Notes to Financial Statements

31 March 2006

1. CORPORATE INFORMATION

Tack Hsin Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Unit 1203, 12/F Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

During the year, the Group was involved in the following principal activities:

- restaurant operations
- property investment

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the investment properties, certain buildings and an unlisted convertible note investment, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2006. The results of subsidiaries are consolidated from the dates of acquisition, being the date on which the Group obtain control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 27, 28, 31, 33, 36, 37 and HK-Int 4 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures. In addition, in prior periods, the Group's share of tax attributable to associates and a jointly-controlled entity was presented as a component of the Group's total tax charge/(credit) in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of associates and a jointly-controlled entity is presented net of the Group's share of tax attributable to associates and a jointly-controlled entity.

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 17 – Leases

In prior years, leasehold land and buildings held for own use were stated at valuation.

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is required to be separated into leasehold land and buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is required to be reclassified from property, plant and equipment to prepaid land lease payments, while buildings continue to be classified as part of property, plant and equipment. Prepaid land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term.

The effects of the above changes are summarised in note 2.4 to the financial statements. The change has been adopted retrospectively and comparative amounts have been restated.

(b) HKAS 32 and HKAS 39 – Financial Instruments

In the prior year, the Group classified its unlisted convertible note investment as a long term investment which was stated at cost less any impairment losses. Upon the adoption of HKASs 32 and 39, the Group designated the loan portion of the convertible note investment as available-for-sale investment and the equity conversion option as investment at fair value through profit or loss. After initial recognition, convertible note investment is measured at fair value. Gains or losses of the loan portion are recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Changes in fair value of the equity conversion option are recognised in the income statement. On derecognition of an available-for-sale investment in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in equity shall be recognised in profit or loss.

The effects of the above changes are summarised in note 2.4 to the financial statements. In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

(c) HKAS 40 – Investment Property

In prior years, changes in the fair values of investment properties were dealt with as movements in the investment property revaluation reserve. If the total of this reserve was insufficient to cover a deficit, on a portfolio basis, the excess of the deficit was charged to the income statement. Any subsequent revaluation surplus was credited to the income statement to the extent of the deficit previously charged.

Upon the adoption of HKAS 40, gains or losses arising from changes in the values of investment properties are included in the income statement in the year in which they arise. In accordance with the transitional provisions of HKAS 40, comparative amounts have not been restated. The effects of the above changes are summarised in note 2.4 to the financial statements.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(d) HK(SIC)-Int 21 – Income Taxes – Recovery of Revalued Non-depreciable Assets

In prior periods, deferred tax arising on the revaluation of investment properties was recognised based on the tax rate that would be applicable upon the sale of the investment properties.

Upon the adoption of HK(SIC)-Int 21, deferred tax arising on the revaluation of the Group's investment properties is determined depending on whether the properties will be recovered through use or through sale. The Group has determined that certain investment properties of the Group will be recovered through use, and accordingly the profits tax rate has been applied to the calculation of deferred tax.

The effects of the above changes are summarised in note 2.4 to the financial statements. The change has been adopted retrospectively from the earliest period presented and comparative amounts have been restated.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, to these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 19 Amendment	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRSs 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives

HKAS 1 Amendment, HK(IFRIC)-Int 6, HK(IFRIC)-Int 7, HK(IFRIC)-Int 8 and HK(IFRIC)-Int 9 shall be applied for annual periods beginning on or after 1 January 2007, 1 December 2005, 1 March 2006, 1 May 2006 and 1 June 2006, respectively.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKAS 1 Amendment will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 requires disclosures relating to financial instruments and incorporates many of the disclosure requirements of HKAS 32. This HKFRS shall be applied for annual periods beginning on or after 1 January 2007.

In accordance with the amendments to HKAS 39 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18. The adoption of the amendments to HKAS 39 regarding financial guarantee contracts is expected to result in the recognition of a financial liability in the Company's balance sheet in respect of corporate guarantees given by the Company in connection with banking facilities granted to subsidiaries in the year of initial application.

Except as stated above, the Group expects that the adoption of the other pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

(a) Effect on the consolidated balance sheet

At 1 April 2005	Effect of adopting HKAS 17#	HKASs 32 and 39*	HKAS 40*	HK(SIC)-Int 21#	
Effect of new policies (Increase/(decrease))	Prepaid land lease payments	In respect of first time recognition of fair value of an unlisted convertible note investment	Surplus arising from revaluation of investment properties	Deferred tax	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Property, plant and equipment	(6,440)	–	–	–	(6,440)
Prepaid land lease payments	5,085	–	–	–	5,085
Available-for-sale investment	–	30	–	–	30
Investment at fair value through profit or loss	–	297	–	–	297
Prepayments, deposits and other receivables	80	–	–	–	80
					(948)
Liabilities/equity					
Deferred tax liabilities	–	–	–	895	895
Investment property revaluation reserve	–	–	(1,263)	–	(1,263)
Investment revaluation reserve	–	30	–	–	30
Retained profits	(1,275)	297	1,263	(895)	(610)
					(948)

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

(a) Effect on the consolidated balance sheet (continued)

