



# vongroup

**VONGROUP LIMITED**

黃河實業有限公司

Stock Code: 318

**ANNUAL REPORT 2011**

**EXECUTIVE DIRECTORS**

Mr VONG Tat leong, 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 leong, David

**COMPANY SECRETARY**

Mr TSUI Siu Hung, Raymond

**AUDITOR**

CCIF CPA Limited  
34/F The Lee Gardens  
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Causeway Bay  
Hong Kong

**REGISTERED OFFICE**

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

**HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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83 Hung To Road  
Kwun Tong  
Kowloon  
Hong Kong

**PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

HSBC Trustee (Cayman) Limited  
P.O. Box 484  
HSBC House  
68 West Bay Road  
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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](http://www.thevongroup.com)



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# Management Discussion and Analysis

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## OVERALL PERFORMANCE

For the year ended 30 April 2011, the Group generated turnover of approximately HK\$43.8 million (2010: approximately HK\$102.8 million) with a loss for the year of approximately HK\$10.6 million (2010: approximately HK\$7.9 million). Our revenue decreased mainly because of gradually and partially scaling down our products and operations in the Food & Beverage business. We have gradually implemented cost-cutting measures during the year, while we continue to seek and explore less capital-intensive and less operations-intensive ways of operating in this sector. In Financial Services, Securities and Property, our businesses have seen steady operations – our Financial Services business has seen steady demand by private enterprises and individuals for loans, and our Securities and Property businesses have seen steady contributions mainly from net realised and unrealised gain on securities investment and property investment. In the face of market forces, we have been operating our Securities and Property businesses to achieve appropriate risk-adjusted returns. In Technology & Media, we have been continuing to explore and develop opportunities to invest in businesses related to new energy technologies, new media and payment systems.

## BUSINESS REVIEW

### Financial Services

During this year, the revenue of our financial services businesses increased by HK\$0.6 million to approximately HK\$2.5 million as compared to last year.

### Securities

Our securities business recorded a net realised and unrealised gain on trading of securities investment of approximately HK\$8.3 million (2010: profit of approximately HK\$10.9 million) and dividend income from listed securities of approximately HK\$1.0 million (2010: approximately HK\$0.5 million), which contributed a profit for our securities segment of approximately HK\$7.4 million (2010: profit of approximately HK\$9.7 million) for the year ended 30 April 2011.

### Property

The revenue of the Group's property business segment was approximately HK\$1.2 million (2010: approximately HK\$2.6 million). The business segment contributed a profit of approximately HK\$7.6 million (2010: profit of approximately HK\$9.4 million) to the Group. Excluding the gain on unrealised fair value, the recurring profit of the property business segment would have been approximately HK\$0.8 million (2010: approximately HK\$0.3 million).

### Technology & Media

Our technology & media business recorded revenue of approximately HK\$0.7 million (2010: approximately HK\$0.1 million) with a business segment loss for the year of approximately HK\$5.0 million (2010: approximately HK\$1.9 million).

## 4 Management Discussion and Analysis

### Food & Beverage

During this year, revenue for our food & beverage businesses was approximately HK\$40.7 million (2010: approximately HK\$102.6 million), resulting in a segment loss of approximately HK\$3.3 million (2010: approximately HK\$5.8 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 & 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 2011 amounting to approximately HK\$197.2 million (2010: approximately HK\$235.2 million). The Group's current ratio as at 30 April 2011 is 3.6 (2010: 5.2). The total equity of the Group amounted to approximately HK\$348.9 million (2010: approximately HK\$365.2 million) as at 30 April 2011.

#### Gearing

The gearing ratio, as a ratio of bank borrowings to total equity, was 0.08 as at 30 April 2011 (2010: 0.04).

#### Exchange Rate Exposure

As at 30 April 2011, the Group's cash and cash equivalents amounted to approximately HK\$197.2 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.

#### 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 2011, 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\$Nil (2010: HK\$233,000) at 30 April 2011.
- (c) As at 30 April 2010, KCCC provided a corporate guarantee to a landlord to the extent of approximately HK\$190,000 in respect of the operating lease payments. No recognition of such guarantee was made for the year ended 30 April 2010 because the directors of the Company did not consider it probable that a claim would be made against the Group under the guarantee. The corporate guarantee was released upon the termination of the respective lease agreement during the year ended 30 April 2011.

### **Commitments**

The Group has capital commitments, which are contracted but not provided for, in respect of purchase of property, plant and equipment amounting to approximately HK\$13.2 million as at 30 April 2011 (2010: HK\$Nil).

### **FUTURE PROSPECTS**

Looking ahead, in light of the uncertainties and challenges face by the world's major economies and investment markets, the Group will continue to manage its businesses in a prudent manner, and we will also continue to seek potential investment opportunities, to diversify our business portfolios, and improve our business performance.

### **EMPLOYMENT AND REMUNERATION POLICY**

As at 30 April 2011, the Group had 180 (2010: 344) 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.

## EXECUTIVE DIRECTORS

**Mr Vong Tat leong, David**, aged 49, 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 53, 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.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr Fung Ka Keung, David**, aged 48, 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 52, 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 U.K., a PCLL in law from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS, a LL.M. in law from the University of Wolverhampton in the U.K., and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 28 years of multinational general management, strategy consulting, corporate governance, investment banking, and direct investment experience. He is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves as an independent or non-executive director of several publicly-listed companies in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, Dr Lam is a Member of the Jilin Province Committee of the Chinese People's Political Consultative Conference (and a former Specially-invited Member of the Zhejiang Province Committee), 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 Member of the Chief Executives Organization, a Fellow of the Hong Kong Institute of Directors, a Fellow of the Hong Kong Institute of Arbitrators, a Member of the General Committee and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, a Vice President of the Hong Kong Association for the Advancement of Real Estate and Construction Technology, a founding Board Member and the Honorary Treasurer of the Hong Kong - Vietnam Chamber of Commerce, and a visiting professor (in the subjects of corporate governance and investment banking) 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 45, 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 2011.

### 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 2011 is set out in note 4 to the financial statements.

### RESULTS AND DIVIDENDS

The Group’s loss for the year ended 30 April 2011 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 21 to 24. 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 117. This summary does not form part of the audited financial statements.

### DONATIONS

Donations made by the Group during the year amounted to HK\$Nil (2010: HK\$3,000).

### 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 118.

### 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 34 and 35 to the financial statements, respectively.

## PRE-EMPTIVE RIGHTS

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

## PURCHASES, SALE OR REDEMPTION OF SECURITIES

Neither of the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2011.

## RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 36 to the financial statements.

## DISTRIBUTABLE RESERVES

As at 30 April 2011, the Company's reserves available for distribution, calculated in accordance with the Companies Law (2004 Revision) of the Cayman Islands, amounted to approximately HK\$356.0 million. This includes the Company's share premium account, in the amount of approximately HK\$540.6 million as at 30 April 2011, 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.

# 10 Report of the Directors

## DIRECTORS

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

*Executive Directors:*

Mr Vong Tat leong, David (*Chief Executive Officer*)

Mr Xu Siping

*Independent non-executive Directors:*

Mr Fung Ka Keung, David

Dr Lam Lee G.

Ms Wong Man Ngar, Edna

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

## INDEPENDENCE CONFIRMATION

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

## DIRECTORS' INTERESTS IN CONTRACTS

Apart from the transactions disclosed in note 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 leong, David has an employment agreement with a subsidiary of the Group commencing on 3 September 2005, which will continue thereafter unless and until terminated by either party giving not less than one month's notice in writing or until terminated by mutual consent. Mr Vong has elected to waive part of his entitled compensation under the employment agreement for the year ended 30 April 2011.

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 2011, 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 leong, David ( <i>Note</i> )	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 2011, 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 35 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.

# 12 Report of the Directors

## SUBSTANTIAL SHAREHOLDER'S INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 April 2011, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

Name of shareholders	Interest in shares	Percentage of the Company's issued share capital
Mr Vong Tat leong, David <i>(Note)</i>	3,962,000,000	67.61%
Vongroup Holdings Limited <i>(Note)</i>	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 2011, 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 2011.

## CONNECTED TRANSACTIONS

Certain related party transactions entered by the Group during the year ended 30 April 2011, which also constitute connected transactions under the Listing Rules, are disclosed in note 41 to the financial statements.

## CORPORATE GOVERNANCE

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

## SUFFICIENCY OF PUBLIC FLOAT

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

## AUDITOR

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

ON BEHALF OF THE BOARD

**Vong Tat leong, David**

*Executive Director*

Hong Kong  
25 July 2011

## 14 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 2011.

Set out below are the status and details of compliance by the Company of the CG Code in the year ended 30 April 2011.

### **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 2011.

### **BOARD OF DIRECTORS**

#### **Composition**

As at 30 April 2011, the Board of Directors (the "Board") comprises five members: two executive Directors, namely, Mr Vong Tat leong, 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 6 and 7 of this Annual Report.

#### **Roles and Functions**

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

### Board meetings and attendance record

The Board held 7 Board meetings during the year ended 30 April 2011 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 leong, David	7/7
Mr XU Siping	7/7
Mr FUNG Ka Keung, David	7/7
Dr LAM Lee G.	7/7
Ms WONG Man Ngar, Edna	7/7

### 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.

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### 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 2005, Mr Vong Tat leong, David, who is director and CEO of the Company, has also carried out the responsibilities of the chairman of the Company. The Board considers the present structure is more suitable to the Company for it can provide strong and consistent leadership and allow for more efficient formulation and implementation of the Company’s development strategies.

### BOARD COMMITTEES

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

#### Audit Committee

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

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

The Audit Committee held two meetings during the year with an attendance rate of 100%. In the meetings, the Audit Committee reviewed the financial statements for the year ended 30 April 2010 and for the six months ended 31 October 2010, 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 2011 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 leong, David. The Remuneration Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules.

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

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

### Other Information

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

### AUDITOR'S REMUNERATION

The amount of audit fee payable to CCIF CPA Limited for the year ended 30 April 2011 was HK\$580,000.

