	Purchase price per share Highest	Purchase price per share Lowest	Aggregate consideration
		HK$	HK$	HK$
22 May 2009	2,500,000	0.115	0.108	282,476
25 May 2009	1,000,000	0.111	0.111	112,285
26 May 2009	600,000	0.113	0.103	66,041
	4,100,000			460,802

The repurchases were made by the Directors, pursuant to the mandate granted by the shareholders, with a view to benefit the Company and the shareholders as a whole in the enhancement of the net assets per share and earnings per share.

Save as disclosed above, none of the Company or any of its subsidiaries purchased, sold or redeemed any of its listed securities during the year ended 30 April 2010.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 37 to the financial statements.

DISTRIBUTABLE RESERVES

As at 30 April 2010, the Company's reserves available for distribution, calculated in accordance with the Companies Law (2004 Revision) of the Cayman Islands, amounted to approximately HK$359.6 million. This includes the Company's share premium account, in the amount of approximately HK$540.6 million as at 30 April 2010, 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 approximately HK$0.26 million may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The revenue attributable to the five largest customers of the Group accounted for less than 30% of the total Group's revenue 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 44 to the financial statements.

EXCHANGE RATES EXPOSURE

Details of the exchange rate exposure are set out in note 43(a)(iv) to the financial statements.

DIRECTORS

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

Executive Directors:
Mr Vong Tat Ieong, David *(Chief Executive Officer)*
Mr Wong Chi Man (resigned as of 29 September 2009)
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 Xu Siping and Mr Fung Ka Keung, David, will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Report of the Directors

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

DIRECTORS' SERVICE CONTRACTS

Mr Vong Tat Ieong, David has an employment agreement with a subsidiary of the Group commencing on 3 September 2005, 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 2010.

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.

DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 April 2010, the interests and short positions of the Director 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 Ieong, David *(Note)*	The Company	Held through a controlled corporation	3,962,000,000 ordinary shares of HK$0.001 each	67.61%

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

Save as disclosed above, as at 30 April 2010, 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 36 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 SHAREHOLDER'S INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 April 2010, 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 Ieong, David *(note)*	3,962,000,000	67.61%
Vongroup Holdings Limited *(note)*	3,962,000,000	67.61%

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

Save as disclosed above, as at 30 April 2010, no person other than the Directors of the Company, whose interests are set out in the section "Director's 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.

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 2010.

DIRECTOR'S INTERESTS IN COMPETING BUSINESSES AND CONFLICTS OF INTERESTS

During the year ended 30 April 2010, 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, a former executive Director who resigned as of 29 September 2009, and his associates have interests in other companies which are engaged in food & beverage 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, food & beverage businesses 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.

CONNECTED TRANSACTIONS

Certain related party transactions entered by the Group during the year ended 30 April 2010, which also constitute connected transactions under the Listing Rules, are disclosed in note 41 to the financial statements.

Report of the Directors

CORPORATE GOVERNANCE

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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 Ieong, David
Executive Director

Hong Kong
23 August 2010

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 2010.

Set out below are the status and details of compliance by the Company of the CG Code in the year ended 30 April 2010.

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 2010.

BOARD OF DIRECTORS

Composition

As at 30 April 2010, the Board of Directors (the "Board") comprises five members: two executive Directors, namely, Mr Vong Tat Ieong, David (Chief Executive Officer) 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 7 and 8 of this Annual Report.

Roles and Functions

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

Corporate Governance Report

Board meetings and attendance record

The Board held 11 Board meetings during the year ended 30 April 2010 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	Attended/Held
Mr VONG Tat Ieong, David	11/11
Mr WONG Chi Man (resigned as of 29 September 2009)	3/7
Mr XU Siping	11/11
Mr FUNG Ka Keung, David	11/11
Dr LAM Lee G.	8/11
Ms WONG Man Ngar, Edna	11/11

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.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

BOARD COMMITTEES

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

Audit Committee

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

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

The Audit Committee held 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 2009 and for the six months ended 31 October 2009, 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 2010 have been reviewed by the Company's Audit Committee.

Remuneration Committee

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

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

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

Other information

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

AUDITOR'S REMUNERATION

The amount of audit fee payable to CCIF CPA Limited for the year ended 30 April 2010 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.

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
陳葉馮會計師事務所有限公司

34/F The Lee Gardens
33 Hysan Avenue
Causeway Bay Hong Kong
香港 銅鑼灣 希慎道33號
利園34樓

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 114, which comprise the consolidated and Company statements of financial position as at 30 April 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow 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 judgement, 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 2010 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, 23 August 2010

Kwok Cheuk Yuen
Practising Certificate Number P02412

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2010

	Note	2010 HK$'000	2009 HK$'000
Revenue	5	**102,784**	156,178
Other revenue	5	**3,564**	4,264
Other net income	5	**17,314**	473
Cost of inventories consumed		**(33,867)**	(52,802)
Cost of forfeited collateral sold		**(121)**	(376)
Staff costs		**(37,900)**	(49,832)
Operating lease rentals		**(16,584)**	(21,374)
Depreciation and amortisation		**(2,901)**	(2,693)
Other expenses		**(46,510)**	(80,710)
Impairment loss on property, plant and equipment		**–**	(340)
Impairment loss on lease premium for land		**–**	(303)
Change in fair value of investment properties		**7,043**	(2,448)
Loss from operations	6	**(7,178)**	(49,963)
Finance costs	7	**(141)**	(182)
Share of profit/(loss) of:			
Jointly-controlled entity		**136**	348
Associate		**–**	(182)
Loss before taxation		**(7,183)**	(49,979)
Income tax	8(a)	**(757)**	(304)
Loss for the year		**(7,940)**	(50,283)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**(21)**	(163)
Total comprehensive income for the year		**(7,961)**	(50,446)
Loss for the year attributable to:			
Owners of the Company		**(6,507)**	(45,229)
Minority interests		**(1,433)**	(5,054)
		(7,940)	(50,283)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(6,528)**	(45,392)
Minority interests		**(1,433)**	(5,054)
		(7,961)	(50,446)
Loss per share			
– Basic and diluted	12	**(HK$0.0011)**	(HK$0.0077)

The notes on pages 31 to 114 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 30 April 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	13	**9,962**	12,120
Lease premium for land	14	**5,161**	5,296
Investment properties	15	**63,940**	45,500
Goodwill	16	**8,988**	8,988
Interest in a jointly-controlled entity	18	**2,216**	2,080
Interest in an associate	19	**–**	–
Rental and utility deposits		**–**	5,201
Deposits paid in respect of acquisition of property, plant and equipment and investment properties	20	**1,761**	5,264
Available-for-sale investments	21	**21,414**	635
		113,442	85,084
Current assets			
Lease premium for land	14	**135**	135
Inventories	22	**10,951**	11,121
Forfeited collateral held for sale	22	**203**	164
Accounts receivable	23	**451**	518
Moneylending loan receivables	24	**11,973**	1,824
Deposits, prepayments and other receivables	25	**9,872**	10,847
Amount due from a jointly-controlled entity	26	**227**	178
Financial assets at fair value through profit or loss	27	**42,789**	20,349
Cash and cash equivalents	28	**235,223**	291,525
		311,824	336,661
Current liabilities			
Accounts payable	29	**3,456**	7,308
Accruals and deposits received	30	**20,193**	14,374
Tax payables	8(b)	**20,247**	19,561
Finance lease payable – current portion	31	**234**	270
Bank borrowings – current portion	32	**2,459**	858
Amount due to a director	33	**–**	830
		46,589	43,201
Net current assets		**265,235**	293,460

Consolidated Statement of Financial Position

As at 30 April 2010

	Note	2010 HK$'000	2009 HK$'000
Total assets less current liabilities		**378,677**	378,544
Non-current liabilities			
Other payables		**–**	760
Finance lease payable – long-term portion	31	**–**	234
Bank borrowings – long-term portion	32	**12,878**	3,329
Deferred tax liabilities	34	**591**	591
		13,469	4,914
NET ASSETS		**365,208**	373,630
CAPITAL AND RESERVES			
Share capital	35	**5,860**	5,864
Reserves	37	**350,121**	357,106
		355,981	362,970
Minority interests		**9,227**	10,660
TOTAL EQUITY		**365,208**	373,630

Approved and authorised for issue by the board of directors on 23 August 2010.

