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**1. Basis of preparation and accounting policies**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Directors are responsible for the preparation of the Group’s unaudited condensed interim financial statements. These unaudited condensed interim financial statements have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee.

In preparing these unaudited condensed interim financial statements, the Directors confirm that the accounting policies and methods of computation used in these unaudited interim financial statements are consistent with those used in the annual financial statements of the Group for the year ended 30 April 2005 except in relation to the new and revised Hong Kong Financial Reporting Standards (“HKFRS”) and Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKAS”) which are effective for accounting periods commencing on or after 1 January 2005 and the following are the new HKFRS and HKAS adopted in the financial statements:

HKFRS 3 Business Combinations

HKAS 36 Impairment of Assets

**Effect on Goodwill**

When preparing the interim financial statements of the Group for the six months ended 31 October 2005, the Group has ceased the amortization of goodwill arising from acquisition in May 2002 and an impairment loss of HK\$2.3 million was recognized.

## 2. Segment Information

### (a) Business segments

The following table presents revenue and results for the Group's business segments.

	(Unaudited)		(Unaudited)		(Unaudited)	
	Restaurant operations		Bakery, and other food and beverage products operations		Total	
	Six months ended		Six months ended		Six months ended	
	31 October		31 October		31 October	
	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	101,009	117,132	3,317	5,016	104,326	122,148
Other revenue and gains	455	135	1	10	456	145
	<u>101,464</u>	<u>117,267</u>	<u>3,318</u>	<u>5,026</u>	<u>104,782</u>	<u>122,293</u>
Total						
Segment results	(3,425)	7,965	(4,500)	(1,812)	(7,925)	6,153
	<u>(3,425)</u>	<u>7,965</u>	<u>(4,500)</u>	<u>(1,812)</u>	<u>(7,925)</u>	<u>6,153</u>
Unallocated other revenue and gains					-	22
Unallocated expenses					(3,266)	(8,962)
					<u>(3,266)</u>	<u>(8,962)</u>
Loss from operating activities					(11,191)	(2,787)
Finance costs					(9)	(148)
Share of (losses)/profits of a jointly controlled entity					(471)	351
					<u>(471)</u>	<u>351</u>
Loss before tax					(11,671)	(2,584)
Tax					(2,157)	(420)
					<u>(2,157)</u>	<u>(420)</u>
Net loss from ordinary activities attributable to shareholders					(13,828)	(3,004)
					<u>(13,828)</u>	<u>(3,004)</u>

**2. Segment Information (Continued)**
**(b) Geographical segments**

The following table presents revenue information for the Group's geographical segments.

	Hong Kong		the PRC		Consolidated	
	Six months ended		Six months ended		Six months ended	
	31 October		31 October		31 October	
	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Sales to external customers	<u>79,225</u>	<u>111,096</u>	<u>25,101</u>	<u>11,052</u>	<u>104,326</u>	<u>122,148</u>

**3. Turnover**

Turnover represents the receipts from the restaurant business and the sales of bakery, and other food and beverage products, less discounts. All significant intra-group transactions have been eliminated in the preparation of the condensed consolidated interim financial statements.

**4. (Loss)/Profit from operating activities**

(Loss)/Profit from operating activities is arrived at after charging/(crediting):

	(Unaudited)	
	For the six months ended 31 October	
	2005	2004
	HK\$'000	HK\$'000
Cost of inventories consumed	38,001	43,417
Depreciation	7,608	7,715
Amortization of goodwill	–	599
Staff costs	25,657	31,368
Bank interest income	–	(48)
Sundry income	<u>(456)</u>	<u>–</u>

## 5. Finance costs

	(Unaudited)	
	For the six months ended 31 October	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans	–	93
Interest on finance leases	<u>9</u>	<u>55</u>
	<u>9</u>	<u>148</u>

## 6. Tax

	(Unaudited)	
	For the six months ended 31 October	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profits tax:		
Current period provision – Hong Kong	–	–
Current period provision – elsewhere	<u>2,157</u>	<u>420</u>
	<u>2,157</u>	<u>420</u>

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the periods of six months ended respectively 31 October 2005 and 31 October 2004. Taxes on profits assessable elsewhere during the periods have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

## 7. Dividend

The Board has resolved not to declare an interim dividend for the six months ended 31 October 2005 (2004: nil).