### 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.

## 18 Corporate Governance Report

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

### **COMMUNICATION WITH SHAREHOLDERS**

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

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

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

**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

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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 (together the "Group") set out on pages 21 to 116, which comprise the consolidated and company statements of financial position as at 30 April 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated 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 this 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 about whether the consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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 2011, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### **CCIF CPA Limited**

*Certified Public Accountants*

Hong Kong, 25 July 2011

#### **Kwok Cheuk Yuen**

Practising Certificate Number P02412

# Consolidated Statement of Comprehensive Income

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For the year ended 30 April 2011

	Note	2011 HK\$'000	2010 HK\$'000
<b>Turnover</b>	5	<b>43,833</b>	102,784
Other revenue	5	<b>1,766</b>	3,564
Other net income	5	<b>14,316</b>	17,314
Cost of inventories consumed	21(b)	<b>(14,347)</b>	(33,867)
Cost of forfeited collateral sold	21(b)	<b>(295)</b>	(121)
Staff costs		<b>(17,571)</b>	(37,900)
Operating lease rentals		<b>(7,557)</b>	(16,584)
Depreciation and amortisation		<b>(1,977)</b>	(2,901)
Other expenses		<b>(35,006)</b>	(46,510)
Change in fair value of investment properties	15	<b>6,786</b>	7,043
<b>Loss from operations</b>	6	<b>(10,052)</b>	(7,178)
Finance costs	7	<b>(271)</b>	(141)
Share of profit of a jointly-controlled entity	18	<b>40</b>	136
<b>Loss before taxation</b>		<b>(10,283)</b>	(7,183)
Income tax	8(a)	<b>(280)</b>	(757)
<b>Loss for the year</b>		<b>(10,563)</b>	(7,940)
<b>Other comprehensive income/(expense)</b>			
Exchange differences arising on translation of foreign operations		<b>620</b>	(21)
<b>Total comprehensive expense for the year</b>		<b>(9,943)</b>	(7,961)
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(7,674)</b>	(6,507)
Non-controlling interests		<b>(2,889)</b>	(1,433)
		<b>(10,563)</b>	(7,940)
<b>Total comprehensive expense for the year attributable to:</b>			
Owners of the Company		<b>(7,054)</b>	(6,528)
Non-controlling interests		<b>(2,889)</b>	(1,433)
		<b>(9,943)</b>	(7,961)
<b>Loss per share</b>			
– Basic and diluted	12	<b>(HK\$0.0013)</b>	(HK\$0.0011)

The notes on pages 28 to 116 form an integral part of these financial statements.

# 22 Consolidated Statement of Financial Position

As at 30 April 2011

	Note	30 April 2011 HK\$'000	30 April 2010 HK\$'000 (Restated)	1 May 2009 HK\$'000 (Restated)
<b>Non-current assets</b>				
Property, plant and equipment	13	7,678	13,852	16,114
Lease premium for land	14	1,414	1,375	1,406
Investment properties	15	99,720	63,940	45,500
Goodwill	16	8,988	8,988	8,988
Interest in a jointly-controlled entity	18	1,896	2,216	2,080
Rental and utility deposits		–	–	5,201
Deposits paid for acquisition of property, plant and equipment and investment properties	19	2,224	1,761	5,264
Available-for-sale investments	20	21,834	21,414	635
		<b>143,754</b>	113,546	85,188
<b>Current assets</b>				
Lease premium for land	14	33	31	31
Inventories	21	9,678	10,951	11,121
Forfeited collateral held for sale	21	217	203	164
Accounts receivable	22	489	451	518
Moneylending loan receivables	23	14,655	11,973	1,824
Deposits, prepayments and other receivables	24	14,661	9,872	10,847
Amount due from a jointly-controlled entity	25	267	227	178
Financial assets at fair value through profit or loss	26	46,683	42,789	20,349
Cash and cash equivalents	27	197,198	235,223	291,525
		<b>283,881</b>	311,720	336,557
<b>Current liabilities</b>				
Accounts payable	28	978	3,456	7,308
Accruals and deposits received	29	27,928	20,193	14,374
Tax payables	8(b)	21,414	20,247	19,561
Finance lease payable – current portion	30	–	234	270
Bank borrowings	31	27,797	15,337	4,187
Amount due to a director	32	–	–	830
		<b>78,117</b>	59,467	46,530
<b>Net current assets</b>		<b>205,764</b>	252,253	290,027

# Consolidated Statement of Financial Position

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As at 30 April 2011

	Note	30 April 2011 HK\$'000	30 April 2010 HK\$'000 (Restated)	1 May 2009 HK\$'000 (Restated)
<b>Total assets less current liabilities</b>		<b>349,518</b>	365,799	375,215
<b>Non-current liabilities</b>				
Other payables		–	–	760
Finance lease payable – long-term portion	30	–	–	234
Deferred tax liabilities	33	<b>591</b>	591	591
		<b>591</b>	591	1,585
<b>NET ASSETS</b>		<b>348,927</b>	365,208	373,630
<b>CAPITAL AND RESERVES</b>				
Share capital	34	<b>5,860</b>	5,860	5,864
Reserves	36	<b>343,067</b>	350,121	357,106
		<b>348,927</b>	355,981	362,970
Non-controlling interests		–	9,227	10,660
<b>TOTAL EQUITY</b>		<b>348,927</b>	365,208	373,630

Approved and authorised for issue by the board of directors on 25 July 2011.

On behalf of the board

**Vong Tat leong, David**  
Director

**Xu Siping**  
Director

The notes on pages 28 to 116 form an integral part of these financial statements.

## 24 Statement of Financial Position

As at 30 April 2011

	Note	2011 HK\$'000	2010 HK\$'000
<b>Non-current assets</b>			
Interests in subsidiaries	17	32,090	32,090
<b>Current assets</b>			
Deposits, prepayments and other receivables	24	5	593
Amounts due from subsidiaries	17	307,618	314,320
Cash and cash equivalents	27	25,503	21,888
		<b>333,126</b>	336,801
<b>Current liabilities</b>			
Accruals and deposits received	29	3,352	3,446
<b>Net current assets</b>			
		<b>329,774</b>	333,355
<b>NET ASSETS</b>			
		<b>361,864</b>	365,445
<b>CAPITAL AND RESERVES</b>			
Share capital	34	5,860	5,860
Reserves	36	356,004	359,585
<b>TOTAL EQUITY</b>			
		<b>361,864</b>	365,445

Approved and authorised for issue by the board of directors on 25 July 2011.

On behalf of the board

**Vong Tat leong, David**  
Director

**Xu Siping**  
Director

The notes on pages 28 to 116 form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

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For the year ended 30 April 2011

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Statutory surplus reserve HK\$'000	Exchange translation reserve HK\$'000	Accumulated losses HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 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 adjustment	-	-	-	-	(21)	-	(21)	-	(21)
Total comprehensive expense 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 and 1 May 2010	5,860	533,020	262	156	531	(183,848)	355,981	9,227	365,208
Loss for the year	-	-	-	-	-	(7,674)	(7,674)	(2,889)	(10,563)
Exchange adjustment	-	-	-	-	620	-	620	-	620
Total comprehensive expense for the year	-	-	-	-	620	(7,674)	(7,054)	(2,889)	(9,943)
Disposal of a subsidiary (note 38)	-	-	-	-	-	-	-	(6,338)	(6,338)
Transfer	-	-	-	99	-	(99)	-	-	-
At 30 April 2011	5,860	533,020	262	255	1,151	(191,621)	348,927	-	348,927

The notes on pages 28 to 116 form an integral part of these financial statements.

# Consolidated Statement of Cash Flows

For the year ended 30 April 2011

	Note	2011 HK\$'000	2010 HK\$'000 (restated)
<b>Operating activities</b>			
Loss before taxation		<b>(10,283)</b>	(7,183)
Adjustments for:			
Share of profit of a jointly-controlled entity	18	<b>(40)</b>	(136)
Interest income	5	<b>(647)</b>	(300)
Dividend income from listed securities	5, 6	<b>(951)</b>	(536)
Finance costs	7	<b>271</b>	141
Depreciation of property, plant and equipment	13	<b>1,945</b>	2,870
Amortisation of lease premium for land	14	<b>32</b>	31
Impairment loss on other receivables	24	<b>2,500</b>	–
Change in fair value of investment properties	15	<b>(6,786)</b>	(7,043)
Gain on disposal of a subsidiary	6, 38	<b>(4,204)</b>	–
Gain on disposal of property, plant and equipment	5, 6	<b>(577)</b>	(954)
Gain on disposal of investment properties	5	<b>–</b>	(2,067)
<b>Operating loss before working capital changes</b>		<b>(18,740)</b>	(15,177)
Decrease in rental and utility deposits		<b>–</b>	3,524
Decrease in inventories		<b>1,273</b>	170
Increase in forfeited collateral held for sale		<b>(14)</b>	(39)
(Increase)/decrease in accounts receivable		<b>(38)</b>	67
Increase in moneylending loan receivables		<b>(2,682)</b>	(10,149)
(Increase)/decrease in deposits, prepayments and other receivables		<b>(7,544)</b>	2,652
Increase in amount due from a jointly-controlled entity		<b>(40)</b>	(49)
Increase in financial assets at fair value through profit or loss		<b>(3,894)</b>	(22,440)
Decrease in accounts payable		<b>(2,478)</b>	(3,852)
Increase in accruals, deposits received and other payables		<b>7,895</b>	707
<b>Cash used in operations</b>		<b>(26,262)</b>	(44,586)
PRC enterprise income tax paid	8(b)	<b>(181)</b>	(71)

# Consolidated Statement of Cash Flows

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For the year ended 30 April 2011

	Note	2011 HK\$'000	2010 HK\$'000 (restated)
<b>Net cash outflow from operating activities</b>		<b>(26,443)</b>	(44,657)
<b>Investing activities</b>			
Interest received	5	647	300
Dividend received from listed securities	5, 6	951	536
Dividend received from a jointly-controlled entity		442	–
Acquisition of investment properties	15	(12,394)	(26,014)
Acquisition of property, plant and equipment	13	(145)	(2,844)
Increase in deposits paid in respect of acquisition of property, plant and equipment	19	(2,224)	–
Net proceeds from disposal of investment properties		–	20,195
Net proceeds from disposal of property, plant and equipment		5,055	3,182
Decrease in pledged time deposits		190	513
Disposal of a subsidiary, net of cash required	38	(275)	–
Acquisition of available-for-sale investments	20	(420)	(16,427)
Acquisition of subsidiaries, net of cash acquired	37	(16,600)	–
<b>Net cash outflow from investing activities</b>		<b>(24,773)</b>	(20,559)
<b>Financing activities</b>			
Interest paid		(271)	(141)
Purchase of own shares		–	(461)
Advanced from bank borrowings		75,106	12,102
Repayment of bank borrowings		(62,646)	(952)
Capital element of finance lease payable		(234)	(270)
Decrease in amount due to a director		–	(830)
<b>Net cash inflow from financing activities</b>		<b>11,955</b>	9,448
<b>Net decrease in cash and cash equivalents</b>		<b>(39,261)</b>	(55,768)
Effect of foreign exchange rate changes		1,426	(21)
<b>Cash and cash equivalents at beginning of year</b>		<b>235,033</b>	290,822
<b>Cash and cash equivalents at end of year</b>	27	<b>197,198</b>	235,033

The notes on pages 28 to 116 form an integral part of these financial statements.