On behalf of the board

Vong Tat Ieong, David
Director

Xu Siping
Director

The notes on pages 31 to 114 form an integral part of these financial statements.

Statement of Financial Position

As at 30 April 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Interests in subsidiaries	17	**32,090**	32,090
Current assets			
Deposits, prepayments and other receivables	25	**593**	587
Amounts due from subsidiaries	17	**314,320**	328,962
Cash and cash equivalents	28	**21,888**	10,700
		336,801	340,249
Current liabilities			
Accruals and deposits received	30	**3,446**	377
Net current assets		**333,355**	339,872
NET ASSETS		**365,445**	371,962
CAPITAL AND RESERVES			
Share capital	35	**5,860**	5,864
Reserves	37	**359,585**	366,098
TOTAL EQUITY		**365,445**	371,962

Approved and authorised for issue by the board of directors on 23 August 2010.

On behalf of the board

Vong Tat Ieong, David
Director

Xu Siping
Director

The notes on pages 31 to 114 form an integral part of these financial statements.

Consolidated Statement of Changes In Equity

For the year ended 30 April 2010

	Share capital	Share premium	Capital redemption reserve	Statutory surplus reserve	Other comprehensive income Exchange translation reserve	Accumulated losses	Attributable to owners of the Company	Minority interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 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)
Exchange differences arising on transaction of foreign operations	–	–	–	–	(163)	–	(163)	–	(163)
Total comprehensive income for the year	–	–	–	–	(163)	(45,229)	(45,392)	(5,054)	(50,446)
Transfer	–	–	–	91	–	(91)	–	–	–
Release upon disposal of subsidiaries (note 38)	–	–	–	–	3,651	–	3,651	–	3,651
Share of reserve movements of jointly controlled entity	–	–	–	–	34	–	34	–	34
At 30 April 2009 and 1 May 2009	5,864	533,481	258	124	552	(177,309)	362,970	10,660	373,630
Loss for the year	–	–	–	–	–	(6,507)	(6,507)	(1,433)	(7,940)
Exchange differences arising on transaction of foreign operations	–	–	–	–	(21)	–	(21)	–	(21)
Total comprehensive income for the year	–	–	–	–	(21)	(6,507)	(6,528)	(1,433)	(7,961)
Repurchase of own shares	(4)	(461)	4	–	–	–	(461)	–	(461)
Transfer	–	–	–	32	–	(32)	–	–	–
At 30 April 2010	5,860	533,020	262	156	531	(183,848)	355,981	9,227	365,208

The notes on pages 31 to 114 form an integral part of these financial statements.

Consolidated Statement of Cash Flow

For the year ended 30 April 2010

	Note	2010 HK$'000	2009 HK$'000
Operating activities			
Loss before taxation		**(7,183)**	(49,979)
Adjustments for:			
Share of (profit)/loss of:			
– jointly-controlled entity	18	**(136)**	(348)
– associate	19	**–**	182
Interest income	5	**(300)**	(3,130)
Dividend income from listed securities	5	**(536)**	(865)
Finance costs	7	**141**	182
Depreciation of property, plant and equipment	13	**2,766**	2,550
Amortisation of lease premium for land	14	**135**	143
Impairment loss on accounts receivable	6	**–**	15
Impairment loss on property, plant and equipment	13	**–**	340
Impairment loss on lease premium for land	14	**–**	303
Reversal of impairment loss on amount due from an associate	6	**–**	(1,543)
Change in fair value of investment properties	15	**(7,043)**	2,448
Loss on disposal of subsidiaries	6	**–**	3,648
Net (gain)/loss on disposal of property, plant and equipment	5, 6	**(954)**	9
Gain on disposal of investment properties	5, 6	**(2,067)**	–
Operating loss before working capital changes		**(15,177)**	(46,045)
Decrease in amount due from an associate		**–**	1,361
Decrease in rental and utility deposits		**3,524**	1,617
Decrease in inventories		**170**	620
Increase in forfeited collateral held for sale		**(39)**	(36)
Decrease/(increase) in accounts receivable		**67**	(90)
(Increase)/decrease in moneylending loan receivables		**(10,149)**	3,351
Decrease/(increase) in deposits, prepayments and other receivables		**2,652**	(3,724)
Decrease in promissory note receivable		**–**	7,798
Increase in amount due from a jointly-controlled entity		**(49)**	–
(Increase)/decrease in financial assets at fair value through profit or loss		**(22,440)**	22,463
Decrease in accounts payable		**(3,852)**	(2,957)
Increase/(decrease) in accruals and deposits received		**1,467**	(1,087)
Decrease in other payables		**(760)**	(481)
Cash used in operations		**(44,586)**	(17,210)
PRC enterprise income tax paid	8(b)	**(71)**	(1,236)

Consolidated Statement of Cash Flow

For the year ended 30 April 2010

	Note	2010 HK$'000	2009 HK$'000
Net cash outflow from operating activities		**(44,657)**	(18,446)
Investing activities			
Interest received		**300**	3,130
Dividend received from listed securities		**536**	865
Acquisition of investment properties	15	**(26,014)**	(18,286)
Acquisition of property, plant and equipment	13	**(2,844)**	(4,124)
Net proceeds from disposal of investment properties		**20,195**	–
Proceeds from disposal of property, plant and equipment		**3,182**	–
Decrease in pledged time deposits		**513**	333
Proceeds from disposal of subsidiaries	38	**–**	158
Acquisition of available-for-sale investments		**(16,427)**	(500)
Net cash outflow from investing activities		**(20,559)**	(18,424)
Financing activities			
Interest paid		**(141)**	(182)
Repurchase of own shares		**(461)**	–
Advanced from bank borrowings		**12,102**	–
Repayment of bank borrowings		**(952)**	(830)
Capital element of finance lease payable		**(270)**	411
(Decrease)/increase in amount due to a director		**(830)**	739
Net cash inflow from financing activities		**9,448**	138
Net decrease in cash and cash equivalents		**(55,768)**	(36,732)
Effect of foreign exchange rate changes		**(21)**	340
Cash and cash equivalents at beginning of year		**290,822**	327,214
Cash and cash equivalents at end of year	28	**235,033**	290,822

The notes on pages 31 to 114 form an integral part of these financial statements.

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. 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 on 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 2010, Vongroup Holdings Limited, a company incorporated in the British Virgin Islands, which owns 67.61% of the issued share capital of the Company, is the ultimate holding company and Mr. Vong Tat Ieong, David is the ultimate controlling party of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which 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 on 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 2010 comprise the Company and its subsidiaries, the Group's interest in a jointly-controlled entity and interest in an associate.

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

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

Judgements 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 42.

(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 statement of comprehensive income 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.

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 statement of comprehensive income.

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 statement of financial position with equity, separately from equity attributable to the owners of the Company. Minority interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss for the year between minority interests and the owners 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.

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 statement of financial position in accordance with note 2(p) depending on the nature of the liability.

In the Company's statement of financial position, 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 statement of comprehensive income 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 statement of financial position, investments in associates are stated at cost less impairment losses (see note 2(j)), unless it is classified as held for sale.

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.

A 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 statement of comprehensive income and consolidated reserves, respectively. The Group's interest in jointly-controlled entity is stated in the consolidated statement of financial position 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.

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 statement of comprehensive income. 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 statement of comprehensive income.

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(w)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as an investment property.

Investment properties are stated in the statement of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(m)(v).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(w)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(w).

(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 the end of each financial period 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

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

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

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

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

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 the end of each reporting period 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.

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 value in use. In assessing its 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 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.

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 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 expenditure expected to settle the obligation.

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets

The Group classified its investments in securities in the following categories: Available-for-sale financial assets, 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) Available-for-sale financial assets

Available-for-sale financial assets are initially recognised at fair value plus transaction costs. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised directly in equity. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(m) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss as set out in note 2(m). When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

For available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent period.