**8. Loss per share**

The calculation of loss per share is based on the unaudited condensed consolidated net loss from ordinary activities attributable to shareholders for the current period of HK\$13,828,000 (six months ended 31 October 2004: loss HK\$3,004,000) and the weighted average of 2,800,065,900 (six months ended 31 October 2004: 101,444,000) shares in issue during the current period. Diluted loss per share for the six months ended 31 October 2005 and 2004 have not been shown as the potential ordinary shares outstanding during the period of six months ended 31 October 2004 had anti-dilutive effect on the loss per share for the period and the Company did not have dilutive potential ordinary shares in existence during the period of six months ended 31 October 2005.

**9. Accounts receivable**

The general credit terms granted by the Group range from one month to three months. An aged analysis of the Group's accounts receivable as at the balance sheet date, based on invoice date, is as follows:

	(Unaudited) At 31 October 2005 HK\$'000	(Audited) At 30 April 2005 HK\$'000
Within 1 month	837	1,398
1 - 3 months	292	182
4 - 6 months	9	135
Over 6 months	20	71
	<u>1,158</u>	<u>1,786</u>

**10. Accounts payable**

An aged analysis of the Group's accounts payable as at the balance sheet date, based on invoice date, is as follows:

	(Unaudited) At 31 October 2005 HK\$'000	(Audited) At 30 April 2005 HK\$'000
Within 1 month	5,383	7,514
1 - 3 months	3,036	3,623
4 - 6 months	23	160
6 - 12 months	137	-
Over 1 year	270	323
	<u>8,849</u>	<u>11,620</u>

**11. Banking facilities**

As at 31 October 2005, the Group's banking facilities were secured by pledge of a fixed deposit, personal guarantee of a director and corporate guarantees executed by the Company.

**12. Contingent liabilities**

The Group had a contingent liability in respect of possible future payments to employees under the Employment Ordinance, with a maximum possible amount of approximately HK\$1.8 million (30 April 2005: HK\$1.8 million) as at 31 October 2005. As at 31 October 2005 the Company provided corporate guarantees (i) to landlords in respect of the operating lease payments of its subsidiaries; and (ii) in respect of banking facilities granted to a subsidiary.

**13. Operating lease arrangements***(a) As lessor*

As at 31 October 2005 and 30 April 2005, the Group had no future lease rental receivables under non-cancellable operating leases with its tenants.

*(b) As lessee*

The Group leases a factory and its restaurant premises, staff quarters, offices and warehouses under non-cancellable operating lease arrangements with lease terms ranging from two to twenty years. As at 31 October 2005, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>(Unaudited)</b>	(Audited)
	<b>At 31 October</b>	At 30 April
	<b>2005</b>	2005
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>24,323</b>	27,445
In the second to fifth years, inclusive	<b>52,485</b>	73,133
After five years	<b>20,291</b>	26,088
	<b>97,099</b>	126,666

**14. Commitments**

As at the balance sheet date of 31 October 2005 and 30 April 2005 respectively, the Company did not have any capital commitments.

**15. Related party transactions**

The Group had the following material transactions with related parties during the period:

		(Unaudited)	
		For the six months	
		ended 31 October	
		2005	2004
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of food to a related party	(i)	251	223
Sales of food to an associate company	(ii)	<u>3,467</u>	<u>4,907</u>

*Notes:*

- (i) The Group made sales to Hong Thai Citizens Travel Services Limited. The sales were based on the published sales prices of the Group, less discounts ranging from 30% to 50%.
- (ii) The Group made sales to an associate company, Kamboat Bakery Limited. The sales were based on published sales prices of the Group, less discounts ranging from 30% to 60%.

**16. Comparative amounts**

Certain comparative amounts have been reclassified to conform with the current period's presentation.

**17. Approval of the interim financial statements**

These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Directors on 18 January 2006.