For the year ended 30 April 2011

## 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 17A, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 17.

In the opinion of the directors of the Company, at 30 April 2011, 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 leong, 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.

# Notes to the Financial Statements

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For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of preparation

The consolidated financial statements for the year ended 30 April 2011 comprise the Company and its subsidiaries and the Group's interest in a jointly-controlled entity.

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

The measurement basis used in the preparation of the financial statements is the historical cost convention, except for the available-for-sale financial assets, investment properties and financial assets at fair value through profit or loss that have been measured at fair value.

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

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

Judgments made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 42.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (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.

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.

Non-controlling interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

### (d) Subsidiaries and non-controlling 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. On adoption of HKAS 27 (Revised), when control is lost, any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. (The adoption of this change in HKAS 27 (Revised) should be applied prospectively.)

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.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, 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. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (d) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling 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 and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

#### *Changes in the Group's ownership interests in existing subsidiaries*

#### **Changes in the Group's ownership interests in existing subsidiaries on or after 1 May 2010**

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(l)).

#### **Changes in the Group's ownership interests in existing subsidiaries prior to 1 May 2010**

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (e) Business combinations

#### *Business combinations on or after 1 May 2010*

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition-date fair values, except that:

- deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of acquisition are recognised and measured in accordance with HKAS 12 *Income Tax*;
- liabilities or assets relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 *Employee Benefits*;
- liabilities or equity instruments relating to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (e) Business combinations (Continued)

#### *Business combinations on or after 1 May 2010 (Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, *Financial Instruments: Recognition and Measurement* or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (e) Business combinations (Continued)

#### *Business combinations on or after 1 May 2010 (Continued)*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

#### *Business combinations prior to 1 May 2010*

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

For the year ended 30 April 2011

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(f) Jointly-controlled entities**

A jointly-controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in a jointly-controlled entity is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(j)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the jointly-controlled entity, 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 or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest 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 jointly-controlled entity.

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

When the Group ceases to have significant influence over a joint control over a jointly-controlled entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in a jointly-controlled entity.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (g) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), this excess is recognised immediately in profit or as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. For the purposes of equipment testing, goodwill is allocated to each of the cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a cash generating unit 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 are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(j)).

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (h) Property, plant and equipment (Continued)

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

- buildings situated on leasehold land are depreciated on a straight-line basis over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion;
- other property, plant and equipment are depreciated on a straight-line method over their estimated useful lives as follows:

Leasehold improvements	20% over the remaining term of the lease, if shorter
Furniture, fixtures and equipment	10% – 20%
Motor vehicles	20%
Utensils and supplies	33½%

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (h) Property, plant and equipment (Continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost 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.

### (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 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 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 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:

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (j) Impairment of assets (Continued)

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

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

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 the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (j) Impairment of assets (Continued)

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

- 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.

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 and jointly-controlled entity (except for those classified as held for sale); and
- goodwill.

For the year ended 30 April 2011

## 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.

For the year ended 30 April 2011

## 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. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

### (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.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (I) 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.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (I) 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 statement of comprehensive income 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.

Reclassification of financial assets, other than as set out below, or of financial liabilities between categories are not permitted following their initial recognition.

Held for trading non-derivative financial assets can only be transferred out of the held at fair value through profit or loss category in the following circumstances: to the available-for-sale category, where, in rare circumstances, they are no longer held for the purpose of selling or repurchasing in the near term; or to the loan and receivables category, where they are no longer held for the purpose of selling or repurchasing in the near term and they would have met the definition of a loan and receivable at the date of reclassification and the Group has the intent and ability to hold the assets for the foreseeable future or until maturity.

Financial assets can only be transferred out of the available-for-sale category to the loan and receivables category, where they would have met the definition of a loan and receivable at the date of reclassification and the Group has the intent and ability to hold the assets for the foreseeable future or until maturity.

Financial assets are reclassified at their fair value on the date of reclassification. For financial assets reclassified out the available-for-sale category into loans and receivables, any gain or loss on those assets recognised in shareholders' equity prior to the date of reclassification is amortised to the statement of comprehensive income over the remaining life of the financial assets, using the effective interest method.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables. 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 and loan interest income*

- Financial service 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.

#### (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.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (m) Revenue recognition (Continued)

#### (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.

#### (viii) *Revenue from technology & media businesses*

Revenue from technology & media businesses is recognised when the services have been rendered to customers.

### (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 not more than one year. If the loan is not repaid, the loan principal becomes the cost of the forfeited collateral, which is held for sale.

### (p) Trade and other payables

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

For the year ended 30 April 2011

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(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 in other comprehensive income and accumulated separately in equity in the exchange reserve. 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.

From 1 May 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

For the year ended 30 April 2011

## 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.

For 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.

### (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.

For the year ended 30 April 2011

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(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, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

**(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 the 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.

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.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (v) Income tax (Continued)

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.

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.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (w) Leased assets

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

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

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

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2 (w) (ii)); and
- 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(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(j). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (w) Leased assets (Continued)

#### (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.

### (x) Employee benefits

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

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.

#### (ii) *Share-based payments*

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

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (x) Employee benefits (Continued)

#### (ii) *Share-based payments (Continued)*

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 statement of comprehensive income for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

#### (iii) *Termination benefits*

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

### (y) Related parties

For the purpose of these financial statements, a party is 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;

For the year ended 30 April 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (y) Related parties (Continued)

- (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.

### (aa) Borrowing costs

Borrowing costs that are 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 are capitalised as part of the cost of that assets. Other borrowing costs are expensed in profit or loss in the period in which they are incurred.

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.

For the year ended 30 April 2011

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(ab) Research and development costs**

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

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

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

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

**(ac) Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

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For the year ended 30 April 2011

### 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.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (revised 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (revised 2008)	Business Combinations
HK-Interpretation (“Int”) 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

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

#### **Amendments to HKAS 17 Leases, as part of Improvements to HKFRSs issued in 2009**

HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as lease premium for land in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

# Notes to the Financial Statements

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For the year ended 30 April 2011

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

### Amendments to HKAS 17 Leases, as part of Improvements to HKFRSs issued in 2009 (Continued)

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 May 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from lease premium for land to property, plant, and equipment retrospectively.

The effect of the adoption of the amendments to HKAS 17 is as follows:

	30 April 2011 HK\$'000	30 April 2010 HK\$'000	1 May 2009 HK\$'000
Decrease in lease premium for land	<b>(3,067)</b>	(3,890)	(3,994)
Increase in property, plant and equipment	<b>3,067</b>	3,890	3,994

The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

### Amendments to HKAS 32, Classification of Rights Issues

The amendments to HKAS 32 titled Classification of Rights issues address the classification of certain right issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.

### Hong Kong Interpretation 5, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (“HK (Int) 5”) clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time (“repayment on demand clause”) should be classified by the borrower as current liabilities. The Group has applied HK (Int) 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

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For the year ended 30 April 2011

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

### Hong Kong Interpretation 5, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Continued)

In order to comply with the requirements set out in HK (Int) 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK (Int) 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank borrowings that contain a repayment on demand clause with the aggregate carrying amounts of approximately HK\$12,878,000 and HK\$3,329,000 have been reclassified from non-current liabilities to current liabilities as at 30 April 2010 and 1 May 2009 respectively. The application of HK (Int) 5 has had no impact on the reported profit or loss for the current and prior years.

The effect of the adoption of the amendments to HK (Int) 5 is as follows:

	<b>30 April 2011</b> <b>HK\$'000</b>	30 April 2010 HK\$'000	1 May 2009 HK\$'000
Current liabilities			
Increase in bank borrowings	<b>25,131</b>	12,878	3,329
Non-current liabilities			
Decrease in bank borrowings	<b>(25,131)</b>	(12,878)	(3,329)

Such bank borrowings have been presented in the earliest time band in the maturity analysis for financial liabilities.