At 31 March 2006	Effect of adopting				
	HKAS 17#	HKASs 32 and 39*	HKAS 40*	HK(SIC)-Int 21#	
Effect of new policies (Increase/(decrease))	Prepaid land lease payments	In respect of first time recognition of fair value of an unlisted convertible note investment	Surplus arising from revaluation of investment properties	Deferred tax	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Property, plant and equipment	(7,400)	–	–	–	(7,400)
Prepaid land lease payments	5,005	–	–	–	5,005
Prepayments, deposits and other receivables	80	–	–	–	80
					(2,315)
Liabilities/equity					
Deferred tax liabilities	–	–	–	1,159	1,159
Investment property revaluation reserve	–	–	(3,263)	–	(3,263)
Retained profits	(2,315)	–	3,263	(1,159)	(211)
					(2,315)

* Adjustments taken effect prospectively from 1 April 2005

\# Adjustments/presentation taken effect retrospectively

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

(b) Effect on the balances of equity at 1 April 2004 and at 1 April 2005

	Effect of adopting				
	HKAS 17	HKASs 32 and 39	HKAS 40	HK(SIC)-Int 21	
Effect of new policies (Increase/(decrease))	Prepaid land lease payments	In respect of first time recognition of fair value of an unlisted convertible note investment	Surplus arising from revaluation of investment properties	Deferred tax	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
1 April 2004					
Retained profits	(1,045)	–	–	–	(1,045)
					(1,045)
1 April 2005					
Investment property revaluation reserve	–	–	(1,263)	–	(1,263)
Investment revaluation reserve	–	30	–	–	30
Retained profits	(1,275)	297	1,263	(895)	(610)
					(1,843)

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

(c) Effect on the consolidated income statement for the years ended 31 March 2005 and 2006

	Effect of adopting					
	HKAS 1	HKAS 17	HKASs 32 and 39	HKAS 40	HK(SIC)-Int 21	
Effect of new policies	Share of post-tax profits and losses of associates	Prepaid land lease payments	In respect of first time recognition of fair value of an unlisted convertible note investment	Surplus arising from revaluation of investment properties	Deferred tax	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2005						
Increase in recognition of prepaid land lease payments	–	(80)	–	–	–	(80)
Decrease in surplus arising from revaluation of leasehold land	–	(150)	–	–	–	(150)
Decrease in share of profits and losses of associates	(53)	–	–	–	–	(53)
Decrease/(increase) in tax	53	–	–	–	(895)	(842)
Total decrease in profit	–	(230)	–	–	(895)	(1,125)
Decrease in basic earnings per share	–	HK(0.06) cent	–	–	HK(0.25) cent	HK(0.31) cent
Year ended 31 March 2006						
Decrease in depreciation	**–**	**116**	**–**	**–**	**–**	**116**
Increase in recognition of prepaid land lease payments	**–**	**(80)**	**–**	**–**	**–**	**(80)**
Decrease in surplus arising from revaluation of leasehold land	**–**	**(1,076)**	**–**	**–**	**–**	**(1,076)**
Increase in surplus arising from revaluation of investment properties	**–**	**–**	**–**	**2,000**	**–**	**2,000**
Fair value adjustment on an investment at fair value through profit or loss	**–**	**–**	**(297)**	**–**	**–**	**(297)**
Increase in tax	**–**	**–**	**–**	**–**	**(264)**	**(264)**
Total increase /(decrease) in profit	**–**	**(1,040)**	**(297)**	**2,000**	**(264)**	**399**
Decrease/(increase) in basic loss per share	**–**	**HK(0.29) cent**	**HK(0.08) cent**	**HK0.56 cent**	**HK(0.08) cent**	**HK0.11 cent**

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint venture companies

A joint venture company is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture company is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture company;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly controlled entity.

The Group's share of the post-acquisition results and reserves of jointly controlled entities is included in the consolidated income statement and consolidated reserves, respectively. The Group's interest in a jointly-controlled entity is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, investment and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

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

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment, other than investment properties, are dealt with as movements in the fixed asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the fixed asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2%
Furniture and fixtures	15 – 20%
Air-conditioning plant	15 – 20%
Electrical appliances	20%
Office equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement of a fixed asset recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Kitchen utensils, linen and uniforms

No depreciation is provided on the initial purchase of kitchen utensils, linen and uniforms which are capitalised at cost. The cost of subsequent replacement of these items is charged directly to the income statement in the year in which such expenditure is incurred.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms. Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Applicable to the year ended 31 March 2005:

The Group classified its debt investment, other than subsidiaries, associates and a jointly-controlled entity, as long term investment.

Long term investment

Long term investment is a non-trading investment in an unlisted convertible note intended to be held on a long term basis.

An unlisted convertible note is stated at cost less any impairment. The carrying amount is reviewed at each balance sheet date in order to assess the credit risk, and appropriate provision is made when the Group does not expect to recover the carrying value of the investment. The amount of provision is recognised as an expense immediately.

Provision against the carrying value of the investment is written back to income when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future. The amount written back should not exceed the amount of the write-downs or write-offs.