Investments are recognised/derecognised on the date the Group and/or the company commits to purchase/sell the investments or when they expire.

(ii) 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 end of reporting period. 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 statement of comprehensive income in the period in which they arise.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (Continued)

(iii) 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 end of reporting period. 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 food & beverage businesses

Revenue from food & beverage businesses is recognised when catering services have been provided to customers.

(ii) Revenue from financial services charges and loan interest income

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

– Loan interest income is recognised using the effective interest method for all loans that the Group deems to be collectible based on historical 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(m) Revenue recognition (Continued)

(iv) Sales of forfeited collateral

Sales of forfeited collateral 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.

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 of 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 of doubtful debts (see note 2(j)).

(o) Moneylending loan receivables

Moneylending loan receivables 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, if any, 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

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in equity. Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(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 statement of comprehensive income 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.

The Group's PRC operations participate in defined contribution retirement plans managed by the local municipal government in the locations in which it operates. The relevant authorities of the local municipal government in the PRC is responsible for the retirement benefit obligations payable to the Group's retire employees. The Group has no obligation for payment of retirement benefits beyond the annual contribution. The contribution payable is charged as an expense to profit or loss as and when incurred.

(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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(t) Forfeited collateral held for sale

Forfeited collateral 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 collateral 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 into 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 statement of cash flow.

(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.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(v) Income tax (Continued)

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

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

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

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period 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 dividends is recognised.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(w) Leased assets (Continued)

(i) Classification of assets leased to the Group

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

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

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Company or Group will obtain ownership of the asset, the life of the asset, as set out in note 2(j). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(x) Employee benefits

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

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 lattice 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).

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

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

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

The Group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") that are first effective for the current accounting period.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 which is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The amendments to HKAS 23, HKFRS 2 and HKFRS 7 have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's chief operating decision maker, and has resulted in additional reportable segments being identified and presented (see note 4). Corresponding amounts have been provided on a basis consistent with the revised segment information.

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

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated statement of comprehensive income, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- The "Improvements to HKFRSs (2008)" comprise a number of amendments to a range of HKFRSs. Of these, the following three amendments have resulted in changes to the Group's accounting policies:

  – As a result of amendments to HKAS 28, Investments in associates, impairment losses recognised in respect of the associates and jointly-controlled entities carried under the equity method are no longer allocated to the goodwill inherent in that carrying value. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment loss will be reversed. Previously, the Group allocated impairment losses to goodwill and, in accordance with the accounting policy for goodwill, did not consider the loss to be reversible. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any impairment losses that arise in the current or future periods and previous periods have not been restated.

  – As a result of amendments to HKAS 40, Investment property, investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Previously such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. As the Group does not currently have any investment property under construction, this change in policy has no impact on the net assets or profit or loss for any of the periods presented.

  – The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, associates and jointly-controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the entity's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the entity would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segment. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision maker for the purposes of resource allocation and performance assessment.

(a) Segment revenue, results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segment. Head office and corporate expenses are not allocated to individual segments.

Segment assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment. Segment liabilities include trade creditors, accruals and deposit received attributable to each segments and finance lease payable and bank borrowings managed directly by the segments.

4. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue, results, assets and liabilities (Continued)

The five reportable operating segments are listed as follows:

(i)	Financial services:	Consumer finance, moneylending, other financial/business services, and related activities
(ii)	Securities:	Securities and related activities
(iii)	Property:	Real property and related activities
(iv)	Technology & Media:	Smart-card financial services, other technology & media, and related activities
(v)	Food & Beverage:	Catering services, other food & beverage businesses, and related activities

4. SEGMENT INFORMATION (CONTINUED)

Business segments

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

	Financial services		Securities		Property		Technology & Media		Food & Beverage		Consolidated	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000 (restated)	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000 (restated)
Segment revenue:												
Turnover	**1,646**	1,639	**–**	–	**554**	444	**–**	–	**100,584**	154,095	**102,784**	156,178
Other revenue and net income	**286**	807	**14,771**	1,269	**2,067**	–	**66**	120	**2,041**	193	**19,231**	2,389
Total	**1,932**	2,446	**14,771**	1,269	**2,621**	444	**66**	120	**102,625**	154,288	**122,015**	158,567
Segment results	**489**	233	**9,671**	(18,613)	**9,420**	(2,165)	**(1,851)**	(11,114)	**(5,803)**	(7,812)	**11,926**	(39,471)
Unallocated other revenue											**1,647**	2,348
Unallocated expenses											**(20,751)**	(12,840)
Loss from operations											**(7,178)**	(49,963)
Finance costs											**(141)**	(182)
Share of results of:												
Jointly-controlled entity											**136**	348
Associate											**–**	(182)
Loss before taxation											**(7,183)**	(49,979)
Income tax											**(757)**	(304)
Loss for the year											**(7,940)**	(50,283)

4. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Financial services		Securities		Property		Technology & Media		Food & Beverage		Consolidated	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Segment assets	**30,761**	24,401	**57,825**	40,147	**72,857**	49,555	**8,984**	10,688	**26,071**	36,375	**196,498**	161,166
Investment in a jointly-controlled entity	**–**	–	**–**	–	**–**	–	**–**	–	**2,216**	2,080	**2,216**	2,080
Unallocated assets											**226,552**	258,499
Total assets											**425,266**	421,745
Segment liabilities	**723**	760	**–**	–	**12,116**	120	**116**	159	**32,915**	40,462	**45,870**	41,501
Unallocated liabilities											**14,188**	6,614
Total liabilities											**60,058**	48,115
Other segment information:												
Interest income	**293**	790	**–**	–	**–**	–	**2**	52	**5**	10	**300**	852
Unallocated amounts											**–**	2,278
											300	3,130
Interest expenses	**–**	–	**–**	–	**16**	–	**–**	–	**85**	109	**101**	109
Unallocated amounts											**40**	73
											141	182
Capital expenditure	**–**	30	**–**	–	**26,014**	18,295	**–**	68	**464**	1,879	**26,478**	20,272
Unallocated amounts											**2,380**	2,138
											28,858	22,410
Depreciation and amortisation	**19**	63	**–**	–	**4**	3	**202**	198	**1,685**	1,801	**1,910**	2,065
Unallocated amounts											**991**	628
											2,901	2,693

4. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Financial services		Securities		Property		Technology & Media		Food & Beverage		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Impairment loss on accounts receivable	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(15)	**–**	(15)
Impairment loss on property, plant and equipment and lease premium for land	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(456)	**–**	(456)
Unallocated amounts											**–**	(187)
											–	(643)
Gain/(loss) on disposal of property, plant and equipment and investment properties	**–**	–	**–**	–	**2,067**	–	**–**	–	**(692)**	(9)	**1,375**	(9)
Unallocated amounts											**1,646**	–
											3,021	(9)
Gain/(loss) on change in fair value of investment properties	**–**	–	**–**	–	**7,043**	(2,448)	**–**	–	**–**	–	**7,043**	(2,448)
Reversal of impairment loss on amount due from an associate	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1,543	**–**	1,543

4. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

The Group's operations are carried out mainly in Hong Kong and PRC. Financial services are carried out in Hong Kong and PRC, and technology & media businesses are carried out mainly in PRC. Securities and property businesses are carried out mainly in Hong Kong. Food & beverage businesses are 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		PRC		Consolidated	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Segment revenue:						
Revenue	**62,263**	113,439	**40,521**	42,739	**102,784**	156,178
Other segment information:						
Segment assets	**385,332**	380,841	**39,934**	40,904	**425,266**	421,745
Capital expenditure	**28,660**	20,762	**198**	1,648	**28,858**	22,410

(c) Information about major customers

The Group has a very wide customer base, and no single customer contributed more than 10% of the Group's revenue for each of the years ended 30 April 2009 and 2010.

5. REVENUE, OTHER REVENUE AND OTHER NET INCOME

The principal activities of the Group are financial services businesses, securities business, property business, technology & media businesses and food & beverage businesses.

Revenue represents income from financial services businesses, securities businesses, property businesses, technology & media businesses and food & beverage businesses received or receivable during the year.