# Notes to the Financial Statements

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For the year ended 30 April 2011

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

### Summary of the effects of the above changes in accounting policies on the consolidated statement of financial position

The effects of the above changes in accounting policies on the consolidated statements of financial position as at 1 May 2009 and 30 April 2010 are as follows:

	As at 1 May 2009 (originally stated) HK\$'000	Adjustments HK\$'000	As at 1 May 2009 (restated) HK\$'000	As at 30 April 2010 (originally stated) HK\$'000	Adjustments HK\$'000	As at 30 April 2010 (restated) HK\$'000
Property, plant and equipment	12,120	3,994	16,114	9,962	3,890	13,852
Lease premium for land	5,431	(3,994)	1,437	5,296	(3,890)	1,406
Bank borrowings						
– current	858	3,329	4,187	2,459	12,878	15,337
Bank borrowings						
– non-current	3,329	(3,329)	–	12,878	(12,878)	–

### New/revised HKFRSs not adopted

Up to the date of issue of these financial statements, the HKICPA has issued the following new and revised standards, amendments and interpretations which are not yet effective for the year ended 30 April 2011.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKAS 1 and HKAS 28 <sup>1</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>2</sup>
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters <sup>4</sup>
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets <sup>4</sup>
HKFRS 9	Financial Instruments <sup>6</sup>
HKFRS 10	Consolidated Financial Statements <sup>6</sup>
HKFRS 11	Joint Arrangements <sup>6</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>6</sup>
HKFRS 13	Fair value Measurement <sup>6</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>4</sup>
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets <sup>5</sup>
HKAS 19 (Revised)	Employee Benefits <sup>6</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>3</sup>
HKAS 27 (2011)	Separate Financial Statements <sup>6</sup>
HKAS 28 (2011)	Investments in Associates and Joint Ventures <sup>6</sup>
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirements <sup>3</sup>
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>2</sup>

For the year ended 30 April 2011

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

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
- <sup>2</sup> Effective for annual periods beginning on or after 1 July 2010.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2011.
- <sup>4</sup> Effective for annual periods beginning on or after 1 July 2011.
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2012.
- <sup>6</sup> Effective for annual periods beginning on or after 1 January 2013.

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

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the changes in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

For the year ended 30 April 2011

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

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the assets. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into any such transactions in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The amendments to HK(IFRIC)-Int 14 require entities to recognise as an economic benefit any prepayment of minimum funding requirement contributions. As the Group has no defined benefit scheme, the amendments are unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 19 provides guidance regarding the accounting the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into such transactions in the future, HK(IFRIC)-Int 19 will affect the required accounting. In particular, under HK(IFRIC)-Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

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

All relevant changes in accounting policies and disclosures have been made in accordance with the provisions of the respective standards.

For the year ended 30 April 2011

#### 4. SEGMENT INFORMATION

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

The Group has presented the segment information by the following categories. These segments are managed separately.

- |    |                     |  |
|----|---------------------|--|
| 1. | Financial services: | Consumer finance, moneylending, other financial/business services and related activities |
| 2. | Securities:         | Securities and related activities  |
| 3. | Property:           | Real property and related activities   |
| 4. | Technology & Media: | Smart-card financial services, other technology & media and related activities           |
| 5. | Food & Beverage:    | Catering services, other food & beverage businesses and related activities               |

##### (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 revenue, 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 segments. Head office and corporate expenses are not allocated to individual segments.

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

## Notes to the Financial Statements

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For the year ended 30 April 2011

## 4. SEGMENT INFORMATION (CONTINUED)

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

*Segment revenue and results*

The following is an analysis of the Group's revenue and results from operations by reportable segments.

	Segment revenue		Segment profit/(loss)	
	Year ended	Year ended	Year ended	Year ended
	30/4/2011	30/4/2010	30/4/2011	30/4/2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial services	2,506	1,932	702	489
Securities	10,486	14,771	7,406	9,671
Property	1,207	2,621	7,574	9,420
Technology & Media	693	66	(5,005)	(1,851)
Food & Beverage	40,718	102,625	(3,308)	(5,803)
<b>Total</b>	<b>55,610</b>	<b>122,015</b>	<b>7,369</b>	<b>11,926</b>
Unallocated items:				
Other revenue			4,305	1,647
Administrative and other operating expense			(21,726)	(20,751)
Finance costs			(271)	(141)
Share of profit of a jointly-controlled entity			40	136
Loss before taxation			(10,283)	(7,183)
Income tax			(280)	(757)
<b>Loss for the year</b>			<b>(10,563)</b>	<b>(7,940)</b>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2010: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration costs including directors' salaries, other revenue, other net income, cost of inventories consumed, cost of forfeited collateral sold, administrative and other operating expenses and finance costs. This is the measure reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance.

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For the year ended 30 April 2011

## 4. SEGMENT INFORMATION (CONTINUED)

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

#### *Segment assets and liabilities*

	At 30/4/2011 HK\$'000	At 30/4/2010 HK\$'000
<b>Segment assets</b>		
Financial services	44,038	30,761
Securities	83,489	57,825
Property	105,964	72,857
Technology & Media	703	8,984
Food & Beverage	21,574	28,287
Total segment assets	255,768	198,714
Unallocated	171,867	226,552
Consolidated assets	427,635	425,266
<b>Segment liabilities</b>		
Financial services	9,838	723
Securities	–	–
Property	26,872	12,116
Technology & Media	–	116
Food & Beverage	32,370	32,915
Total segment liabilities	69,080	45,870
Unallocated	9,628	14,188
Consolidated liabilities	78,708	60,058

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than unallocated corporate assets. No assets are used jointly by segments.
- all liabilities are allocated to reportable segments other than unallocated corporate liabilities. There are no liabilities for which segments are jointly liable.

## Notes to the Financial Statements

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For the year ended 30 April 2011

## 4. SEGMENT INFORMATION (CONTINUED)

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

*Other segment information*

	Additions to non-current assets		Depreciation and amortisation	
	Year ended 30/4/2011	Year ended 30/4/2010	Year ended 30/4/2011	Year ended 30/4/2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment assets</b>				
Financial services	–	–	18	19
Securities	–	–	–	–
Property	29,008	29,517	6	4
Technology & Media	–	–	121	202
Food & Beverage	100	464	868	1,685
Unallocated	31	2,380	964	991
<b>Total</b>	<b>29,139</b>	<b>32,361</b>	<b>1,977</b>	<b>2,901</b>

## (b) Geographical segments

The Group's operations are carried out in Hong Kong and PRC. Financial services, technology & media businesses and food & beverage businesses are carried out in Hong Kong and PRC. Securities and property businesses are carried out mainly in Hong Kong.

The Group's revenue from operations from external customers by location of operations and information about its assets by location of assets are detailed below:

	Revenue from external customers		Segment assets	
	Year ended 30/4/2011	Year ended 30/4/2010	At 30/4/2011	At 30/4/2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	7,407	62,263	382,269	385,332
PRC	36,426	40,521	45,366	39,934
<b>Total</b>	<b>43,833</b>	<b>102,784</b>	<b>427,635</b>	<b>425,266</b>

## (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 2010 and 2011.

For the year ended 30 April 2011

## 5. TURNOVER, OTHER REVENUE AND OTHER NET INCOME

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

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

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

	Group	
	2011 HK\$'000	2010 HK\$'000
<b>Turnover</b>		
Income from food & beverage businesses	40,060	100,584
Income from technology & media businesses	624	–
Financial services income	1,674	1,502
Sale of forfeited collateral	361	144
Gross rental income from investment properties	1,114	554
	<b>43,833</b>	102,784
<b>Other revenue</b>		
Bank interest income	647	300
Total interest income on financial assets not at fair value through profit or loss	647	300
Dividend income	951	536
Sundry income	168	2,728
	<b>1,766</b>	3,564
<b>Other net income</b>		
Exchange gain, net	–	57
Gain on disposal of a subsidiary (note 38)	4,204	–
Gain on disposal of investment properties	–	2,067
Net realised gain on financial assets at fair value through profit or loss	9,535	14,236
Net gain on disposal of property, plant and equipment	577	954
	<b>14,316</b>	17,314

## Notes to the Financial Statements

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For the year ended 30 April 2011

**6. LOSS FROM OPERATIONS**

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

	<b>2011</b> <b>HK\$'000</b>	2010 HK\$'000
Cost of inventories consumed (note 21(b))	<b>14,347</b>	33,867
Cost of forfeited collaterals sold (note 21(b))	<b>295</b>	121
	<b>14,642</b>	33,988
Staff costs (including directors' emoluments – note 9):		
Wages and salaries	<b>17,432</b>	36,332
Retirement benefits scheme contributions	<b>139</b>	1,568
	<b>17,571</b>	37,900
Auditors' remuneration	<b>623</b>	703
Depreciation and amortisation	<b>1,977</b>	2,901
Gain on disposal of investment properties	<b>–</b>	(2,067)
Gain on disposal of property, plant and equipment	<b>(577)</b>	(954)
Gain on disposal of a subsidiary (note 38)	<b>(4,204)</b>	–
Exchange loss/(gain), net	<b>1,232</b>	(57)
Operating lease rentals	<b>7,557</b>	16,584
Research and development costs*	<b>5,000</b>	–
Rental income from investment properties less direct outgoings of HK\$70,000 (2010: HK\$43,000)	<b>(1,044)</b>	(511)
Dividend income from listed securities	<b>(951)</b>	(536)
Impairment loss on other receivable (note 24)	<b>2,500</b>	–
Net realised gain on financial assets at fair value through profit or loss	<b>(9,535)</b>	(14,236)
Net unrealised loss on financial assets at fair value through profit or loss	<b>1,256</b>	3,384

\* This item is included in other expenses.

**7. FINANCE COSTS**

	<b>Group</b>	
	<b>2011</b> <b>HK\$'000</b>	2010 HK\$'000
Bank overdraft interest	<b>3</b>	–
Interest on bank borrowings	<b>264</b>	125
Interest on finance lease	<b>4</b>	16
Total interest expense on financial liabilities not at fair value through profit or loss	<b>271</b>	141

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For the year ended 30 April 2011

## 8. INCOME TAX

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

	Group	
	2011 HK\$'000	2010 HK\$'000
Current tax		
PRC Enterprise Income Tax	280	757
Income tax for the year	280	757

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

	2011 HK\$'000	2010 HK\$'000
Loss before taxation	(10,283)	(7,183)
Notional tax on loss before taxation, calculated at the rate applicable to profits in the tax jurisdictions concerned	(2,010)	(1,174)
Income not subject to taxation	(3,483)	(507)
Expenses not deductible for taxation purposes	2,664	532
Tax losses not yet recognised	3,644	1,506
Tax effect of unrecognised temporary differences	(535)	400
Tax charge	280	757

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 (2010: 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.