Applicable to the year ended 31 March 2006:

Financial assets in the scope of HKAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement.

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 and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Applicable to the year ended 31 March 2006: (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted debt investment that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Impairment of financial assets (applicable to the year ended 31 March 2006)

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (applicable to the year ended 31 March 2006)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Derecognition of financial liabilities (applicable to the year ended 31 March 2006)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories comprise mainly food and beverages and are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on the estimated selling prices less any estimated costs necessary to make the sale.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

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

(a) receipts from restaurant operations, upon the delivery of food and beverages to customers;

(b) rental income, on a time proportion basis over the lease terms;

(c) interest income, an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance (the "Employment Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

Pension scheme

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Final dividends proposed by the directors are classified as a separate allocation of contributed surplus within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Borrowing costs

Borrowing costs are recognised as expenses in the income statement in the period in which they are incurred.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Foreign currency transactions are initially recorded at the functional currency rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Realisability of deferred tax assets

The Group has to exercise judgement in determining whether there are sufficient taxable profits available to allow all or part of the deferred tax assets to be utilised.

Impairment of amounts due from associates

In assessing whether amounts due from associates are impaired, management needs to estimate the present value of expected future cash flows from the associates.

4. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. The Group's revenues, results and assets are principally derived from operations carried out in Hong Kong and, accordingly, no geographical segment information is disclosed.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments. Summarised details of the Group's business segments are as follows:

(a) the restaurant segment comprises the Group's restaurant operations;

(b) the property segment comprises the Group's property investments; and

(c) the corporate segment comprises the Group's corporate income and expense items.

4. SEGMENT INFORMATION (continued)

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years then ended 31 March 2006 and 2005.

Group

	Restaurant		Property		Corporate		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)				(Restated)
Segment revenue:								
Revenue	**143,278**	134,244	**712**	5,236	**–**	–	**143,990**	139,480
Other income and gains	**2,081**	1,149	**2,544**	1,132	**10**	–	**4,635**	2,281
Total	**145,359**	135,393	**3,256**	6,368	**10**	–	**148,625**	141,761
Segment results	**(1,543)**	4,452	**183**	41,580	**(9,217)**	(8,655)	**(10,577)**	37,377
Interest income							**847**	1
Finance costs							**(742)**	(8,070)
Share of profits and losses of:								
Jointly-controlled entity	**(105)**	313	**–**	–	**–**	–	**(105)**	313
Associates	**(164)**	164	**–**	–	**–**	–	**(164)**	164
Profit/(loss) before tax							**(10,741)**	29,785
Tax							**(272)**	(1,122)
Profit/(loss) for the year							**(11,013)**	28,663

4. SEGMENT INFORMATION (continued)

Group

	Restaurant		Property		Corporate		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)				(Restated)
Assets and liabilities								
Segment assets	**28,872**	16,871	**60,855**	58,857	**29,345**	51,000	**119,072**	126,728
Interest in a jointly-controlled entity	**1,134**	943	**–**	–	**–**	–	**1,134**	943
Interests in associates	**950**	5,295	**–**	–	**–**	–	**950**	5,295
Unallocated assets							**60**	2,700
Total assets							**121,216**	135,666
Segment liabilities	**15,065**	14,277	**1,240**	112	**1,931**	3,391	**18,236**	17,780
Unallocated liabilities							**12,668**	13,255
Total liabilities							**30,904**	31,035
Other segment information:								
Depreciation	**2,730**	3,279	**–**	–	**119**	109	**2,849**	3,388
Fair value gains on investment properties recognised in the income statement	**–**	–	**(2,000)**	–	**–**	–	**(2,000)**	–
Surplus arising from revaluation of buildings recognised in the income statement	**(371)**	(1,115)	**–**	–	**–**	–	**(371)**	(1,115)
Surplus arising from revaluation of properties recognised directly in equity	**–**	(16,926)	**–**	(18,807)	**–**	–	**–**	(35,733)
Impairment of amounts due from associates	**4,596**	–	**–**	–	**–**	–	**4,596**	–
Capital expenditure	**8,629**	3,913	**–**	4,758	**28**	20	**8,657**	8,691

5. REVENUE

Revenue, which is also the Group's turnover, represents the receipts from restaurant operations and gross rental income received and receivable from investment properties during the year.

		Group	
	Note	**2006**	2005
		HK$'000	*HK$'000*
Receipts from restaurant operations		**143,278**	134,244
Gross rental income	*7*	**712**	5,236
		143,990	139,480

6. FINANCE COSTS

	Group	
	2006	2005
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts, and other loans wholly repayable within five years	**732**	8,066
Interest on finance leases	**10**	4
	742	8,070