5. 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	
	2010	2009
	HK$'000	HK$'000
Revenue		
Income from food & beverage businesses	**100,584**	154,095
Financial services charges and loan interest income	**1,502**	1,195
Sales of forfeited collateral	**144**	444
Gross rental income from investment properties	**554**	444
	102,784	156,178
Other revenue		
Bank interest income	**300**	3,130
Total interest income on financial assets not at fair value through profit or loss	**300**	3,130
Dividend income	**536**	865
Sundry income	**2,728**	269
	3,564	4,264
Other net income		
Exchange gain, net	**57**	69
Gain on disposal of investment properties	**2,067**	–
Net gain on disposal of property, plant and equipment	**954**	–
Net realised gain on financial assets at fair value through profit or loss	**14,236**	–
Net unrealised gain on financial assets at fair value through profit or loss	**–**	404
	17,314	473

6. LOSS FROM OPERATIONS

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

	2010 HK$'000	2009 HK$'000
Cost of inventories consumed (note 22(b))	33,867	52,802
Cost of forfeited collateral sold (note 22(b))	121	376
	33,988	53,178
Staff costs (including directors' emoluments – note 9):		
Wages and salaries	36,332	48,412
Retirement benefits scheme contributions	1,568	1,420
	37,900	49,832
Reversal of impairment loss on amount due from an associate	–	(1,543)
Auditors' remuneration	703	635
Depreciation and amortisation	2,901	2,693
Research and development costs*	–	7,020
Gain on disposal of investment properties	(2,067)	–
Net (gain)/loss on disposal of property, plant and equipment	(954)	9
Loss on disposal of subsidiaries (note 38)	–	3,648
Impairment loss on accounts receivable	–	15
Impairment loss on property, plant and equipment	–	340
Impairment loss on lease premium for land	–	303
Operating lease rentals	16,584	21,374
Rental income from investment properties less direct outgoings of HK$43,000 (2009: HK$35,000)	(511)	(409)
Dividend income from listed securities	(536)	(865)
Net realised (gain)/loss on financial assets at fair value through profit or loss	(14,236)	18,200
Net unrealised loss/(gain) on financial assets at fair value through profit or loss	3,384	(404)

* This item is included in other expenses.

7. FINANCE COSTS

	Group	
	2010	2009
	HK$'000	HK$'000
Interest on bank borrowings	**125**	140
Interest on finance lease	**16**	40
Other interest paid	**–**	2
Total interest expense on financial liabilities not at fair value through profit or loss	**141**	182

8. INCOME TAX

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

	Group	
	2010	2009
	HK$'000	HK$'000
Current tax		
PRC enterprise income tax	**757**	304
Income tax for the year	**757**	304

8. INCOME TAX (CONTINUED)

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

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

	2010 HK$'000	2009 HK$'000
Loss before taxation	(7,183)	(49,979)
Notional tax on loss before taxation, calculated at the rate applicable to profits in the tax jurisdictions concerned	(1,174)	(6,837)
Income not subject to taxation	(507)	(4,435)
Expenses not deductible for taxation purposes	532	3,712
Tax losses not yet recognised	1,506	7,742
Tax effect of unrecognised temporary differences	400	(137)
Under provision for previous year	–	259
Tax charge	757	304

No provision for profits tax in the Cayman Islands, British Virgin Islands ("BVI") and Hong Kong has been made as the Group has no income assessable for tax for the year in these jurisdictions (2009: Nil).

The provision for PRC enterprise income tax is calculated at the standard rate of 25% on the estimated assessable income for the year as determined in accordance with the relevant income tax rules and regulations of the PRC.

8. INCOME TAX (CONTINUED)

(b) Taxation in the consolidated statement of financial position represents:

	Group	
	2010	2009
	HK$'000	HK$'000
At beginning of the year	**19,561**	20,149
Provision for the year		
– PRC enterprise income tax	**757**	304
Taxation paid	**(71)**	(1,236)
Exchange adjustment	**–**	344
At end of the year	**20,247**	19,561
Analysed for reporting purposes as:		
PRC enterprise income tax	**20,247**	19,561

9. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION

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

	Year ended 30 April 2010			
Name of Director	**Fees HK$'000**	**Basic salaries, allowances and other benefits HK$,000**	**Retirement benefits scheme contributions HK$'000**	**Total HK$'000**
Executive directors				
Vong Tat Ieong, David (Chief Executive Officer)	**3,000**	**1,328**	**–**	**4,328**
Xu Siping	**500**	**–**	**–**	**500**
Wong Chi Man*	**–**	**180**	**12**	**192**
Independent non-executive directors				
Fung Ka Keung, David	**100**	**–**	**–**	**100**
Lam Lee G.	**150**	**–**	**–**	**150**
Wong Man Ngar, Edna	**100**	**–**	**–**	**100**
	3,850	**1,508**	**12**	**5,370**

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

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

	Year ended 30 April 2009			
Name of Director	Fees	Basic salaries, allowances and other benefits	Retirement benefits scheme contributions	Total
	HK$'000	HK$,000	HK$'000	HK$'000
Executive directors				
Vong Tat Ieong, David (Chief Executive Officer)	3,000	1,498	–	4,498
Xu Siping	500	–	–	500
Wong Chi Man*	–	360	12	372
Independent non-executive directors				
Fung Ka Keung, David	100	–	–	100
Lam Lee G.	150	–	–	150
Wong Man Ngar, Edna	100	–	–	100
	3,850	1,858	12	5,720

* Wong Chi Man ("Mr. Wong") ceased to be a director as of 29 September 2009.

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

(ii) Of the five individuals with the highest emoluments in the Group, two (2009: three) were directors of the Company whose emoluments are included in the disclosures in note 9(i) above. The emoluments of the remaining three (2009: two) individuals were as follows:

	2010 **HK$'000**	2009 HK$'000
Salaries and other benefits	**2,104**	1,627
Retirement benefits scheme contributions	**36**	12
	2,140	1,639

The number of the three (2009: two) highest paid individuals whose remuneration fall within the following bands are as follows:

	2010	2009
Nil – HK$1,000,000	**3**	1
HK$1,000,001 – HK$1,500,000	**–**	1
	3	2

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.

10. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss for the year attributable to owners of the Company for the year dealt with in the financial statements of the Company is net loss of HK$6,056,000 (2009: net loss of HK$60,398,000).

11. DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 30 April 2010 (2009: Nil).

12. LOSS PER SHARE

The calculation of basic loss per share for the year is based on the net loss attributable to owners of the Company of HK$6,507,000 (2009: HK$45,229,000) and the weighted average number of 5,860,111,585 (2009: 5,863,960,900) 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.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings held for own use HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Utensils and supplies HK$'000	Total HK$'000
Cost						
At 1 May 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 38)	–	–	–	(491)	–	(491)
Exchange adjustment	36	93	18	5	9	161
At 30 April 2009 and 1 May 2009	5,295	38,404	9,916	2,986	11,214	67,815
Additions	–	266	325	2,176	77	2,844
Disposals	(1,611)	(832)	(462)	–	(216)	(3,121)
At 30 April 2010	3,684	37,838	9,779	5,162	11,075	67,538
Accumulated depreciation and impairment losses						
At 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 38)	–	–	–	(98)	–	(98)
Exchange adjustment	1	46	8	1	5	61
At 30 April 2009 and 1 May 2009	534	34,715	8,894	680	10,872	55,695
Charge for the year	96	1,283	302	996	89	2,766
Written back on disposals	(76)	(574)	(171)	–	(64)	(885)
At 30 April 2010	554	35,424	9,025	1,676	10,897	57,576
Net carrying amount						
At 30 April 2010	3,130	2,414	754	3,486	178	9,962
At 30 April 2009	4,761	3,689	1,022	2,306	342	12,120

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The carrying amount of a motor vehicle of the Group held under finance lease at 30 April 2010 amounted to HK$510,000 (2009: HK$671,000).

During the year, the Group carried out a review of the recoverable amount of its buildings held for own use in the Group's food & beverage businesses segment. The review led to the recognition of an impairment loss of HK$nil (2009: HK$340,000), that has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their fair value less cost to sell. An independent valuation of the Group's land and buildings was performed by Asset Appraisal Limited to determine the fair value of Group's buildings held for own use.