## Notes to the Financial Statements

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For the year ended 30 April 2011

## 8. INCOME TAX (CONTINUED)

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

	Group	
	2011 HK\$'000	2010 HK\$'000
At beginning of the year	20,247	19,561
Provision for the year		
– PRC enterprise income tax	280	757
Taxation paid	(181)	(71)
Exchange adjustment	1,068	–
At end of the year	21,414	20,247
Analysed for reporting purposes as:		
PRC enterprise income tax	21,414	20,247

## 9. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION

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

Name of Director	Year ended 30 April 2011			
	Fees HK\$'000	Basic salaries, allowances and other benefits HK\$,000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors</b>				
Vong Tat leong, David (Chief Executive Officer)	3,000	850	–	3,850
Xu Siping	500	–	–	500
<b>Independent non-executive directors</b>				
Fung Ka Keung, David	100	–	–	100
Lam Lee G.	150	–	–	150
Wong Man Ngar, Edna	100	–	–	100
	3,850	850	–	4,700

For the year ended 30 April 2011

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

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

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

\* Wong Chi Man ("Mr. Wong") resigned on 29 September 2009.

- (ii) Of the five individuals with the highest emoluments in the Group, one (2010: two) were directors of the Company whose emoluments are included in the disclosures in note 9(i) above. The emoluments of the remaining four (2010: three) individuals were as follows:

	2011 HK\$'000	2010 HK\$'000
Salaries and other benefits	2,712	2,104
Retirement benefits scheme contributions	24	36
	2,736	2,140

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

### (ii) (Continued)

The number of the four (2010: three) highest paid individuals whose remuneration fall within the following bands are as follows:

	2011	2010
Nil – HK\$1,000,000	4	3

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

## 10. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss for the year attributable to equity holders of the Company for the year dealt with in the financial statements of the Company is net loss of HK\$3,581,000 (2010: net loss of HK\$6,056,000).

## 11. DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 30 April 2011 (2010: 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\$7,674,000 (2010: HK\$6,507,000) and the weighted average number of 5,859,860,900 (2010: 5,860,111,585) ordinary shares in issue during the year.

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

## Notes to the Financial Statements

For the year ended 30 April 2011

**13. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold land and buildings held for own use carried at cost HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Utensils and supplies HK\$'000	Total HK\$'000
<b>Cost</b>						
At 30 April 2009, as previously reported	5,295	38,404	9,916	2,986	11,214	67,815
Effect of adoption of HKAS 17 (Amendment)	4,449	-	-	-	-	4,449
At 30 April 2009, as restated	9,744	38,404	9,916	2,986	11,214	72,264
Additions	-	266	325	2,176	77	2,844
Disposals	(1,611)	(832)	(462)	-	(216)	(3,121)
At 30 April 2010, as restated	8,133	37,838	9,779	5,162	11,075	71,987
Additions	-	39	66	-	40	145
Disposals	(3,561)	(32,640)	(8,550)	(969)	(10,636)	(56,356)
Disposal of a subsidiary (note 38)	-	-	(23)	-	-	(23)
Exchange adjustment	-	295	56	30	28	409
At 30 April 2011	<b>4,572</b>	<b>5,532</b>	<b>1,328</b>	<b>4,223</b>	<b>507</b>	<b>16,162</b>
<b>Accumulated depreciation and impairment losses</b>						
At 1 May 2009, as previously reported	534	34,715	8,894	680	10,872	55,695
Effect of adoption of HKAS 17 (Amendment)	455	-	-	-	-	455
At 30 April 2009, as restated	989	34,715	8,894	680	10,872	56,150
Effect of adoption of HKAS 17 (Amendment)	104	-	-	-	-	104
Charge for the year	96	1,283	302	996	89	2,766
Written back on disposals	(76)	(574)	(171)	-	(64)	(885)

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For the year ended 30 April 2011

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land and buildings held for own use carried at cost HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Utensils and supplies HK\$'000	Total HK\$'000
At 30 April 2010, as restated	1,113	35,424	9,025	1,676	10,897	58,135
Charge for the year	129	740	196	844	36	1,945
Written back on disposals	(668)	(31,929)	(8,316)	(422)	(10,543)	(51,878)
Written back through disposal of a subsidiary (note 38)	-	-	(20)	-	-	(20)
Exchange adjustment	-	224	40	15	23	302
<b>At 30 April 2011</b>	<b>574</b>	<b>4,459</b>	<b>925</b>	<b>2,113</b>	<b>413</b>	<b>8,484</b>
<b>Net carrying amount</b>						
At 30 April 2009, as restated	8,755	3,689	1,022	2,306	342	16,114
At 30 April 2010, as restated	7,020	2,414	754	3,486	178	13,852
<b>At 30 April 2011</b>	<b>3,998</b>	<b>1,073</b>	<b>403</b>	<b>2,110</b>	<b>94</b>	<b>7,678</b>

During the year, the Group carried out a review of the recoverable amount of its leasehold land and buildings held for own use carried at cost in the Group's food & beverage businesses segment. No impairment loss has been recognised in consolidated statement of comprehensive income for both years. 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 leasehold land and buildings was performed by Asset Appraisal Limited to determine the fair value of Group's leasehold land and buildings held for own use carried at cost.

The carrying amount of the Group's leasehold land and buildings held for own use carried at cost, which is held under medium term lease, is analysed as follows:

	2011 HK\$'000	2010 HK\$'000 (restated)
Situated in: Hong Kong	3,998	7,020

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For the year ended 30 April 2011

## 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	
	2011 HK\$'000	2010 HK\$'000 (restated)
<b>Cost</b>		
Brought forward, as previously reported	5,971	5,971
Effect of adoption of HKAS 17 (Amendment)	(4,449)	(4,449)
Brought forward, as restated	1,522	1,522
Exchange adjustment	80	–
Carried forward	1,602	1,522
<b>Accumulated amortisation and impairment loss</b>		
Brought forward, as previously reported	675	540
Effect of adoption of HKAS 17 (Amendment)	(559)	(455)
Brought forward, as restated	116	85
Amortisation for the year	32	135
Effect of adoption of HKAS 17 (Amendment)	–	(104)
Exchange adjustment	7	–
Carried forward	155	116
<b>Net carrying amount</b>	<b>1,447</b>	<b>1,406</b>
Leases of between 10 to 50 years which is held under medium term lease, held in PRC	1,447	1,406
Analysed for reporting purposes as:		
Current assets	33	31
Non-current assets	1,414	1,375
	<b>1,447</b>	<b>1,406</b>

## Notes to the Financial Statements

For the year ended 30 April 2011

**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 segment. No impairment loss has been recognised in the consolidated statement of comprehensive income for both years. The recoverable amount of the relevant assets has been determined on the basis of their fair value less cost to sell.

**15. INVESTMENT PROPERTIES**

	Group	
	2011 HK\$'000	2010 HK\$'000
Balance at beginning of year	63,940	45,500
Transfer from deposit paid in respect of acquisition of investment properties (note 19)	1,600	3,503
Additions		
– others	12,394	26,014
– through acquisition of a subsidiary (note 37(i))	15,000	–
	27,394	26,014
Disposals	–	(18,120)
Increase in fair value	6,786	7,043
Balance at end of year	99,720	63,940

The fair value of the Group's investment properties at 30 April 2011 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.

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

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For the year ended 30 April 2011

## 16. GOODWILL

	Group	
	2011 HK\$'000	2010 HK\$'000
<b>Cost</b>		
Brought forward and carried forward	11,383	11,383
<b>Accumulated amortisation</b>		
Brought forward and carried forward	2,395	2,395
<b>Net carrying value</b>	<b>8,988</b>	8,988

### Impairment test for cash-generating unit containing goodwill

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

	Group	
	2011 HK\$'000	2010 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.

## Notes to the Financial Statements

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For the year ended 30 April 2011

**16. GOODWILL (CONTINUED)****Impairment test for cash-generating unit containing goodwill (Continued)**

Key assumptions for financial services businesses used for value-in-use calculations:

	<b>Group</b>	
	<b>2011</b>	2010
	%	%
Growth rate	<b>12%</b>	12%
Discount rate	<b>9%</b>	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 (2010: Nil).

**17. INTERESTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2011</b>	2010
	HK\$'000	HK\$'000
Unlisted shares, at cost	<b>136,072</b>	136,072
Less: Impairment loss recognised in respect of the interests in subsidiaries	<b>(103,982)</b>	(103,982)
	<b>32,090</b>	32,090
Amounts due from subsidiaries	<b>397,119</b>	403,821
Less: Impairment loss recognised in respect of the amounts due from subsidiaries	<b>(89,501)</b>	(89,501)
	<b>307,618</b>	314,320

The impairment was recognised for the amounts due from subsidiaries with continuous operating loss in previous years. No impairment loss was charged to the statement of comprehensive income for both years as the present value of estimated cash flows, discounted at the effective interest rate, is higher than their carrying amounts.

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For the year ended 30 April 2011

## 17. INTERESTS IN SUBSIDIARIES (CONTINUED)

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		Principal activities
			Direct	Indirect	
E-Rapid Developments Limited	BVI	Ordinary US\$6,950,526	100	–	Investing holding
VG Investment Assets Holdings Incorporated ("VGI")	BVI	Ordinary US\$1	100	–	Investment holding
Max Wide Finance Limited	Hong Kong	Ordinary HK\$1	100	–	Securities
Vongroup Consumer Finance Corporation	BVI	Ordinary US\$1	100	–	Investment holding
Vongroup Financial Services Limited	BVI	Ordinary US\$1	100	–	Investment holding
Vongroup Financial Holdings Corporation	BVI	Ordinary US\$1	–	100	Investment holding
Honning Limited ("Honning")	Hong Kong	Ordinary HK\$1	–	100	Property business
Golden Throne Holdings Limited	BVI	Ordinary US\$1	–	100	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
Win Investment Limited	Hong Kong	Ordinary HK\$10	–	100	Property business
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

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For the year ended 30 April 2011

## 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	
龐通投資諮詢(深圳)有限公司 ("龐通投資") (note ii & iii)	PRC	Registered capital HK\$23,000,000	–	100	Financial services businesses
Easy Credit Limited	Hong Kong	Ordinary HK\$100,000	–	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
Win Harbour Limited	Hong Kong	Ordinary HK\$1	–	100	Property business
Champmark Limited	Hong Kong	Ordinary HK\$1	–	100	Property business
Alex 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
Maxfine Limited ("Maxfine")	Hong Kong	Ordinary HK\$1	–	100	Property business
New Image Holdings Limited ("New Image")	Hong Kong	Ordinary HK\$1	–	100	Property business
Vongroup PayCard Services Corporation	BVI	Ordinary US\$1	–	100	Investment holding
Karver Assets Corp ("Karver")	BVI	Ordinary US\$1	–	100	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

For the year ended 30 April 2011

## 17. INTERESTS IN SUBSIDIARIES (CONTINUED)

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 has been distributed to the holders of the ordinary shares of the company in such winding-up).
- (ii) 北京順通 and 龐通投資 are limited liability companies 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			Principal activity
			Ownership interest	Voting power	Profit sharing	
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 Group.