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	Group 2006 HK$'000	Group 2005 HK$'000 (Restated)
Minimum lease payments under operating leases:			
Land and buildings		**17,693**	9,360
Office equipment		**32**	37
		17,725	9,397
Recognition of prepaid land lease payments	*16*	**80**	80
Auditors' remuneration		**680**	650
Staff costs (including directors' remuneration):	*8*		
Wages, salaries and bonuses		**45,953**	43,258
Provision/(reversal of provision) for long service payments, net	*28*	**(764)**	417
Pension scheme contributions		**2,047**	1,971
Total staff costs		**47,236**	45,646
Loss/(gain) on disposal of items of property, plant and equipment		**112**	(175)
Gain on disposal of an available-for-sale investment		**(320)**	–
Loss on disposal of an investment at fair value through profit or loss		**150**	–
Fair value gains on investment properties		**(2,000)**	–
Surplus arising from revaluation of buildings		**(371)**	(1,115)
Fair value loss of an available-for-sale investment		**20**	–
Fair value loss of an investment at fair value through profit or loss		**147**	–
Impairment of amounts due from associates		**4,596**	–
Waiver of an amount due to a minority shareholder		**(1,200)**	–
Gross rental income	*5*	**(712)**	(5,236)
Less: Outgoings		**346**	676
Net rental income		**(366)**	(4,560)
Bank interest income		**(787)**	(1)
Interest income from an unlisted convertible note investment		**(60)**	–

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group			
	Executive		Independent non-executive	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Fees	**–**	–	**–**	–
Other emoluments:				
Salaries, allowances and benefits in kind	**1,459**	1,284	**240**	214
Pension scheme contributions	**30**	21	**–**	–
	1,489	1,305	**240**	214

(a) Independent non-executive directors

The salaries, allowances and benefits in kind paid to independent non-executive directors during the year were as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Kung Fan Cheong	**80**	80
Chan Ka Ling, Edmond	**80**	80
Lo Kin Cheung	**80**	54
	240	214

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors

	Group			
	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2006				
Chan Shu Kit	**–**	**1,008**	**12**	**1,020**
Kung Wing Yiu	**–**	**115**	**6**	**121**
Chan Ho Man	**–**	**336**	**12**	**348**
	–	**1,459**	**30**	**1,489**
2005				
Chan Shu Kit	–	1,008	12	1,020
Kung Wing Yiu	–	115	6	121
Chan Leung Huen	–	77	–	77
Chan Ho Man	–	84	3	87
	–	1,284	21	1,305

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2005: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2005: one) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2005: four) non-director, highest paid employees for the year are as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,053**	1,273
Pension scheme contributions	**36**	47
	1,089	1,320

The remuneration of the three (2005: four) non-director, highest paid employees fell within the band of Nil to HK$1,000,000.

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Group		
Current – Hong Kong		
Charge for the year	**–**	227
Underprovision in prior years	**8**	–
Deferred *(note 29)*	**264**	895
Total tax charge for the year	**272**	1,122

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rate to the tax expense at the effective tax rate is as follows:

	2006		2005	
	HK$'000	***%***	*HK$'000*	*%*
			(Restated)	
Group				
Profit/(loss) before tax	**(10,741)**		29,785	
Tax at the statutory rate	**(1,880)**	**17.5**	5,212	17.5
Underprovision of tax in prior years	**8**		–	
Unrecognised temporary differences	**(574)**		597	
Profits and losses attributable to a jointly-controlled entity and associates	**47**		(83)	
Income not subject to tax	**(82)**		(6,271)	
Expenses not deductible for tax	**1,187**		2,053	
Tax losses utilised from previous periods	**(35)**		(2,386)	
Tax losses not recognised	**1,627**		2,000	
Others	**(26)**		–	
Tax charge at the Group's effective rate	**272**		1,122	

There was no share of tax attributable to associates during the year. The share of tax attributable to associates amounting to HK$53,000 in 2005 is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

11. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The loss from ordinary activities attributable to equity holders of the parent for the year ended 31 March 2006 dealt with in the financial statements of the Company was HK$6,350,000 (2005: profit of HK$43,112,000 (note 31(b)).

12. DIVIDEND

	2006	2005
	HK$'000	*HK$'000*
Proposed final – HK1 cent (2005: HK1 cent) per ordinary share	**3,603**	3,603

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of HK$11,027,000 (2005: profit of HK$28,176,000 (restated)) and the number of 360,321,620 ordinary shares in issue during the year.

Diluted earnings/(loss) per share amounts for the years ended 31 March 2006 and 2005 have not been disclosed as no diluting events existed during these years.

14. PROPERTY, PLANT AND EQUIPMENT

Group

31 March 2006	Buildings	Furniture and fixtures	Air-conditioning plant	Electrical appliances	Office equipment	Motor vehicles	Kitchen utensils, linen and uniforms	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005:								
Cost or valuation	1,560	27,181	2,941	4,907	1,469	130	1,554	39,742
Accumulated depreciation	–	(23,892)	(2,780)	(4,427)	(1,430)	(130)	–	(32,659)
Net carrying amount	1,560	3,289	161	480	39	–	1,554	7,083
At 1 April 2005, net of accumulated depreciation	1,560	3,289	161	480	39	–	1,554	7,083
Additions	–	5,204	1,848	993	396	–	512	8,953
Disposals	–	(75)	–	(34)	–	–	(3)	(112)
Surplus on revaluation	371	–	–	–	–	–	–	371
Depreciation provided during the year	(31)	(1,948)	(390)	(392)	(88)	–	–	(2,849)
At 31 March 2006, net of accumulated depreciation	1,900	6,470	1,619	1,047	347	–	2,063	13,446
At 31 March 2006:								
Cost or valuation	1,900	16,460	2,882	3,561	1,711	130	2,063	28,707
Accumulated depreciation	–	(9,990)	(1,263)	(2,514)	(1,364)	(130)	–	(15,261)
Net carrying amount	1,900	6,470	1,619	1,047	347	–	2,063	13,446
Analysis of cost or valuation:								
At cost	–	16,460	2,882	3,561	1,711	130	2,063	26,807
At 31 March 2006 valuation	1,900	–	–	–	–	–	–	1,900
	1,900	16,460	2,882	3,561	1,711	130	2,063	28,707

