1. GENERAL INFORMATION

Hong Kong Catering Management Limited (the "Company") and its subsidiaries (collectively called the "Group") operate restaurants, manufactures, distributes and sells bakery products.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 27/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in Hong Kong dollars (HK$), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors (the "Board") on 17 July 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements of the Group are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention except that financial assets and financial liabilities at fair value through profit or loss and available-for-sale financial assets are stated at fair value and held-to-maturity investments are stated at amortized cost.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 The adoption of new/revised HKFRS

For the accounting period commencing on 1 April 2005, the Group has adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2004/05 comparatives have been amended as required, in accordance with the relevant requirements.

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 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS-Int 15	Operating Leases – Incentives
HKFRS 2	Share-based Payment

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 24, 27, 28, 33, 36 and HKAS-Int 15 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures.

- HKASs 2, 7, 8, 10, 16, 21, 24, 27, 28, 33, 36 and HKAS-Int 15 had no material effect on the Group's accounting policies.

HKAS 1 has affected the presentation of cake coupon liabilities. In prior years, the estimated value of cake coupons which were expected to be redeemed in the next twelve months were classified as current liabilities on the balance sheet. With the adoption of HKAS 1, the cake coupon liabilities are classified under current liabilities as the Group does not have an unconditional right to defer the settlement of these cake coupon liabilities.

The adoption of the revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the profit and loss account on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the profit and loss account. In prior years, the leasehold land was accounted for at cost less accumulated depreciation and accumulated impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 The adoption of new/revised HKFRS *(continued)*

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets. HKAS 39 does not permit to recognize, derecognize and measure financial assets and liabilities in accordance with this standard on a retrospective basis.

The Group has reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38 and considered the trademarks held by the Group as having indefinite useful lives. Therefore, the trademarks are not amortized but will be tested for impairment. Previously the Group amortized its trademarks over 20 years. The transitional provision of HKAS 38 prohibits any adjustments to the carrying amount recognized on first adoption and any assessment of useful life shall be accounted for prospectively as a change in accounting estimate in accordance with HKAS 8.

The Group has adopted the transitional provisions of HKFRS 2 which applies to grants of shares, share options or other equity instruments after 7 November 2002 and had not yet vested at the effective date of the HKFRS, the accounting period commencing on or after 1 January 2005. As the unexercised share options of the Group were granted before 7 November 2002 and were fully vested prior to the accounting period commencing 1 April 2005, there is no impact on the balance sheet and profit and loss account from adopting HKFRS 2.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application other than:

- HKAS 16 requires the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions.
- HKAS-Int 15 does not require the recognition of incentives for leases beginning before 1 January 2005.
- HKFRS 2 only requires retrospective application for all equity instruments granted after 7 November 2002 and not vested at 1 January 2005.

The effect of the changes in the above accounting policies on the financial statements of the Group are summarized below:

(a) The adoption of HKAS 1 has resulted in:

	2006	2005
	HK$	*HK$*
Increase in current liabilities	**84,947,714**	75,110,064
Decrease in non-current liabilities	**(84,947,714)**	(75,110,064)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 The adoption of new/revised HKFRS *(continued)*

(b) The adoption of HKAS 17 has resulted in:

	2006	2005
	HK$	*HK$*
Increase in leasehold land and land use rights	**87,166,415**	111,130,436
Decrease in property, plant and equipment	**(87,166,415)**	(111,130,436)
Decrease in depreciation of property, plant and equipment	**(2,104,379)**	(2,735,949)
Increase in amortization of prepaid operating lease payments	**2,104,379**	2,735,949
Increase in freehold land	**2,038,604**	1,863,555
Increase in retained earnings	**1,137,528**	1,040,690
Increase in minority interests	**901,076**	822,865
Decrease in depreciation of property, plant and equipment	**(175,049)**	(175,049)
Increase in profit attributable to minority interests	**78,211**	77,390

(c) The adoption of HKAS 38 has resulted in:

	2006	2005
	HK$	*HK$*
Increase in trademarks	**4,600,000**	–
Decrease in amortization of trademarks	**(4,600,000)**	–
Increase in profit attributable to minority interests	**2,055,280**	–
Increase in minority interests	**2,055,280**	–

(d) The adoption of HKASs 32 and 39 has resulted in:

	2006	2005
	HK$	*HK$*
Increase in held-to-maturity investments	**12,675,000**	–
Increase in available-for-sale financial assets	**6,900,000**	–
Increase in investment revaluation reserve	**1,903,120**	–
Decrease in investments in securities	**(17,671,880)**	–

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 The adoption of new/revised HKFRS *(continued)*

The HKICPA has issued a number of new/revised HKFRS that are effective for accounting periods commencing on or after 1 January 2006. The Group has started considering the potential impact of these HKFRS. Based on the preliminary assessment, the Group believes that the adoption of these HKFRS, if applicable will not result in substantial changes to the Group's accounting policies. The Group has not early adopted these new/revised HKFRS, if applicable, in the financial statements for the year ended 31 March 2006 as follows:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plan and Disclosures
HKAS 21 (Amendment)	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 and HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS 7	Financial Instruments: Disclosures
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease
HKFRS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives

2.3 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March 2006.

(a) *Subsidiaries*

Subsidiaries are those entities in which the Company, directly or indirectly, controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Consolidation *(continued)*

(b) *Transactions with minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group are recorded in the profit and loss account. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognized in the profit and loss account, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

In the Company's balance sheet the interest in an associated company is stated at cost less provision for impairment losses. The results of associated company are accounted for by the Company on the basis of dividend received and receivable.

2.4 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.5 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Foreign currency translation *(continued)*

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognized as a separate component of equity.

2.6 Trademarks

From 1 April 2004 to 31 March 2005:

Trademarks were shown at historical cost and having a useful life of not less than 20 years. Amortization was calculated using the straight-line method to allocate the cost over the estimated useful lives.

From 1 April 2005 onwards:

Trademarks are reassessed as having an indefinite useful life and the carrying amount brought forward as at 1 April 2005 are no longer amortized but tested annually for impairment and carried at cost less accumulated amortization and impairment losses.

2.7 Property, plant and equipment

Freehold land is stated at cost and is not amortized.

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the profit and loss account during the financial period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Property, plant and equipment *(continued)*

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives. The principle annual rates of depreciation for various classes of property, plant and equipment are as follows:

• Buildings:	over the unexpired periods of the leases or their estimated useful lives, whichever is shorter.
• Leasehold improvements:	over the unexpired periods of the leases or their expected useful lives. The annual rate used for this purpose is 15%.
• Air-conditioning plant:	15%
• Furniture, fixtures and equipment:	10-25%
• Motor vehicles:	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial Assets

From 1 April 2004 to 31 March 2005:

The Group classified its investments in securities, other than subsidiaries and associates, as investment securities and held-to-maturity securities.

(a) Investment securities

Investment securities are stated at cost less accumulated impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline in fair value other than temporary has occurred, the carrying amounts of such securities will be reduced to their fair values. The impairment loss is recognized as an expense in the profit and loss account. This impairment loss is written-back to profit and loss account 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial Assets *(continued)*

From 1 April 2004 to 31 March 2005: (continued)

(b) *Held-to-maturity securities*

Held-to-maturity securities are stated in the balance sheet at cost plus/less any discount/premium amortized to date. The discount or premium is amortized over the period to maturity and included as interest income/expense in the profit and loss account. Provision is made when a diminution in value other than temporary has occurred. The carrying amounts of individual held-to-maturity securities or holdings of the same securities are reviewed at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognized in the profit and loss account as expenses immediately.

From 1 January 2005 onwards:

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) *Financial assets at fair value through profit or loss*

This category has 2 sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables in the balance sheet include trade and other receivables, rental deposits paid.

(c) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturity less than 12 months from the balance sheet date, which are classified as current assets.