	Group	
	2011 HK\$'000	2010 HK\$'000
Share of net assets	1,896	2,216

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**18. INTEREST IN A JOINTLY-CONTROLLED ENTITY (CONTINUED)**

Summary financial information on the jointly-controlled entity:

	2011		2010	
	100% HK\$'000	Group's effective interest HK\$'000	100% HK\$'000	Group's effective interest HK\$'000
Non-current assets	49	25	60	30
Current assets	6,790	3,395	6,928	3,464
Current liabilities	(3,002)	(1,501)	(2,556)	(1,278)
Non-current liabilities	(45)	(23)	–	–
Total equity	3,792	1,896	4,432	2,216
Income	16,205	8,103	15,713	7,857
Expenses	(16,125)	(8,063)	(15,442)	(7,721)
Profit for the year	80	40	271	136

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

	Group	
	2011 HK\$'000	2010 HK\$'000
Balance brought forward	1,761	5,264
Additions		
– others	2,224	–
– through acquisition of a subsidiary (note 37(ii))	1,600	–
Transfer to investment properties (note 15)	(1,600)	(3,503)
Disposal of a subsidiary (note 38)	(1,761)	–
Balance carried forward	2,224	1,761

For the year ended 30 April 2011

**20. AVAILABLE-FOR-SALE INVESTMENTS**

	Group	
	2011 HK\$'000	2010 HK\$'000
Unlisted investments:		
Club memberships, at cost (note (i))	1,532	1,532
Unlisted equity investments, at cost (note (i & ii))	20,302	19,882
	<b>21,834</b>	21,414

Notes:

- (i) As at 30 April 2010 and 2011, the Group's available-for-sale investments were not stated at fair value but at cost because it did not have a quoted market price in an active market and the fair value cannot be reliably measured.
- (ii) Unlisted equity investments:

	2011 HK\$'000	2010 HK\$'000
Honest Pro (Holdings) Limited ("Honest Pro")	920	500
Tian Da Energy Holdings Limited ("Tian Da")	19,382	19,382
	<b>20,302</b>	19,882

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 "Available-for-sale Financial Assets".

# Notes to the Financial Statements

For the year ended 30 April 2011

## 21. INVENTORIES/FORFEITED COLLATERAL HELD FOR SALE

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

	Group	
	2011 HK\$'000	2010 HK\$'000
Inventories – food & beverage products	9,678	10,951
Forfeited collateral held for sale	217	203
	<b>9,895</b>	11,154

### (b) The analysis of the amount of inventories recognised as an expense and included in consolidated statement of comprehensive income is as follows:

	Group	
	2011 HK\$'000	2010 HK\$'000
Carrying amount of inventories sold	14,347	33,867
Carrying amount of forfeited collateral sold	295	121
	<b>14,642</b>	33,988

## 22. ACCOUNTS RECEIVABLE

	Group	
	2011 HK\$'000	2010 HK\$'000
Accounts receivable	489	451
Less: Allowance for doubtful debts	–	–
	<b>489</b>	451

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).

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### 22. ACCOUNTS RECEIVABLE (CONTINUED)

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

	Group	
	2011 HK\$'000	2010 HK\$'000
Within 30 days	66	20
31 – 90 days	64	175
91 – 180 days	93	246
Over 180 days	266	10
	<b>489</b>	451

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

	Group	
	2011 HK\$'000	2010 HK\$'000
Neither past due nor impaired	130	195
1 to 3 months past due	93	246
3 to 6 months past due	45	–
Over 6 months, but less than 1 year past due	221	10
	<b>359</b>	256
	<b>489</b>	451

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.

## Notes to the Financial Statements

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For the year ended 30 April 2011

**22. ACCOUNTS RECEIVABLE (CONTINUED)****Movement in the allowance for doubtful debts**

	Group	
	2011 HK\$'000	2010 HK\$'000
Balance at beginning of the year	–	85
Uncollectible amount written off	–	(85)
Balance at end of the year	–	–

Included in the allowance for doubtful debts made for the year are individually impaired accounts receivable with a balance of HK\$Nil (2010: HK\$Nil). The impairment recognised represents the difference between the carrying amount of these accounts receivable and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

**23. MONEYLENDING LOAN RECEIVABLES**

	Group	
	2011 HK\$'000	2010 HK\$'000
Balance brought forward	<b>11,973</b>	1,824
Loan advanced	<b>22,020</b>	17,116
Repayment during the year	<b>(19,643)</b>	(6,967)
Exchange adjustment	<b>305</b>	–
Balance carried forward	<b>14,655</b>	11,973

The loans bear interest rate ranging from 5.25% to 50.4% (2010: 5.25% to 50.4%) per annum and are repayable according to the loan agreements which usually cover periods not more than one year.

## Notes to the Financial Statements

For the year ended 30 April 2011

**24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	Group		Company	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Prepayments	2,387	2,764	5	593
Rental and other deposits	10,738	3,498	-	-
Credit card receivables	202	67	-	-
Staff advances (Note)	100	67	-	-
Other receivables	3,734	3,476	-	-
Less: Impairment	(2,500)	-	-	-
Other receivables, net	1,234	3,476	-	-
	14,661	9,872	5	593

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

The movements in the allowance for other receivables during the year is as follows:

	Group	
	2011 HK\$'000	2010 HK\$'000
At 1 May	-	-
Impairment loss recognised	(2,500)	-
At 30 April	(2,500)	-

The impairment loss recognised was a provision for the long outstanding receivable from an individual debtor and this receivable was not expected to be recovered. The Group did not hold any collateral or other credit enhancement over this balance.

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## 24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Other receivables that are not impaired:

The aging analysis of other debtors that are neither individually nor collectively considered to be impaired are as follows:

	2011 HK\$'000	2010 HK\$'000
Neither past due nor impaired	264	555
Less than 1 month past due	–	–
1 to 3 months past due	–	218
3 months to 1 year past due	702	2,500
Over 1 year past due	268	203
	<b>1,234</b>	3,476

Other receivables that were past due but not impaired relate to a number of independent debtors that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no allowance for impairment 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 or other credit enhancements over these balances.

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

## 25. AMOUNT DUE FROM A JOINTLY-CONTROLLED ENTITY

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

## Notes to the Financial Statements

For the year ended 30 April 2011

**26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Group	
	2011 HK\$'000	2010 HK\$'000
At fair value:		
Listed equity investments in Hong Kong	46,405	41,992
Listed equity investments outside Hong Kong	278	797
	<b>46,683</b>	42,789

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

**27. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Cash and bank balances	124,478	158,092	25,082	21,466
Pledged time deposit (note)	–	190	–	–
Time deposits	72,720	76,941	421	422
Cash and cash equivalents in the statements of financial position	<b>197,198</b>	235,223	<b>25,503</b>	21,888
Less: Pledged time deposit	–	(190)		
Cash and cash equivalents in the consolidated statement of cash flows	<b>197,198</b>	235,033		

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.

## Notes to the Financial Statements

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For the year ended 30 April 2011

**28. ACCOUNTS PAYABLE**

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

	Group	
	2011 HK\$'000	2010 HK\$'000
0 – 30 days	462	859
31 – 90 days	87	1,669
91 – 180 days	–	520
181 – 360 days	–	–
Over 360 days	429	408
	<b>978</b>	3,456

The accounts payable is 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.

**29. ACCRUALS AND DEPOSITS RECEIVED**

	Group		Company	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Accruals	11,463	12,895	3,325	3,419
Accrued salaries, wages and benefits	2,441	1,742	–	–
Rental and other deposits received	3,138	1,314	–	–
VAT and other tax payables	4	9	–	–
Other payables	10,882	4,233	27	27
	<b>27,928</b>	20,193	<b>3,352</b>	3,446

Included in accruals of the Group are amounts of approximately HK\$350,000 (2010: HK\$850,000) representing accrued remuneration due to the Company's directors.

For the year ended 30 April 2011

## 29. ACCRUALS AND DEPOSITS RECEIVED (CONTINUED)

Included in accruals of the Company are amounts of approximately HK\$350,000 (2010: 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.

## 30. FINANCE LEASE PAYABLE

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
<b>Amount payable:</b>				
Within one year	-	238	-	234
Between two to five years	-	-	-	-
Less: Future finance charges	-	(4)	-	-
Present value of finance lease payable	-	234	-	234
Less: Portion classified as current liabilities	-	(234)		
Non-current portion	-	-		

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For the year ended 30 April 2011

**31. BANK BORROWINGS**

	<b>Group</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Mortgage loans	<b>27,797</b>	15,337

Bank borrowings of HK\$1,431,000 as at 30 April 2011 and HK\$3,329,000 as at 30 April 2010 were secured by a personal guarantee provided by Mr. Wong and the Group's leasehold land and buildings held for own use carried at cost (note 13) with net carrying amount amounted of HK\$3,998,000 (2010: HK\$7,020,000 (restated)). The interest is charged at 2.85% (2010: 2.85%) per annum.

Bank borrowings of HK\$20,281,000 as at 30 April 2011 and HK\$12,008,000 as at 30 April 2010 were secured by certain investment properties with fair value amount of HK\$39,800,000 and HK\$21,800,000 respectively. The interest is charged at 0.7% per annum over 1-month HIBOR, and capped at 2.5% per annum below prime rate.