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

31 March 2005	Buildings *HK$'000*	Furniture and fixtures *HK$'000*	Air-conditioning plant *HK$'000*	Electrical appliances *HK$'000*	Office equipment *HK$'000*	Motor vehicles *HK$'000*	Kitchen utensils, linen and uniforms *HK$'000*	Total *HK$'000*
At 1 April 2004:								
Cost or valuation	123,360	77,274	9,016	18,580	1,955	400	3,587	234,172
Accumulated depreciation and impairment	–	(75,282)	(8,711)	(18,203)	(1,886)	(400)	(2,044)	(106,526)
Net carrying amount	123,360	1,992	305	377	69	–	1,543	127,646
At 1 April 2004, net of accumulated depreciation and impairment	123,360	1,992	305	377	69	–	1,543	127,646
Additions	–	3,293	180	418	31	–	11	3,933
Surplus on revaluation	18,041	–	–	–	–	–	–	18,041
Disposals	(138,344)	(577)	(159)	(69)	–	–	–	(139,149)
Depreciation provided during the year	(1,497)	(1,419)	(165)	(246)	(61)	–	–	(3,388)
At 31 March 2005, net of accumulated depreciation	1,560	3,289	161	480	39	–	1,554	7,083
At 31 March 2005:								
Cost or valuation	1,560	27,181	2,941	4,907	1,469	130	1,554	39,742
Accumulated depreciation	–	(23,892)	(2,780)	(4,427)	(1,430)	(130)	–	(32,659)
Net carrying amount	1,560	3,289	161	480	39	–	1,554	7,083
Analysis of cost or valuation:								
At cost	–	27,181	2,941	4,907	1,469	130	1,554	38,182
At 31 March 2005 valuation	1,560	–	–	–	–	–	–	1,560
	1,560	27,181	2,941	4,907	1,469	130	1,554	39,742

Certain buildings with carrying amount HK$300,000 (2005: HK$260,000 (restated)) was pledged to secure credit facilities granted to the Group (note 26).

The net book value of the Group's property, plant and equipment held under finance leases included in the total amount of office equipment at 31 March 2006 amounted to HK$237,000 (2005: Nil).

The Group's buildings were stated at open market values as at 31 March 2006, based on valuations performed by CS Surveyors Limited, independent professionally qualified valuers, on an open market, existing use basis.

Had these buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been HK$1,888,000 at 31 March 2006 (2005: HK$1,560,000 (restated)).

15. INVESTMENT PROPERTIES

	2006 HK$'000	2005 HK$'000
Carrying amount at 1 April	**43,800**	148,900
Additions	**–**	93
Disposals	**–**	(124,000)
Net profit from a fair value adjustment	**2,000**	18,807
Carrying amount at 31 March	**45,800**	43,800

Certain of the investment properties with carrying amount of HK$28,300,000 (2005: HK$27,300,000) were pledged to secure credit facilities granted to the Group (note 26).

The Group's investment properties were stated at open market values as at 31 March 2006, based on valuations performed by CS Surveyors Limited, independent professionally qualified valuers, on an open market, existing use basis.

The investment properties are situated in Hong Kong and are held under medium term leases. They are leased to third parties under operating leases, further summary details of which are included in note 34(a) to the financial statements. Details of the investment properties are as follows:

Location	**Use**
Shop No. G30 on Ground Floor, Kwun Tong Plaza, 68 Hoi Yuen Road, Kwun Tong, Kowloon	Commercial
Lot No. 710 in Demarcation District No. 332 and Lot No. 237 in Demarcation District No. 331, Cheung Sha, Lantau Island, New Territories	Residential

16. PREPAID LAND LEASE PAYMENTS

	Notes	**Group** 2006 HK$'000	2005 HK$'000 (Restated)
Carrying amount at 1 April			
As previously reported		**–**	–
Effect of adopting HKAS 17	*2.2(a)*	**5,165**	5,245
As restated		**5,165**	5,245
Recognised during the year	*7*	**(80)**	(80)
Carrying amount at 31 March		**5,085**	5,165
Current portion included in prepayments, deposits and other receivables		**(80)**	(80)
Non-current portion		**5,005**	5,085

The leasehold land is held under a long term lease and is situated in Hong Kong.