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

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

	2010	2009
	HK$'000	HK$'000
Situated in:		
Hong Kong	**3,130**	3,214
PRC	**–**	1,547
	3,130	4,761

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	
	2010	2009
	HK$'000	HK$'000
Cost		
Brought forward	**5,971**	5,946
Exchange adjustment	**–**	25
Carried forward	**5,971**	5,971
Accumulated amortisation and impairment loss		
Brought forward	**540**	94
Amortisation for the year	**135**	143
Impairment loss	**–**	303
Carried forward	**675**	540
Net carrying amount	**5,296**	5,431
Leases of between 10 to 50 years, medium term lease held in:		
Hong Kong	**3,890**	3,994
PRC	**1,406**	1,437
	5,296	5,431
Analysed for reporting purposes as:		
Current assets	**135**	135
Non-current assets	**5,161**	5,296
	5,296	5,431

14. LEASE PREMIUM FOR LAND (CONTINUED)

During the year, the Group carried out a review of the recoverable amount of its lease premium for land in the Group's food & beverage businesses segment. The review led to the recognition of an impairment loss of HK$nil (2009: HK$303,000), that has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their fair value less cost to sell. An independent valuation of the Group's land and buildings was performed by Asset Appraisal Limited to determine the fair value of Group's lease premium for land.

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

15. INVESTMENT PROPERTIES

	Group	
	2010	2009
	HK$'000	HK$'000
Balance at beginning of year	**45,500**	25,800
Transfer from deposit paid in respect of acquisition of investment properties (note 20)	**3,503**	3,862
Additions	**26,014**	18,286
Disposals	**(18,120)**	–
Increase/(decrease) in fair value	**7,043**	(2,448)
Balance at end of year	**63,940**	45,500

The fair value of the Group's investment properties at 30 April 2010 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 experience 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.

Two investment properties are leased to third parties under operating leases, further details of which are included in note 40(a) to the financial statements.

16. GOODWILL

	Group	
	2010	2009
	HK$'000	HK$'000
Cost		
Brought forward and carried forward	**11,383**	11,383
Accumulated amortisation		
Brought forward and carried forward	**2,395**	2,395
Net carrying value	**8,988**	8,988

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	
	2010	2009
	HK$'000	HK$'000
Financial services businesses	**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 financial services businesses used for value-in-use calculations:

	Group	
	2010	2009
	%	%
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 (2009: Nil).

17. INTERESTS IN SUBSIDIARIES

	Company 2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	**136,072**	136,072
Less: Impairment loss recognised in respect of the interests in subsidiaries	**(103,982)**	(103,982)
	32,090	32,090
Amounts due from subsidiaries	**403,821**	418,463
Less: Impairment loss recognised in respect of the amounts due from subsidiaries	**(89,501)**	(89,501)
	314,320	328,962

The impairment was recognised for certain interests in subsidiaries and for the amounts due from subsidiaries. During the year, an additional impairment of HK$Nil (2009: HK$66,019,000) was charged to the statement of comprehensive income as the present value of estimated cash flows, discounted at the effective interest rate, is lower than their carrying amounts.

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

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

Name	Place of incorporation/ registration and operations	Nominal value of issued share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
E-Rapid Developments Limited ("E-Rapid")	BVI	Ordinary US$6,950,526	100	–	Investing holding
Glory Billion Industrial Limited	Hong Kong	Ordinary HK$2	–	100	Property business
Win Investment Limited	Hong Kong	Ordinary HK$10	–	100	Property business
Max Wide Finance Limited	Hong Kong	Ordinary HK$1	100	–	Securities business
Vongroup Consumer Finance Corporation ("VCFC")	BVI	Ordinary US$1	100	–	Investment holding
Vongroup Financial Services Limited	BVI	Ordinary US$1	100	–	Investment holding

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 business
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	–	24.75	Investment holding
Kamboat Chinese Cuisine Company Limited ("KCCC")	BVI/Hong Kong	Ordinary US$6,950,523 Non-voting deferred US$101 (note (i))	–	100	Food & beverage businesses
北京順通典當有限責任公司 ("北京順通") (note (ii))	PRC	Registered capital RMB10,000,000	–	100	Financial services businesses
龐通投資咨詢（深圳）有限公司 ("龐通投資") (note (ii))	PRC	Registered capital HK$23,000,000	–	100	Financial services businesses
Easy Credit Limited	Hong Kong	Ordinary HK$1	–	100	Financial services businesses
Centrix Properties Limited	Hong Kong	Ordinary HK$1	–	100	Property business
Unitech Properties Limited	Hong Kong	Ordinary HK$1	–	100	Property business

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 business
Champmark Limited	Hong Kong	Ordinary HK$1	–	100	Property business
Allex Limited	Hong Kong	Ordinary HK$1	–	100	Property business
Mica Limited	Hong Kong	Ordinary HK$1	–	100	Property business
Twinway Industries Limited	Hong Kong	Ordinary HK$1	–	100	Property business
United Luck Limited	Hong Kong	Ordinary HK$1	–	100	Property business
北京國新萬聯科技有限公司 (note iii)	PRC	Registered capital US$1,300,000	–	24.75	Technology & media businesses
Berries Limited	Hong Kong	Ordinary HK$1	–	24.75	Investment holding
廣東金龍船餐飲有限公司 (note iii)	PRC	Registered capital HK$8,000,000	–	100	Food & beverage businesses
勝昌食品（惠東）有限公司 (note iii)	PRC	Registered capital HK$4,000,000	–	100	Food & beverage businesses

Notes:

(i) 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).

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

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

18. INTEREST IN A JOINTLY-CONTROLLED ENTITY

Details of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Business structure	Place of incorporation/ and operations	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
上海金龍船餐飲有限公司	Corporation	PRC	50	50	50	Food & beverage businesses

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

	Group 2010 HK$'000	Group 2009 HK$'000
Share of net assets	**2,216**	2,080

Summary financial information on the jointly-controlled entity:

	2010 100% HK$'000	2010 Group's effective interest HK$'000	2009 100% HK$'000	2009 Group's effective interest HK$'000
Non-current assets	**60**	**30**	30	15
Current assets	**6,928**	**3,464**	6,880	3,440
Current liabilities	**(2,556)**	**(1,278)**	(2,749)	(1,375)
Total equity	**4,432**	**2,216**	4,161	2,080
Income	**15,713**	**7,857**	20,750	10,375
Expenses	**(15,442)**	**(7,721)**	(20,053)	(10,027)
Profit for the year	**271**	**136**	697	348

19. INTEREST IN AN ASSOCIATE

	Group	
	2010	2009
	HK$'000	HK$'000
Unlisted investment, at cost	**–**	1,000
Share of post-acquisition results	**–**	(16,328)
Share of other reserves	**–**	(41)
	–	(15,369)
Amount due from an associate	**–**	18,447
Impairment loss on amount due from an associate	**–**	(3,078)
	–	–

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

Details of an associate in 2009 is as follows:

Name	Business structure	Place of incorporation and operations	Nominal value of issued share	Percentage of ownership interest	Principal activities
Kamboat Bakery Limited ("Kamboat Bakery") (note)	Corporate	Hong Kong	Ordinary HK$2,040,000	49%	Food & beverage businesses

The Group's associate for the year 2009 is indirectly held by the Company.

The above table lists the associate of the Group for the year 2009 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.