(d) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial Assets *(continued)*

Regular purchases and sales of investments are recognized on trade-date, being the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category including interest and dividend income, are presented in the profit and loss account in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences are recognized in profit or loss, and other changes in carrying amount are recognized in equity. Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognized in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as "gains or losses from investment securities". Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit and loss account) is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the profit and loss account.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less.

2.13 Cake coupon liabilities

Cake coupons are recorded as liabilities when sold. Cake coupons surrendered in exchange for products during the year are recognized as sales and transferred to the profit and loss account using the weighted average cake coupon sale values. The cake coupon liabilities are classified under current liabilities as the Group does not have an unconditional right to defer the settlement of the cake coupon liabilities.

2.14 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Employee benefits

(a) *Pension obligations*

The Group participates in a number of defined contribution plans in Hong Kong and the People's Republic of China ("PRC"), the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and the relevant group companies. The Group pays contributions to the pension plans on a mandatory, contractual or voluntary basis which are calculated as a percentage of the employees' salaries.

The Group has no legal or constructive obligations to make further payments once the required contributions have been paid, even if the plans do not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years.

The contributions are recognized as employee benefit expenses when they are due and prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Employee leave entitlements*

Employee entitlement to annual leave or other statutory leave is recognized when they are accrued to employees. A provision is made for the estimated liability for paid leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal.

(d) *Profit-sharing and bonus plans*

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that may create a constructive obligation.

(e) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expenses. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the profit and loss account with a corresponding adjustment to equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Employee benefits *(continued)*

(e) Share-based compensation (continued)

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.17 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates, credit card fees and discounts and after eliminating sales within the Group. Revenue is recognized as follows:

Sales of services

Sales of services from restaurant and fast food operations are recognized when services are rendered to customers.

Sales of goods – bakery wholesale

Sales of goods are recognized when a group entity has delivered products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

Sales of goods – retail

Sales of goods are recognized when a group entity sells a product to the customer. Retail sales are usually in cash or by credit card.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Rental income

Rental income is recognized on straight-line basis over the lease periods.

2.19 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in the profit and loss account on a straight-line basis over the period of the lease.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.21 Comparatives

Comparatives were restated primarily to reflect the effect of the adoption of HKFRS and to present more fairly the nature of uniform expense in the consolidated profit and loss account which was reclassified as "Other operating expenses". This expense was previously disclosed in "Staff costs".

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risk: foreign exchange risk, fair value interest rate risk, credit risk, liquidity risk and cash flow and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) *Foreign exchange risk*

The Group's major businesses are conducted in HK$, Renminbi ("RMB"), and Macau Pataca ("MOP"). Fluctuation of the exchange rates of HK$ against MOP and RMB can affect the Group's results of operation. Given the exchange rate peg between HK$ and MOP and the comparatively stable exchange rates of HK$ against RMB, it is not foreseen that the Group will be exposed to significant exchange rate risk exposure.

(b) *Credit risk*

The carrying amounts of cash and cash equivalents, trade receivable and other current assets except for prepayments, represent the Group's maximum exposure to credit risk in relation to financial assets. The Group has policies in place to ensure that wholesale of goods are made to customers with an appropriate credit history. Sales to retail customers are usually in cash or by credit cards.

The majority of the Group's turnover is on cash basis therefore there is no significant concentration of credit risk. Credit sales will only be made to customers with good credit history or of low risk profile.

The credit risk for bank deposits and bank balances exposed is considered minimal as such amounts are placed with banks with good credit ratings.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

(d) *Cash flow and fair value interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and liabilities except for the Group's bank deposits.

3.2 Fair value estimation

The fair value of financial instruments traded in the active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables, and financial liabilities including trade and other payables are assumed to approximate their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The fair value of financial assets and financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Impairment of assets

The Group conducts impairment reviews of assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the value in use, which requires the Group to estimate the future cash flow and suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. After reviewing the business environment as well as the Group's objectives and past performance, management has concluded that there was no impairment loss for assets at 31 March 2006.

4.2 Income taxes

The Group is subject to income taxes in certain jurisdictions. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expense and deferred income tax provisions in the year in which such determination is made.