The balance of HK\$6,085,000 as at 30 April 2011 was secured by an investment property with fair value amount of HK\$12,670,000. Interest is charged at 1.25% per annum over 3-month HIBOR, and capped at 2.75% per annum below prime rate.

**32. AMOUNT DUE TO A DIRECTOR**

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

**33. DEFERRED TAX LIABILITIES**

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

	<b>Group</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
At beginning of the year and end of the year	<b>591</b>	591

For the year ended 30 April 2011

### 33. DEFERRED TAX LIABILITIES (CONTINUED)

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\$123,579,000 (2010: HK\$106,878,000). The unrecognised tax losses, mainly attributable to Hong Kong companies, can be carried forward indefinitely.

### 34. SHARE CAPITAL

	Group and Company			
	2011		2010	
	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	5,859,860,900	5,860	5,863,960,900	5,864
Repurchase of shares (note)	-	-	(4,100,000)	(4)
At end of the year	5,859,860,900	5,860	5,859,860,900	5,860

Note:

During the year 2010, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Date of repurchase	Number of shares repurchased	Highest price per share HK\$	Lowest price per share HK\$	Aggregate consideration and transaction cost paid 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

For the year ended 30 April 2011

### **35. SHARE OPTION SCHEME**

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

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

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

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

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

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

No share options under the Share Option Scheme were granted and outstanding during the years ended 30 April 2010 and 2011.

For the year ended 30 April 2011

**36. RESERVES****Group**

	Share premium (note i) HK\$'000	Capital redemption reserve (note ii) HK\$'000	Statutory surplus reserve (note iii) HK\$'000	Exchange translation reserve (note iv) HK\$'000	Accumulated losses HK\$'000	Attributable to owners of the Company HK\$'000
At 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 expense for the year	–	–	–	(21)	(6,507)	(6,528)
Repurchase of own shares	(461)	4	–	–	–	(457)
Transfer	–	–	32	–	(32)	–
At 30 April 2010 and 1 May 2010	533,020	262	156	531	(183,848)	350,121
Loss for the year	–	–	–	–	(7,674)	(7,674)
Exchange differences arising on transaction of foreign operations	–	–	–	620	–	620
Total comprehensive expense for the year	–	–	–	620	(7,674)	(7,054)
Transfer	–	–	99	–	(99)	–
<b>At 30 April 2011</b>	<b>533,020</b>	<b>262</b>	<b>255</b>	<b>1,151</b>	<b>(191,621)</b>	<b>343,067</b>

## Notes to the Financial Statements

For the year ended 30 April 2011

**36. RESERVES (CONTINUED)****Company**

	<b>Share premium</b> (note i) HK\$'000	<b>Capital redemption reserve</b> (note ii) HK\$'000	<b>Accumulated losses</b> HK\$'000	<b>Total</b> HK\$'000
At 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 and 1 May 2010	540,586	262	(181,263)	359,585
Loss for the year	–	–	(3,581)	(3,581)
<b>At 30 April 2011</b>	<b>540,586</b>	<b>262</b>	<b>(184,844)</b>	<b>356,004</b>

The Company's reserves as at 30 April 2011 available for distribution to owners of the Company as calculated under the provision of the Companies Law of Cayman Islands are approximately HK\$356,004,000 (2010: approximately HK\$359,585,000).

**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.

For the year ended 30 April 2011

## 36. RESERVES (CONTINUED)

### Nature and purpose of reserves (Continued)

#### (iii) *Statutory surplus reserve*

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

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

#### (iv) *Exchange translation reserve*

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

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## 37. ACQUISITION OF ASSETS AND LIABILITIES

### (i) Acquisition of assets and liabilities through purchase of Maxfine

During the year, VGI acquired assets and liabilities through the acquisition of 100% equity interest in Maxfine for a total consideration of HK\$15 million. Maxfine is engaged in property investment holdings.

The assets and liabilities acquired in the transaction are as follow:

	Carrying amount and fair value of Maxfine HK\$'000
<hr/>	
Assets and liabilities acquired:	
Investment property	15,000
Amount due to a shareholder	(9,132)
Bank borrowing	(4,523)
<hr/>	
Net asset value of Maxfine upon acquisition	1,345
Assignment of debt payable to VGI	9,132
Settlement of bank borrowing at the date of completion	4,523
<hr/>	
Total asset value	15,000
<hr/>	
Total cash consideration paid for acquisition of Maxfine	15,000
<hr/>	
Net cash outflow arising on acquisition	
Cash consideration	(15,000)
<hr/>	

For the year ended 30 April 2011

**37. ACQUISITION OF ASSETS AND LIABILITIES (CONTINUED)****(ii) Acquisition of assets through purchase of Karver**

During the year, VGI acquired assets through the acquisition of 100% equity interest in Karver, a property investment holding company, for a total consideration of HK\$1.6 million.

The assets acquired in the transaction are as follow:

	Carrying amount and fair value of Karver HK\$'000
<hr/>	
Assets acquired:	
Deposit paid in respect of acquisition of an investment property	1,600
<hr/>	
Total consideration	1,600
<hr/>	
Net cash outflow arising on acquisition	
Cash consideration	(1,600)
<hr/>	

# Notes to the Financial Statements

For the year ended 30 April 2011

## 38. DISPOSAL OF A SUBSIDIARY

During the year, the Group signed an agreement with an independent third party to dispose of its 45% equity interest in Guo Xin China Pay Systems Limited (“Guo Xin”) at a total consideration of HK\$78,000.

Details of the carrying amount and fair value of Guo Xin are summarised as below:

	Carrying amount and fair value of Guo Xin HK\$'000
Property, plant and equipment	3
Deposit paid in respect of acquisition of property, plant and equipment	1,761
Deposits, prepayments and other receivables	255
Cash and cash equivalents	353
Accruals	(160)
Net asset value (100%)	2,212
Non-controlling interests (55%)	(6,338)
Net carrying value of Guo Xin	(4,126)
Gain on disposal	4,204
Total consideration	78
Net cash outflow arising on disposal:	
Cash consideration	78
Cash and cash equivalents	(353)
	(275)

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## 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 2011, 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\$Nil (2010: HK\$233,000) at 30 April 2011.
- (c) At 30 April 2010, the Company provided corporate guarantee to a landlord to the extent of approximately HK\$190,000 in respect of the operating lease payments of its subsidiaries. No recognition of such guarantee was made for the year ended 30 April 2010 because the directors of the Company did not consider it probable that a claim would be made against the Group under the guarantee. The corporate guarantee was released upon the termination of the respective lease agreement during the year ended 30 April 2011.

## 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 2011, the Group had total future minimum lease receivables under non-cancellable operating leases with lessees falling due as follows:

	Group	
	2011 HK\$'000	2010 HK\$'000
Within one year	1,012	275
In the second to fifth years, inclusive	121	38
	<b>1,133</b>	313

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**40. OPERATING LEASE ARRANGEMENTS (CONTINUED)****(b) As lessee**

At 30 April 2011, the Group had outstanding commitments under non-cancellable operating leases falling due as follows:

	<b>Group</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>1,373</b>	8,619
In the second to fifth years, inclusive	–	1,013
	<b>1,373</b>	9,632

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) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions with its related parties during the year:

	<b>Amounts owed by the Group to related parties As at 30 April</b>		<b>Related expenses Year ended 30 April</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Legal fees and corporate secretarial fees (note)	<b>21</b>	87	<b>87</b>	995
Amount due from a jointly-controlled entity				
Advanced to	<b>40</b>	49	<b>N/A</b>	N/A
Outstanding balance (note 25)	<b>267</b>	227	<b>Nil</b>	Nil

Note:

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 leong, David. The corporate secretarial service fees were charged for services rendered by corporate secretarial firm which is controlled by a close relative of a director, Mr. Vong Tat leong, David.

**(b) Key management personnel:**

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

For the year ended 30 April 2011

## 42. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

### (a) Key sources of estimation uncertainty

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

#### (i) *Useful lives of property, plant and equipment*

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The carrying amount of property, plant and equipment as at 30 April 2011 were HK\$7,678,000 (2010: HK\$13,852,000).

#### (ii) *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.

The carrying amount of property, plant and equipment and lease premium for land as at 30 April 2011 were HK\$7,678,000 (2010: HK\$13,852,000) and HK\$1,447,000 (2010: HK\$1,406,000) respectively.

#### (iii) *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 judgment, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The carrying amount of investment properties as at 30 April 2011 were HK\$99,720,000 (2010: HK\$63,940,000).

For the year ended 30 April 2011

**42. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)****(a) Key sources of estimation uncertainty (Continued)****(iv) Impairment of receivables and moneylending loan receivables**

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the accounts receivable and other receivables, where applicable, at each end of the reporting period. The estimates are based on the aging of the accounts receivable 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.

The carrying amounts of accounts receivable, moneylending loan receivables and other receivables as at 30 April 2011 were HK\$489,000 (2010: HK\$451,000), HK\$14,655,000 (2010: HK\$11,973,000) and HK\$14,661,000 (2010: HK\$9,872,000) respectively.

**(v) 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.

The carrying amount of goodwill as at 30 April 2011 were HK\$8,988,000 (2010: HK\$8,988,000).

**(vi) Estimated fair value of available-for-sale financial assets and financial assets at fair value through profit or loss**

The fair value of financial instruments in active markets (such as listing 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 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.

Management assessed the recoverability of the available-for-sale investments based on the present value of the estimated future cash flows expected to arise from the investment and discounted at the appropriate rates of return. Estimation of future cash flows may be adversely affected by the deterioration in financial position of the investee, its industry and sector performances, changes in technology, and operational and financing cash flows. If the carrying amount of the investment is less than its recoverable amount, an impairment loss is recognised in the profit or loss. Variation in the estimated future cash flows and the discount rates used may result in adjustment to the recoverable amount and may give rise to the recognition of an impairment loss. For the years ended 30 April 2011 and 2010, no impairment loss on available-for-sale investments has been recognised in the consolidated financial statements.

The carrying amounts of available-for-sale financial assets and financial assets at fair value through profit or loss as at 30 April 2011 were HK\$21,834,000 (2010: HK\$21,414,000) and HK\$46,683,000 (2010: HK\$42,789,000) respectively.