19. INTEREST IN AN ASSOCIATE (CONTINUED)

Summary financial information on an associate:

	2010 100% HK$'000	**2010** Group's effective interest HK$'000	2009 100% HK$'000	2009 Group's effective interest HK$'000
Assets	**–**	**–**	–	–
Liabilities	**–**	**–**	(32,070)	(15,714)
Net liabilities	**–**	**–**	(32,070)	(15,714)
Revenue	**–**	**–**	40	19
Loss for the year	**–**	**–**	(372)	(182)

Note:

Disposal of an associate

In the prior year, the Group held a 49% interest in Kamboat Bakery and accounted for as an interest in an associate. On 22 December 2009, the Group disposed of its 49% interest in Kamboat Bakery to an independent third party for HK$1. This transaction resulted in the recognition of a loss in profit or loss, calculated as follows:

	HK$'000
Proceeds of disposal	–
Less: Carrying amount of the 49% interest on the date of disposal	–
Gain recognised	–

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

	Group	
	2010	2009
	HK$'000	HK$'000
Balance brought forward	**5,264**	9,126
Transfer to investment properties (note 15)	**(3,503)**	(3,862)
Balance carried forward	**1,761**	5,264

21. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2010	2009
	HK$'000	HK$'000
Unlisted investments:		
Club memberships, at cost	**1,532**	135
Unlisted equity investments, at cost (note)	**19,882**	500
	21,414	635

Note:

Unlisted equity investments:

	2010	2009
	HK$'000	HK$'000
Honest Pro (Holdings) Limited ("Honest Pro")	**500**	500
Tian Da Energy Holdings Limited ("Tian Da")	**19,382**	–
	19,882	500

Honest Pro is a company incorporated in BVI with limited liability. The Group has 20% effective interest in Honest Pro through its subsidiary.

Tian Da is a company incorporated in BVI with limited liability. The Group has 20.54% effective interest in Tian Da through its subsidiary.

The Group does not exercise significant influence in relation to Honest Pro and Tian Da pursuant to HKAS 28, therefore the investments are accounted for under HKAS 39 as "Available-for-sale Financial Assets".

22. INVENTORIES/FORFEITED COLLATERAL HELD FOR SALE

(a) Inventories in the consolidated statement of financial position comprise:

	Group	
	2010	2009
	HK$'000	HK$'000
Inventories – food & beverage businesses	**10,951**	11,121
Forfeited collateral held for sale	**203**	164
	11,154	11,285

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

	Group	
	2010	2009
	HK$'000	HK$'000
Carrying amount of inventories sold (note 6)	**33,867**	52,802
Carrying amount of forfeited collateral sold (note 6)	**121**	376
	33,988	53,178

23. ACCOUNTS RECEIVABLE

	Group	
	2010	2009
	HK$'000	HK$'000
Accounts receivable	**451**	603
Less: Allowance for doubtful debts	**–**	(85)
	451	518

23. ACCOUNTS RECEIVABLE (CONTINUED)

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 43(a)(i).

An aging analysis of accounts receivable as at the end of reporting period is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Within 30 days	**20**	245
31 – 90 days	**175**	223
91 – 180 days	**246**	32
Over 180 days	**10**	18
	451	518

The aging analysis of accounts receivable that are not considered to be impaired is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Neither past due nor impaired	**195**	468
1 to 3 months past due	**246**	32
3 to 6 months past due	**–**	14
Over 6 months, but less than 1 year past due	**10**	4
Over 1 year past due	**–**	–
	256	50
	451	518

23. ACCOUNTS RECEIVABLE (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	
	2010	2009
	HK$'000	HK$'000
Balance at beginning of the year	**85**	70
Impairment loss recognised on receivables	**–**	15
Uncollectible amount written off	**(85)**	–
Balance at end of the year	**–**	85

Included in the allowance for doubtful debts made for the year are individually impaired trade receivables with a balance of HK$nil (2009: HK$15,000 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 held any collateral over these balances.

Aging of impaired trade receivables

	2010	2009
	HK$'000	HK$'000
91 – 180 days	**–**	–
Over 180 days	**–**	15
Total	**–**	15

24. MONEYLENDING LOAN RECEIVABLES

	Group	
	2010	2009
	HK$'000	HK$'000
Balance brought forward	**1,824**	5,175
Loans advanced	**17,116**	11,880
Repayment during the year	**(6,967)**	(15,319)
Exchange adjustment	**–**	88
Balance carried forward	**11,973**	1,824

The Group offers loans as a moneylender. A typical moneylending loan generally has a term of not more than one year. All the Group's moneylending loan receivables in the PRC are denominated in RMB.

25. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**2,764**	3,824	**593**	587
Rental and other deposits	**3,498**	2,339	**–**	–
Credit card receivables	**67**	374	**–**	–
Staff advances (note)	**67**	169	**–**	–
Other receivables	**3,476**	4,141	**–**	–
	9,872	10,847	**593**	587

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

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

26. AMOUNT DUE FROM A JOINTLY-CONTROLLED ENTITY

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

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2010 HK$'000	2009 HK$'000
At fair value:		
Listed equity investments in Hong Kong	**41,992**	19,552
Listed equity investments outside Hong Kong	**797**	797
	42,789	20,349

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

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Cash and bank balances	**158,092**	63,415	**21,466**	10,700
Pledged time deposit (note)	**190**	703	**–**	–
Time deposits	**76,941**	227,407	**422**	–
Cash and cash equivalents in the statements of financial position	**235,223**	291,525	**21,888**	10,700
Less: Pledged time deposit	**(190)**	(703)		
Cash and cash equivalents in the consolidated statement of cash flow	**235,033**	290,822		

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 end of the reporting period 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.

29. ACCOUNTS PAYABLE

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

	Group	
	2010	2009
	HK$'000	HK$'000
0 – 30 days	**859**	2,487
31 – 90 days	**1,669**	3,453
91 – 180 days	**520**	917
181 – 360 days	**–**	18
Over 360 days	**408**	433
	3,456	7,308

The accounts payable are non-interest bearing and are normally settled on 90-day terms. The carrying amounts of the accounts payable at the end of the reporting period approximates to the fair values.

30. ACCRUALS AND DEPOSITS RECEIVED

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accruals	**12,895**	7,938	**3,069**	–
Accrued salaries, wages and benefits	**1,742**	2,664	**350**	350
Rental and other deposits received	**1,314**	1,538	**–**	–
VAT and other tax payables	**9**	167	**–**	–
Other payables	**4,233**	2,067	**27**	27
	20,193	14,374	**3,446**	377

Included in accruals of the Group is HK$850,000 (2009: HK$850,000) representing accrued remuneration due to the Company's directors.

30. ACCRUALS AND DEPOSITS RECEIVED (CONTINUED)

Included in accruals of the Company is HK$350,000 (2009: HK$350,000) representing accrued remuneration due to the Company's directors.

The carrying amounts of accruals and deposits received at the end of the reporting period approximates 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.

31. FINANCE LEASE PAYABLE

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable:				
Within one year	**238**	286	**234**	270
Between two to five years	**–**	238	**–**	234
Less: Future finance charges	**(4)**	(20)	**–**	–
Present value of finance lease payable	**234**	504	**234**	504
Less: Portion classified as current liabilities	**(234)**	(270)		
Non-current portion	**–**	234		

The financial lease payable arose from a motor vehicle purchased by the Group. The remaining lease term is less than one year. Effective interest rate is fixed at 4.03% per annum. No arrangements have been entered into for contingent rental payment.

32. BANK BORROWINGS

	Group	
	2010	2009
	HK$'000	HK$'000
Bank borrowings are repayable as follows:		
– within one year	**2,459**	858
– between two to five years	**3,724**	3,329
– after five years	**9,154**	–
	15,337	4,187
Less: Amount due within one year included in current liabilities	**(2,459)**	(858)
Amount due after one year	**12,878**	3,329

Bank borrowings of HK$3,329,000 as at 30 April 2010 and HK$4,187,000 as at 30 April 2009 were secured by a personal guarantee provided by 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$3,130,000 (2009: HK$3,214,000) and HK$3,890,000 (2009: HK$3,994,000) respectively. Interest is charged at 2.85% (2009: 2.85%-3.1%) per annum.

The balance of HK$12,008,000 as at 30 April 2010 was secured by an investment property with fair value amount of HK$21,800,000 (note 15). Interest is charged at 0.7% per annum over 1 month HIBOR, and capped at 2.5% per annum below prime rate.

33. AMOUNT DUE TO A DIRECTOR

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

34. DEFERRED TAX LIABILITIES

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

	Group	
	2010	2009
	HK$'000	HK$'000
At beginning of the year and end of the year	**591**	591

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

The Group has not recognised deferred tax assets in respect of tax losses of HK$106,878,000 (2009: HK$60,283,000). The unrecognised tax losses, mainly attributable to Hong Kong companies, can be carried forward indefinitely.