4.3 Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of renovation and relocation. Management will increase the depreciation where useful lives are less than previously estimated lives.

5. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION

(a) Turnover and other revenues

The Group is principally engaged in the operation of restaurants and bakeries. Turnover comprises takings and service charges less discounts and credit card commission from restaurant and bakery operations. Revenues recognized during the year are as follows:

	2006 **HK$**	2005 HK$
Turnover		
Restaurant operation	**405,944,772**	417,259,612
Bakery operation	**581,575,682**	563,255,347
	987,520,454	980,514,959
Other revenues		
Interest income	**9,490,118**	1,841,767
Rental income from investment properties	**–**	640,364
Rental income from other properties	**1,166,076**	1,961,177
	10,656,194	4,443,308
Total revenues	**998,176,648**	984,958,267

(b) Primary reporting format – business segments

The Group is currently organized into 2 business segments:

- Restaurant operation – operating restaurants of different cuisines
- Bakery operation – manufacturing and selling bakery products which are undertaken by Saint Honore Holdings Limited and its subsidiaries

Sales or other transactions between the business segments have been eliminated from the above.

5. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Primary reporting format – business segments *(continued)*

An analysis of the Group's turnover and results by business segments is as follows:

	2006			(Restated) 2005		
	Restaurant ***HK$***	**Bakery** ***HK$***	**Group** ***HK$***	Restaurant *HK$*	Bakery *HK$*	Group *HK$*
Turnover	**405,996,255**	**589,421,363**	**995,417,618**	417,259,612	568,901,322	986,160,934
Inter-segment sales	**(51,483)**	**(7,845,681)**	**(7,897,164)**	–	(5,645,975)	(5,645,975)
Segment turnover	**405,944,772**	**581,575,682**	**987,520,454**	417,259,612	563,255,347	980,514,959
Segment results	**16,819,006**	**48,589,805**	**65,408,811**	(3,737,920)	69,711,544	65,973,624
Unallocated revenues			**1,166,076**			26,798,862
Unallocated expense			**(522,029)**			(38,814)
Operating profit			**66,052,858**			92,733,672
Share of profit of an associated company	**1,397,622**	**-**	**1,397,622**	1,366,505	–	1,366,505
Profit before income tax			**67,450,480**			94,100,177
Income tax expense			**(9,375,327)**			(13,335,922)
Profit for the year			**58,075,153**			80,764,255
Segment assets	**307,407,569**	**437,600,950**	**745,008,519**	303,132,808	411,589,520	714,722,328
Interest in an associated company	**4,055,783**	**-**	**4,055,783**	2,385,411	–	2,385,411
Unallocated assets			**1,834,085**			4,191,913
Total assets			**750,898,387**			721,299,652
Segment liabilities	**52,350,576**	**196,619,888**	**248,970,464**	53,476,630	183,417,626	236,894,256
Unallocated liabilities			**4,687,106**			10,128,186
Total liabilities			**253,657,570**			247,022,442
Capital expenditure	**5,286,645**	**36,615,210**	**41,901,855**	9,138,072	70,554,579	79,692,651
Depreciation and impairment losses	**14,630,516**	**27,484,221**	**42,114,737**	18,963,933	27,300,222	46,264,155
Amortization of trademarks	**-**	**-**	**-**	–	4,600,000	4,600,000
Amortization of prepaid operating lease payments	**396,952**	**1,707,427**	**2,104,379**	1,287,992	1,447,957	2,735,949

5. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Primary reporting format – business segments *(continued)*

Segment results included a gain on disposal of a self-occupied property of HK$10.8 million for restaurant and net loss on disposal of self-occupied properties of HK$0.3 million for bakery (2005: segment results of bakery included a gain on disposal of a self-occupied property of HK$26.1 million).

Unallocated revenues mainly represent rental income from properties (2005: included a gain on disposal of investment properties of HK$24.2 million) while unallocated expense represents loss on deemed disposal of a subsidiary. Segment assets consist primarily of trademarks, property, plant and equipment, leasehold land and land use rights, inventories, receivables and operating cash and excluding items such as tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and excluding items such as tax payable and deferred income tax liabilities. Capital expenditure comprises additions to property, plant and equipment, leasehold land and land use rights.