For the year ended 30 April 2011

## 42. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

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

#### (vii) 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.

The carrying amount of inventories as at 30 April 2011 were HK\$9,678,000 (2010: HK\$10,951,000).

#### (viii) Income taxes

As at 30 April 2011, no deferred tax asset (2010: Nil) in relation to unused tax losses HK\$123,579,000 (2010: HK\$106,878,000) has been recognised in the Group's consolidated statement of financial position due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

The current taxation for the year ended 2011 was HK\$280,000 (2010: HK\$757,000) and the carrying amount of deferred tax liabilities as at 30 April 2011 were HK\$591,000 (2010: HK\$591,000).

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

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the 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, judgments are also made during the process of applying the Group's accounting policies.

For the year ended 30 April 2011

**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, moneylending 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. The Group has no significant concentrations of credit risk as it has a large number of diversified customers. 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.

Further quantitative data in respect of the Group's exposure to credit risk arising from other receivables is disclosed in notes 22 to 24 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.

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For the year ended 30 April 2011

## 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	Total contractual undiscounted cash flow HK\$'000	Carrying amount HK\$'000
<b>2011</b>			
Accounts payable	978	978	978
Accruals and deposits received	27,924	27,924	27,924
Bank borrowings	30,624	30,624	27,797
	<b>59,526</b>	<b>59,526</b>	<b>56,699</b>
<b>2010</b>			
Accounts payable	3,456	3,456	3,456
Accruals and deposits received	20,184	20,184	20,184
Bank borrowings	16,453	16,453	15,337
Finance lease payable	238	238	234
	<b>40,331</b>	<b>40,331</b>	<b>39,211</b>

For the year ended 30 April 2011

#### 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 31 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 the reporting period:

	Group			
	2011		2010	
	Effective interest rates	HK\$'000	Effective interest rates	HK\$'000
	%		%	
<b>Fixed rate borrowings:</b>				
Finance lease payable	-	-	4.03	234
<b>Variable rate borrowings:</b>				
Bank borrowings	0.9 – 2.85	27,797	0.78 – 2.85	15,337
Total borrowings		27,797		15,571
Net fixed rate borrowings as a percentage of total net borrowings		0%		1.5%

# 108 Notes to the Financial Statements

For the year ended 30 April 2011

## 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 2011, 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\$232,000 (2010: HK\$130,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the 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 the 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 substantially most of the assets are transacted 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.

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For the year ended 30 April 2011

### 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			
	2011		2010	
	RMB'000	US\$'000	RMB'000	USD'000
Property, plant and equipment	1,397	–	3,035	–
Lease premium for land	1,447	–	1,406	–
Inventories	7,302	–	7,124	–
Forfeited collateral held for sale	217	–	203	–
Accounts receivable	489	–	425	–
Moneylending loan receivables	2,952	–	5,789	–
Other receivables, deposits and prepayments	2,191	–	4,444	–
Cash and cash equivalents	20,695	75,230	8,412	75,585
Accounts payable	(978)	–	(898)	–
Accruals and deposit received	(14,050)	–	(4,445)	–
Tax payable	(21,414)	–	(20,247)	–
Overall exposure arising from recognised assets and liabilities	248	75,230	5,248	75,585

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For the year ended 30 April 2011

## 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.

	2011		2010	
	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%	10	5%	219
	(5%)	(10)	(5%)	(219)

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 for 2010.

## Notes to the Financial Statements

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For the year ended 30 April 2011

### 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 26).

The Group's listed investments are listed on the Stock Exchange of 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 2011, it is estimated that an increase/(decrease) of 5% (2010: 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:

#### Group

	2011		2010	
		Effect on loss after tax and accumulated loss HK\$'000		Effect on loss after tax and accumulated loss HK\$'000
Change in the relevant equity price risk variable:				
Increase	5%	1,951	5%	1,793
Decrease	(5%)	(1,951)	(5%)	(1,793)

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 for 2010.

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For the year ended 30 April 2011

## 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 categorized 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

#### 2011

	The Group			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Assets</b>				
Financial assets at fair value through profit or loss	46,683	–	–	46,683

#### 2010

	The Group			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Financial assets at fair value through profit or loss	42,789	–	–	42,789

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

## Notes to the Financial Statements

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For the year ended 30 April 2011

**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 2010 and 2011.

**(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 2011 and 2010 were as follows:

	<b>Group</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Bank borrowings	<b>27,797</b>	15,337
Finance lease payable	–	234
<b>Total borrowings</b>	<b>27,797</b>	15,531
<b>Total equity</b>	<b>348,927</b>	365,208
<b>Gearing ratio</b>	<b>0.08</b>	0.04

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For the year ended 30 April 2011

## 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*

The 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 2011, the Group had the following capital commitments:

	<b>Group</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Contracted but not provided for		
– Property, plant and equipment	<b>13,230</b>	–

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For the year ended 30 April 2011

**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	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
<b>Financial Assets</b>				
Financial assets at fair value through profit or loss	46,683	42,789	–	–
Available-for-sale investments	21,834	21,414	–	–
	<b>68,517</b>	64,203	–	–
Loan and receivables:				
– Accounts receivable	489	451	–	–
– Moneylending loan receivables	14,655	11,973	–	–
– Other receivables	3,734	3,476	–	–
– Credit card receivables	202	67	–	–
– Cash and cash equivalents	197,198	235,223	25,503	21,888
	<b>216,278</b>	251,190	<b>25,503</b>	21,888
	<b>284,795</b>	315,393	<b>25,503</b>	21,888
<b>Financial Liabilities</b>				
Financial liabilities measured at amortised cost:				
– Accounts payable	978	3,456	–	–
– Other payables	10,882	4,233	27	27
– Finance lease payable	–	234	–	–
– Bank borrowings	27,797	15,337	–	–
	<b>39,657</b>	23,260	<b>27</b>	27

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For the year ended 30 April 2011

## 46 MAJOR NON-CASH TRANSACTION

During the year, deposit paid for acquisition of investment properties of HK\$1,600,000 were transferred to investment properties upon acceptance of the title of ownership by the Group.

## 47. EVENTS AFTER REPORTING PERIOD

Subsequent to the end of the reporting period, the Group had acquired an investment property, disposed of a building premises and an investment property. The details are as follows:

- (i) In March 2011, KCCC entered into a sale and purchase agreement with an independent third party to dispose of a building premises which held under leasehold land and building held for own use carried at cost with carrying value of HK\$3,998,000 at 30 April 2011 for a consideration of HK\$7,050,000. Up to the date of this report, a deposit of HK\$705,000 has been received and the balance of HK\$6,345,000 has also been received upon completion on 15 July 2011;
- (ii) Honning entered into a sale and purchase agreement with an independent third party to dispose of an investment property with carrying value of HK\$16,170,000 at 30 April 2011 for a consideration of HK\$16,170,000. Such property has been disposed of and completed on 24 June 2011 and the total consideration has also been received on the same date; and
- (iii) VGI entered into a sale and purchase agreement with an independent third party to acquire assets through the acquisition of 100% equity interest in Best Profit Global Trading Limited, a property investment holding company, at a consideration of approximately HK\$2,763,000.

## 48. COMPARATIVE FIGURES

As a result of the amendments of HKAS 17, Leases, and the application of HK (Int) 5, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2011. Further details of these developments are disclosed in note 3.

# Summary of Financial Information

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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				
	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000 (restated)	2008 HK\$'000 (restated)	2007 HK\$'000 (restated)
Revenue	<b>43,833</b>	102,784	156,178	198,195	218,188
Loss before taxation	<b>(10,283)</b>	(7,183)	(49,979)	(27,301)	(10,923)
Income tax	<b>(280)</b>	(757)	(304)	(392)	(4,257)
Loss for the year	<b>(10,563)</b>	(7,940)	(50,283)	(27,693)	(15,180)
Attributable to:					
Owners of the Company	<b>(7,674)</b>	(6,507)	(45,229)	(27,214)	(14,948)
Non-controlling interests	<b>(2,889)</b>	(1,433)	(5,054)	(479)	(232)
	<b>(10,563)</b>	(7,940)	(50,283)	(27,693)	(15,180)

## CONSOLIDATED ASSETS AND LIABILITIES

	Consolidated as at 30 April				
	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000
TOTAL ASSETS	<b>427,635</b>	425,266	421,745	473,580	228,826
TOTAL LIABILITIES	<b>(78,708)</b>	(60,058)	(48,115)	(53,189)	(52,997)
	<b>348,927</b>	365,208	373,630	420,391	175,829

# 118 List of Properties

	<b>Locations</b>	<b>Existing use</b>	<b>Term of lease</b>
<b>Investment properties</b>			
1.	Flat E, 5/F., Tower 1, Starcrest, 9 Star Street, Hong Kong	Residential	Medium term
2.	Flat E, 9/F., Tower 1, Starcrest, 9 Star Street, Hong Kong	Residential	Medium term
3.	Flat F, 5/F, Tower 6, Harbour Place, 8 Oi King Street, Kowloon	Residential	Medium term
4.	Flat B, 10/F, Tower 7, Harbour Place, 8 Oi King Street, Kowloon	Residential	Medium term
5.	Flat C, 10/F, Tower 7, Harbour Place, 8 Oi King Street, Kowloon	Residential	Medium term
6.	Flat D, 8/F., Tower 7, Harbour Place, 8 Oi King Street, Kowloon	Residential	Medium term
7.	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
8.	Unit A, 25/F., Le Royal Arc, Avenida Sir Anders Ljungstedt, Macau	Residential	Medium term
9.	Flat A&B, 2/F., Queen's Centre, 58-64 Queen's Road East, Wanchai, Hong Kong	Commercial	Medium term
<b>Leasehold land and buildings held for own use carried at cost</b>			
1.	Room 310, Hewlett Centre 52 Hoi Yuen Road, Kwun Tong	Commercial	Medium term
<b>Lease premium for land</b>			
1.	白花鎮太陽坳金排山地段 (平深公路)	Commercial	Long term