35. SHARE CAPITAL

	Group and Company			
	2010		2009	
	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**	5,863,960,900	5,864
Repurchase of own shares (note)	**(4,100,000)**	**(4)**	–	–
At end of the year	**5,859,860,900**	**5,860**	5,863,960,900	5,864

35. SHARE CAPITAL (CONTINUED)

Note:

During the year, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Date of repurchase	Total number of shares repurchased	Highest price per share	Lowest price per share	Aggregate consideration
		HK$	HK$	HK$'000
22 May 2009	2,500,000	0.115	0.108	283
25 May 2009	1,000,000	0.111	0.111	112
26 May 2009	600,000	0.113	0.103	66
	4,100,000			461

36. 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.

36. SHARE OPTION SCHEME (CONTINUED)

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 years ended 30 April 2009 and 2010.

37. RESERVES

Group

	Share premium (note i) HK$'000	Capital redemption reserve (note ii) HK$'000	Statutory surplus reserve (note iii) HK$'000	Other comprehensive income: Exchange translation reserve (note iv) HK$'000	Accumulated losses HK$'000	Attributable to owners of the Company HK$'000
At 1 May 2008	533,481	258	33	(2,970)	(131,989)	398,813
Loss for the year	–	–	–	–	(45,229)	(45,229)
Exchange differences arising on transaction of foreign operations	–	–	–	(163)	–	(163)
Total comprehensive income for the year	–	–	–	(163)	(45,229)	(45,392)
Transfer	–	–	91	–	(91)	–
Release upon disposal of subsidiaries	–	–	–	3,651	–	3,651
Share of reserve movements of jointly-controlled entity	–	–	–	34	–	34
At 30 April 2009 and 1 May 2009	533,481	258	124	552	(177,309)	357,106
Loss for the year	–	–	–	–	(6,507)	(6,507)
Exchange differences arising on transaction of foreign operations	–	–	–	(21)	–	(21)
Total comprehensive income for the year	–	–	–	(21)	(6,507)	(6,528)
Repurchase of own shares	(461)	4	–	–	–	(457)
Transfer	–	–	32	–	(32)	–
At 30 April 2010	533,020	262	156	531	(183,848)	350,121

37. 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 2008	541,047	258	(114,809)	426,496
Loss for the year	–	–	(60,398)	(60,398)
At 30 April 2009 and 1 May 2009	541,047	258	(175,207)	366,098
Loss for the year	–	–	(6,056)	(6,056)
Repurchase of own shares	(461)	4	–	(457)
At 30 April 2010	540,586	262	(181,263)	359,585

The Company's reserves as at 30 April 2010 available for distribution to owners of the Company as calculated under the provision of the Companies Law of Cayman Islands are approximately HK$359,585,000 (2009: approximately HK$366,098,000).

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.

37. 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).

38. DISPOSAL OF SUBSIDIARIES

On 23 December 2008, the Group disposed of its 100% equity interest in Kamboat Group Company 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. The consideration of HK$158,000 was satisfied in cash.

38. DISPOSAL OF SUBSIDIARIES (CONTINUED)

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

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

Kamboat Group Company Limited and its subsidiary disposed of during the year 2009 contributed revenue of HK$85,000 and loss after tax of HK$309,000 to the Group for the period from 1 May 2008 to 23 December 2008.

39. 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 2010, 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$233,000 (2009: approximately HK$976,000) at 30 April 2010.

(c) At 30 April 2009 and 2010, KCCC provided corporate guarantee to a landlord to the extent of approximately HK$370,000 and HK$190,000 respectively in respect of the operating lease payments. No recognition of such guarantee was made for the years ended 30 April 2009 and 2010 because the directors of the Company did not consider it probable that a claim would be made against the Group under the guarantee.

40. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15) under operating lease arrangement, typically with leases negotiated for terms of two years. The terms of the lease generally also require the lessee to pay security deposit.

At 30 April 2010, the Group had total future minimum lease receivables under non-cancellable operating leases with lessees falling due as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Within one year	**275**	492
In the second to fifth years, inclusive	**38**	252
	313	744

40. OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) As lessee

At 30 April 2010, the Group had outstanding commitments under non-cancellable operating leases falling due as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Within one year	**8,619**	19,334
In the second to fifth years, inclusive	**1,013**	21,338
	9,632	40,672

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

41. RELATED PARTY TRANSACTIONS

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

		Amounts owed by the Group to related parties As at 30 April		Related expenses Year ended 30 April	
		2010	2009	**2010**	2009
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Associate					
Purchase of bakery products	(i)	**–**	–	**–**	15
Related companies					
Legal and corporate secretarial fees	(ii)	**616**	–	**995**	710
Rental expense	(iii)	**–**	–	**–**	14
Rental expense	(iv)	**–**	–	**–**	45
Other related parties					
Salaries and other allowances paid	(v)	**–**	–	**–**	334

41. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Notes:

(i) The Group purchased bakery products from its associate in the prior year. 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 a law firm, a partner of which is a close relative of a director, Mr. Vong Tat Ieong, David. The corporate secretarial services fees were charged for services rendered by corporate secretarial firms which were controlled by a close relative of a director, Mr. Vong Tat Ieong, David.

(iii) The rental expense was charged in accordance with a licence agreement between the Group and the licensor which was controlled by a close relative of Mr. Vong Tat Ieong, David. The agreement was terminated in the year ended 30 April 2009.

(iv) The Group paid rental expense to a landlord of which Mr. Wong is a shareholder. The lease was terminated in the year ended 30 April 2009.

(v) The salaries and other allowances were paid to a close relative of Mr. Wong. There was no such expense in the year ended 30 April 2010.

(b) Key management personnel:

The key management personnel of the Group comprises all directors, details of their emoluments are disclosed in note 9(i).

42. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, 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.

42. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Key sources of estimation uncertainty (Continued)

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

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(ii) Estimate fair value of investment properties

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

(iii) Impairment of receivables

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

(iv) Estimated impairment of goodwill

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

42. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Key sources of estimation uncertainty (Continued)

(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 end of the reporting period. The quoted market price used for financial assets held by the Group is the closing bid price at the end of the reporting period.

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 end of the reporting period.

(vi) Allowance for inventories

The management of the Group reviews its inventories at each end of the reporting period 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 end of the reporting period and make allowance for obsolete items.

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

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

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk factors

The Group's major financial instruments include equity investments, borrowings, trade receivables 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 equity price risk. The policies on how to mitigate these risks 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 accounts receivable, cash and cash equivalents, pledged cash and cash equivalents, loan receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group monitors the exposure to credit risk on an ongoing basis and credit evaluations are performed on debtors requiring credit over a certain amount. In addition, receivable balances are also 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.

In respect of accounts receivable, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the end of the reporting period, the Group had no significant concentrations of credit risk which individual account and other receivables balance exceeds 10% of the total account and other receivables at the end of the reporting period.

Further quantitative data in respect of the Group's exposure to credit risk arising from other receivables is disclosed in notes 23, 24 and 25 to the financial statements.

(ii) Liquidity risk

Individual operating entities within the Group are 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.

43. 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 end of the reporting period 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 end of the reporting period) 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
2010						
Accounts payable	**3,456**	**–**	**–**	**–**	**3,456**	**3,456**
Accruals and deposits received	**20,184**	**–**	**–**	**–**	**20,184**	**20,184**
Bank borrowings	**2,600**	**1,211**	**2,891**	**9,751**	**16,453**	**15,337**
Finance lease payable	**238**	**–**	**–**	**–**	**238**	**234**
	26,478	**1,211**	**2,891**	**9,751**	**40,331**	**39,211**

	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 payable	7,308	–	–	–	7,308	7,308
Accruals and deposits received	14,207	–	–	–	14,207	14,207
Bank borrowings	966	966	2,542	–	4,474	4,187
Finance lease payable	286	238	–	–	524	504
	22,767	1,204	2,542	–	26,513	26,206

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Cash flow interest-rate risk

Except for certain interest-bearing bank deposits and bank borrowings, the Group has no significant interest-bearing assets and liabilities. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Details of the Group's bank borrowings have been disclosed in note 32 to the financial statements.