17. PROPERTY HELD FOR DEVELOPMENT

	Group	
	2006	2005
	HK$'000	*HK$'000*
At cost	**4,665**	4,665

Property held for development represents a development project which is situated in Hong Kong and is held under a medium term lease. Details of the property held for development are as follows:

Location	**Use**
Lot Nos. 2902-2906 & 2908 in Demarcation District No. 1, Tung Chung, Lantau Island, New Territories	Residential

18. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	Group	
	2006	2005
	HK$'000	*HK$'000*
Share of net assets	**208**	313
Due from a jointly-controlled entity	**926**	630
	1,134	943

The balance with the jointly-controlled entity is unsecured, interest-free and has no fixed terms of repayment. The carrying amount of the amount due from a jointly-controlled entity approximates to its fair value.

Particulars of the unlisted jointly-controlled entity are as follows:

Name	**Place of incorporation**	**Percentage of ownership interest, voting power and profit sharing attributable to the Group**		**Principal activities**
		2006	2005	
Pioneer Wealthy Limited	Hong Kong	**33**	33	Restaurant operations

18. INTEREST IN A JOINTLY-CONTROLLED ENTITY (continued)

The following table illustrates the summarised financial information of the Group's jointly-controlled entity:

	2006	2005
	HK$'000	*HK$'000*
Share of the jointly-controlled entity's assets and liabilities:		
Current assets	**831**	512
Non-current assets	**1,031**	1,261
Current liabilities	**(1,654)**	(1,460)
Net assets	**208**	313
Share of the jointly-controlled entity's results:		
Revenue	**6,326**	6,903
Other revenue	**14**	18
Total revenue	**6,340**	6,921
Total expenses	**(6,445)**	(6,501)
Tax	**–**	–
Profit after tax	**(105)**	420

19. INTERESTS IN ASSOCIATES

	Group 2006 HK$'000	2005 HK$'000
Share of net assets	**–**	164
Due from associates	**950**	5,131
	950	5,295

The balances with the associates are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from associates approximate to their fair values.

Particulars of the unlisted associates are as follows:

Name	Place of incorporation	Percentage of ownership interest attributable to the Group 2006	2005	Principal activities
China Legend Enterprises Limited	Hong Kong	**33**	33	Restaurant operations
Uprising Corporation Limited	Hong Kong	**33**	33	Restaurant operations
Winstart Limited	Hong Kong	**33**	–	Restaurant operations

The associates were not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

The Group has discontinued the recognition of its share of losses of the associates because the share of losses of the associates exceeded the Group's interests in the associates. The Group's unrecognised share of losses of these associates for the current year and cumulatively was HK$490,000 (2005: HK$408,000) and HK$898,000 (2005: HK$408,000), respectively.

The following table illustrates the summarised financial information of the Group's associates extracted from their financial statements:

	2006 HK$'000	2005 HK$'000
Assets	**27,516**	19,238
Liabilities	**30,211**	19,968
Revenues	**70,062**	43,087
Loss after tax	**(1,962)**	(732)

20. INTERESTS IN SUBSIDIARIES

	Company 2006 HK$'000	Company 2005 HK$'000
Unlisted shares, at cost	**238,075**	238,075
Less: Impairment	**(221,625)**	(216,125)
	16,450	21,950
Loan to a subsidiary	**80,000**	80,000
Due from/(to) subsidiaries	**(4,425)**	34
	92,025	101,984

The balances with the subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these balances approximate to their fair values.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operations@	Nominal value of issued capital	Percentage of equity interest attributable to the Company 2006	2005	Principal activities
Charmwide Development Limited	Hong Kong	HK$10,000*	**100**	100	Property investment
First Charm Development Limited	Hong Kong	HK$100*	**100**	100	Property investment
Grandward Limited	Hong Kong	HK$100* HK$2#	**100**	100	Property holding
Jade Terrace Restaurant (Causeway Bay) Limited	Hong Kong	HK$100*	**100**	70	Restaurant operations
Newfame Development Limited	Hong Kong	HK$1*	**100**	100	Property development
Real Bright Asia Limited	Hong Kong	HK$100*	**76**	61	Restaurant operations
Royal Power Investment Limited	Hong Kong	HK$4,600,000*	**51**	51	Restaurant operations
Tack Hsin (BVI) Holdings Limited	British Virgin Islands/ Hong Kong	HK$17,763,202*	**100**	100	Investment holding

20. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation and operations@	Nominal value of issued capital	Percentage of equity interest attributable to the Company 2006	2005	Principal activities
Tack Hsin Restaurant (London) Limited	Hong Kong	HK$100* HK$2#	100	100	Restaurant operations
Tack Hsin Restaurant (Peninsula) Limited	Hong Kong	HK$100* HK$2,380,000#	100	100	Restaurant operations
Top Excel Investment Limited	Hong Kong	HK$10,000*	51	51	Restaurant operations
Vastpro Developments Limited	Hong Kong	HK$2*	100	100	Property holding
Wealth Glory Investment Limited	Hong Kong	HK$100* HK$30,000#	100	100	Property investment
Golden Target (Hong Kong) Limited	Hong Kong	HK$1*	100	–	Hotel operations

@ Unless otherwise stated, the place of operations is the place of incorporation.

* Ordinary shares

Non-voting deferred shares

All subsidiaries are indirectly held by the Company except Tack Hsin (BVI) Holdings Limited.

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

21. LONG TERM INVESTMENT

	Group 2006 HK$'000	2005 HK$'000
Unlisted debt investment, at cost	–	2,700

The investment represents convertible notes bearing interest at a rate of 2% per annum with a maturity date of 19 October 2007. Upon the adoption of HKAS 39, the investment was separated into two portions. The loan portion was classified as an available-for-sale investment and the equity conversion option was classified as an investment at fair value through profit or loss. The investment was disposed of during the year.

22. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Within 3 months	**325**	572
4 to 6 months	**84**	173
7 to 12 months	**123**	170
Over 1 year	**–**	50
	532	965

The Group's trading terms with its customers are mainly by cash and credit card settlement, except for certain well-established customers where the terms vary with these customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Prepayments	**845**	141
Deposits	**8,051**	5,865
Other receivables	**165**	601
	9,061	6,607

24. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Within 3 months	**3,267**	5,791
4 to 6 months	**–**	18
Over 1 year	**42**	42
	3,309	5,851

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deferred credit on operating lease	**3,292**	1,673	**–**	–
Other payables	**213**	88	**29**	35
Accruals	**7,697**	5,581	**–**	–
	11,202	7,342	**29**	**35**

Other payables are non-interest-bearing and have an average term of 30-day.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	Group 2006 ***HK$'000***	Group 2005 *HK$'000*
Current				
Finance lease payables *(note 27)*	10.40 (Fixed)	2007	**93**	–
Secured bank loan	4.00 – 5.75 (Floating)	2007	**355**	420
			448	420
Non-current				
Finance lease payables *(note 27)*	10.40 (Fixed)	2008	**157**	–
Secured bank loan	4.00 – 5.75 (Floating)	2023	**11,154**	11,473
			11,311	11,473
			11,759	11,893

26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	Group	
	2006	2005
	HK$'000	*HK$'000*
Analysed into:		
Secured bank loan repayable:		
Within one year	**355**	420
In the second year	**381**	436
In the third to fifth years, inclusive	**1,321**	1,448
Beyond five years	**9,452**	9,589
Total bank borrowings	**11,509**	11,893
Finance leases repayable:		
Within one year	**93**	–
In the second year	**102**	–
In the third to fifth years, inclusive	**55**	–
Total finance leases payable	**250**	–
	11,759	11,893

At 31 March 2006, the bank loan was secured by the Group's building and investment properties with carrying values of HK$300,000 (2005: HK$260,000 (restated)) (note 14) and HK$28,300,000 (2005: HK$27,300,000) (note 15), respectively, and guarantees given by the Company.

The Group's borrowings are denominated in Hong Kong dollars and the carrying amounts approximate to their fair values.

27. FINANCE LEASE PAYABLES

The Group leases certain of its office equipment for its restaurant business. These leases are classified as finance leases and have remaining lease terms of three years. Upon the expiry of the leases, the Group has the option to purchase the leased assets at nominal prices.

At 31 March 2006, the total future minimum lease payments under finance leases and their present values were as follows:

Group

	Minimum lease payments 2006 HK$'000	Minimum lease payments 2005 HK$'000	Present value of minimum lease payments 2006 HK$'000	Present value of minimum lease payments 2005 HK$'000
Amounts payable:				
Within one year	**113**	–	**93**	–
In the second year	**113**	–	**102**	–
In the third to fifth years, inclusive	**57**	–	**55**	–
Total minimum finance lease payments	**283**	–	**250**	–
Future finance charges	**(33)**	–		
Total net finance lease payables	**250**	–		
Portion classified as current liabilities *(note 26)*	**(93)**	–		
Non-current portion *(note 26)*	**157**	–		

28. PROVISION FOR LONG SERVICE PAYMENTS

	Group *HK$'000*
At beginning of year	2,898
Reversal for the year *(note 7)*	(764)
Amounts utilised during the year	(238)
At 31 March 2006	**1,896**

The Group provides for probable future long service payments expected to be made to employees under the Employment Ordinance, as explained under the heading "Employee benefits" in note 2.5 to the financial statements. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group to the balance sheet date.

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group – 2006

	Accelerated tax depreciation *HK$'000*	**Revaluation of properties** *HK$'000*	**Total** *HK$'000*
At 1 April 2005 (restated)	468	887	1,355
Deferred tax charged to the income statement during the year *(note 10)*	63	174	237
Gross deferred tax liabilities at 31 March 2006	**531**	**1,061**	**1,592**

Deferred tax assets

Group – 2006

	Losses available for offset against future taxable profit *HK$'000*
At 1 April 2005 (restated)	460
Deferred tax charged to the income statement during the year *(note 10)*	(27)
Gross deferred tax assets at 31 March 2006	**433**
Net deferred tax liabilities at 31 March 2006	**1,159**