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

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 Group's Hong Kong dollar borrowings.

i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of reporting period:

	Group			
	2010		2009	
	Effective interest rates %	**HK$'000**	Effective interest rates %	HK$'000
Fixed rate borrowings:				
Finance lease payable	**4.03**	**234**	4.03	504
Variable rate borrowings:				
Bank borrowings	**1.49-2.85**	**15,337**	2.85-3.1	4,187
Total borrowings		**15,571**		4,691
Net fixed rate borrowings as a percentage of total net borrowings		**1.5%**		10.7%

43. 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 2010, 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$130,000 (2009 HK$39,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period 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 end of reporting period.

(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 most of the revenue 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.

43. 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 end of the reporting period 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. The currency giving rise to this risk is primarily Renminbi. The Company is not exposed to material currency risk at the end of the reporting period.

Exposure to foreign currencies (expressed in Hong Kong dollars)

	Group			
	2010		2009	
	RMB'000	**US$'000**	RMB'000	USD'000
Property, plant and equipment	**3,035**	**–**	5,698	–
Lease premium for land	**1,406**	**–**	1,436	–
Rental and utility deposits	**–**	**–**	114	–
Inventories	**7,124**	**–**	4,379	–
Forfeited collateral held for sale	**203**	**–**	164	–
Accounts receivable	**425**	**–**	319	–
Moneylending loan receivables	**5,789**	**–**	1,824	–
Other receivables, deposits and prepayments	**4,521**	**–**	4,671	–
Cash and cash equivalents	**10,751**	**75,585**	13,658	75,466
Accounts payable	**(898)**	**–**	(1,193)	–
Accruals and deposits received	**(4,884)**	**–**	(3,787)	–
Tax payable	**(20,247)**	**–**	(19,561)	–
Overall exposure arising from recognised assets and liabilities	**7,225**	**75,585**	7,722	75,466

43. 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 end of the reporting period.

	2010		2009	
	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%**	**301**	5%	322
	(5%)	**(301)**	(5)%	(322)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period 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 end of the reporting period. 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 end of the reporting period for presentation purposes. The analysis is performed on the same basis as for 2009.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk factors (Continued)

(v) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at fair value through profit or loss (see note 27).

The Group's listed investments are listed on the Stock Exchange and Canadian Stock Exchange. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the stock market index and other industry indicators, as well as the Group's liquidity needs.

At 30 April 2010, it is estimated that an increase/(decrease) of 5% (2009: 5%) in the relevant stock market index (for listed investments), with all other variables held constant, would have increased/decreased the Group's loss after tax (and accumulated losses) as follows:

The Group

	2010		2009	
		Effect on loss after tax and accumulated losses HK$'000		Effect on loss after tax and accumulated losses HK$'000
Change in the relevant equity price risk variable:				
Increase	**5%**	**1,786**	5%	850
Decrease	**(5%)**	**(1,786)**	(5%)	(850)

The sensitivity analysis indicates the instantaneous change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in the relevant stock market index or other relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis as for 2009.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk factors (Continued)

(vi) Fair values

i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instruments categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

2010

	Group			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets				
Financial assets at fair value through profit or loss	**42,789**	**–**	**–**	**42,789**

2009

	Group			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets at fair value through profit or loss	20,349	–	–	20,349

During the year there were no significant transfers between instruments in Level 1 and Level 2.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk factors (Continued)

(vi) Fair values (Continued)

ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 April 2009 and 2010.

(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.

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 statement of financial position. The gearing ratios as at 30 April 2010 and 2009 were as follows:

	Group	
	2010	2009
	RMB'000	RMB'000
Bank borrowings	**15,337**	4,187
Finance lease payable	**234**	504
Total borrowings	**15,531**	4,691
Total equity	**365,208**	373,630
Gearing ratio	**0.04**	0.01

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 end of the reporting period without any deduction for transaction costs.

(ii) Bank borrowings

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

44. CAPITAL COMMITMENTS

At 30 April 2010, the Group had the following capital commitments:

	Group	
	2010	2009
	HK$'000	HK$'000
Contracted but not provided for		
Investment properties	–	5,664

45. 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 end of the reporting period may also be categorised as follows.

	Group		Company	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Financial Assets				
Financial assets at fair value through profit or loss	**42,789**	20,349	**–**	-
Available-for-sale investments	**21,414**	635	**–**	–
	64,203	20,984	**–**	–
Loans and receivables:				
– Accounts receivable	**451**	518	**–**	–
– Moneylending loan receivables	**11,973**	1,824	**–**	–
– Other receivables	**3,476**	4,141	**–**	–
– Credit card receivables	**67**	374	**–**	–
– Cash and cash equivalents	**235,223**	291,525	**21,888**	10,700
	251,190	298,382	**21,888**	10,700
	315,313	319,366	**21,888**	10,700
Financial Liabilities				
Financial liabilities measured at amortised cost:				
– Accounts payable	**3,456**	7,308	**–**	–
– Deposits received and other payables	**4,233**	2,067	**27**	27
– Finance lease payable	**234**	504	**–**	–
– Bank borrowings	**15,337**	4,187	**–**	–
– Amount due to a director	**–**	830	**–**	–
	23,260	14,896	**27**	27

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 APRIL 2010

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and Interpretations which are not yet effective for the year ended 30 April 2010.

The Group has not early applied any of the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2013

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.

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 APRIL 2010 (CONTINUED)

HKPRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. In addition, under HKFRS 9, changes in fair value of equity investments are generally recognised in other comprehensive income, with only dividend income recognised in profit or loss. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective form 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leases were required to classify leasehold land as operating leases and present them as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17 that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land at revalued amount.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

47. MAJOR NON-CASH TRANSACTIONS

During the year, deposits paid for acquisition of property, plant and equipment and investment properties of HK$3,503,000 were transferred to investment properties upon acceptance of the title of ownership by the Group.

48. EVENTS AFTER REPORTING PERIOD

Subsequent to the end of the reporting period, KCCC and Win Investment Limited, subsidiaries of the Group, entered into sale and purchase agreements with independent third parties to dispose of four premises in buildings held for own use and the related lease premium for land with carrying value of HK$2,459,000 and HK$739,000 respectively and completion took place on 30 July 2010 at an aggregate consideration of HK$4,480,000.

Summary of 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				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(restated)	(restated)	(restated)
Revenue	**102,784**	156,178	198,195	218,188	217,626
Loss before taxation	**(7,183)**	(49,979)	(27,301)	(10,923)	(29,313)
Income tax	**(757)**	(304)	(392)	(4,257)	(4,905)
Loss for the year from continuing operations	**(7,940)**	(50,283)	(27,693)	(15,180)	(34,218)
Loss for the year from discontinued operation	**–**	–	–	–	(23,697)
Loss for the year	**(7,940)**	(50,283)	(27,693)	(15,180)	(57,915)
Attributable to:					
Owners of the Company	**(6,507)**	(45,229)	(27,214)	(14,948)	(57,915)
Minority interests	**(1,433)**	(5,054)	(479)	(232)	–
	(7,940)	(50,283)	(27,693)	(15,180)	(57,915)

CONSOLIDATED ASSETS AND LIABILITIES

	Consolidated as at 30 April				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**(425,266)**	421,745	473,580	228,826	218,260
TOTAL LIABILITIES	**(60,058)**	(48,115)	(53,189)	(52,997)	(64,889)
	365,208	373,630	420,391	175,829	153,371

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 F, 5/F., Tower 6, Harbour Place, 8 Oi King Street, Kowloon	Residential	Medium term
3.	Flat D, 8/F., Tower 7, 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 D, 43/F., Tower I and Car Parking Space No. 2-083, 2/F., The Harbourside, No. 1 Austin Road West, Kowloon	Residential	Medium term
7.	Unit A, 25/F., Le Royal Arc, Avenida Sir Anders Ljungstedt, Macau	Residential	Medium term
	Leasehold land and buildings		
1.	Room 310, Hewlett Centre, 52 Hoi Yuen Road, Kwun Tong	Commercial	Medium term
2.	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