Deferred tax liabilities

Group – 2005

	Accelerated tax depreciation *HK$'000*	Revaluation of properties *HK$'000*	Total *HK$'000*
At 1 April 2004	–	–	–
Deferred tax charged to the income statement during the year *(note 10)*	468	887	1,355
Gross deferred tax liabilities at 31 March 2005 (restated)	468	887	1,355

29. DEFERRED TAX (continued)

Deferred tax assets

Group – 2005

	Losses available for offset against future taxable profit *HK$'000*
At 1 April 2004	–
Deferred tax credit to the income statement during the year *(note 10)*	460
Gross deferred tax assets at 31 March 2005 (restated)	460
Net deferred tax liabilities at 31 March 2005 (restated)	895

At the balance sheet date, the Group had tax losses arising in Hong Kong of HK$84,538,000 (2005: HK$149,755,000 (restated)) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as the utilisation of which is uncertain.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

30. SHARE CAPITAL

	2006 *HK$'000*	2005 *HK$'000*
Authorised:		
500,000,000 ordinary shares of HK$0.10 each	**50,000**	50,000
Issued and fully paid:		
360,321,620 ordinary shares of HK$0.10 each	**36,032**	36,032

31. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 24 to 25 of the financial statements.

The Group's contributed surplus originally represented the difference between the nominal value of the shares and share premium account of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor.

(b) Company

	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2004	37,934	237,875	(252,951)	22,858
Profit for the year	–	–	43,112	43,112
Proposed final dividend *(note 12)*	–	(3,603)	–	(3,603)
At 31 March 2005 and 1 April 2005	37,934	234,272	(209,839)	62,367
Loss for the year	–	–	(6,350)	(6,350)
Proposed final dividend *(note 12)*	–	(3,603)	–	(3,603)
At 31 March 2006	**37,934**	**230,669**	**(216,189)**	**52,414**

The Company's contributed surplus originally represented the excess of the fair value of the shares of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), a company may make distributions to its members out of the contributed surplus if to do so would not render the Company's ability to pay its liabilities as they become due or the realisable value of its assets would not thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

32. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$296,000 (2005: Nil).

33. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in these financial statements were as follows:

(a) The Company gave guarantees to banks in connection with banking facilities granted to its subsidiaries amounting to HK$22,600,000 (2005: HK$17,600,000), of which HK$11,509,000 (2005: HK$11,893,000) had been utilised at the balance sheet date.

(b) The Company gave a guarantee to a third party in connection with rental payments of a subsidiary amounting to HK$25,200,000 (2005: HK$25,200,000).

(c) The Group had bank guarantees given in lieu of a property rental deposit amounting to HK$1,000,000 (2005: HK$1,000,000).

34. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15 to the financial statements) under operating lease arrangements, with remaining lease terms ranging from one to two years. The terms of the leases generally require the tenants to pay security deposits.

At 31 March 2006, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Within one year	**645**	237
In the second to fifth years, inclusive	**94**	173
	739	410

(b) As lessee

The Group leases certain of its office premises, restaurant premises and office equipment under operating lease arrangements, with remaining lease terms ranging from one to nine years.

At 31 March 2006, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Within one year	**17,901**	14,649
In the second to fifth years, inclusive	**33,779**	17,006
After five years	**13,565**	–
	65,245	31,655

35. COMMITMENTS

In addition to the operating lease commitments detailed in note 34(b) above, the Group had the following capital commitments at the balance sheet date:

	2006	2005
	HK$'000	*HK$'000*
Authorised, but not contracted for:		
Furniture and fixtures	**2,750**	–

36. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	**2006**	2005
		HK$'000	*HK$'000*
Transactions with a jointly-controlled entity:			
Management fee income received	*(i)*	**616**	–
Transactions with a director:			
Rental expenses paid	*(ii)*	**72**	98

Notes:

(i) The Group received management fee income from a jointly-controlled entity for management services provided by the Group. The management fee was determined based on mutual agreement.

(ii) The Group paid rental expenses to a director of the Company and companies in which certain directors of the Company have beneficial interests. The rentals were determined with reference to open market rentals.

(b) Compensation of key management personnel of the Group:

	2006	2005
	HK$'000	*HK$'000*
Short term employee benefits	**1,768**	1,592
Post-employment benefits	**42**	33
Other long term employee benefits	**3**	3
Total compensation paid to key management personnel	**1,813**	1,628

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise bank loans, finance leases, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. The Group monitors the movements in interest rates on an ongoing basis and evaluates the exposure for its debt obligations.

Credit risk

Most of the trade of the Group is on cash terms. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, an available-for-sale investment and an investment at fair value through profit or loss, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its cash, available banking facilities and finance leases.

38. POST BALANCE SHEET EVENT

On 18 April 2006, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of an investment property, together with an existing tenancy at a monthly rental of approximately HK$17,000 expiring on 31 July 2007 and an existing tenancy at a monthly rental of approximately HK$12,000 expiring on 30 June 2007, for a consideration of approximately HK$4,800,000. The disposal was completed on 30 May 2006 and did not result in any significant gain or loss on disposal.

39. COMPARATIVE AMOUNTS

As further explained in notes 2.2 and 2.4 to the financial statements, due to the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year and opening balance adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 July 2006.