(c) Secondary reporting format – geographical segments

The Group's 2 business segments operate in 2 main geographical areas:

- Hong Kong and Macau
- PRC

In respect of geographical segment reporting, sales are based on the country in which the customers are located. Total assets and capital expenditure are based on where the assets are located.

The geographical analysis of total assets and capital expenditure is as follows:

	2006		(Restated) 2005	
	Total assets	**Capital expenditure**	Total assets	Capital expenditure
	HK$	***HK$***	*HK$*	*HK$*
Hong Kong and Macau	**662,785,511**	**29,458,644**	646,183,762	61,701,451
PRC	**88,112,876**	**12,443,211**	75,115,890	17,991,200
	750,898,387	**41,901,855**	721,299,652	79,692,651

The capital expenditure in the PRC was incurred for the bakery operation of the Group.

No geographical analysis on segment results is provided as less than 10% of the Group's turnover and consolidated results of the Group are attributable to markets outside Hong Kong and Macau.

6. STAFF COSTS

	2006 HK$	2005 HK$
Wages and salaries, including directors' fees	**287,398,967**	290,240,483
Termination benefits	**248,837**	612,362
Provision for leave balance	**2,096,943**	2,272,516
Retirement benefit costs – defined contribution schemes	**13,847,890**	13,794,988
(Reversal of)/provision for long service payments *(Note 28)*	**(1,261,603)**	1,103,381
Other staff costs	**11,930,290**	11,351,656
	314,261,324	319,375,386

(a) Directors' and senior management's emoluments

The remuneration of every director for the year ended 31 March 2006 is set out below:

Name of director	Fees HK$	Salary, housing and other allowances, and benefits in kind HK$	Employer's contribution to pension scheme HK$	Discretionary bonus and profit sharing HK$	Total HK$
Executive directors					
Mr. Chan Wai Cheung, Glenn	–	2,950,000	–	1,783,090	4,733,090
Mr. Chan Ka Lai, Joseph	50,000	1,062,200	53,110	42,500	1,207,810
Mrs. Chan King Catherine	50,000	30,000	–	–	80,000
Mr. Chiu Wai	–	700,640	35,032	97,500	833,172
Mr. Shum Wing Hon	–	1,640,830	69,142	–	1,709,972
Ms. Wong Tsui Yue, Lucy	–	715,136	35,757	29,600	780,493
Independent non-executive directors					
Mr. Cassam Soliman Gooljarry	50,000	–	–	–	50,000
Mrs. Fung Yeh Yi Hao, Yvette	50,000	–	–	–	50,000
Dr. Kwok Lok Wai, William	50,000	–	–	–	50,000
Total	250,000	7,098,806	193,041	1,952,690	9,494,537

6. STAFF COSTS *(continued)*

(a) Directors' and senior management's emoluments *(continued)*

The remuneration of every director for the year ended 31 March 2005 is set out below:

Name of director	Fees *HK$*	Salary, housing and other allowances, and benefits in kind *HK$*	Employer's contribution to pension scheme *HK$*	Discretionary bonus and profit sharing *HK$*	Total *HK$*
Executive directors					
Mr. Chan Wai Cheung, Glenn	–	3,075,000	–	2,482,000	5,557,000
Mr. Chan Ka Lai, Joseph	50,000	930,000	46,375	50,375	1,076,750
Mrs. Chan King Catherine	50,000	30,000	–	–	80,000
Mr. Chiu Wai	–	609,870	30,550	110,400	750,820
Mr. Shum Wing Hon	–	1,663,880	69,142	21,000	1,754,022
Ms. Wong Tsui Yue, Lucy	–	710,400	35,520	38,480	784,400
Independent non-executive directors					
Mr. Cassam Soliman Gooljarry	50,000	–	–	–	50,000
Mrs. Fung Yeh Yi Hao, Yvette	50,000	–	–	–	50,000
Dr. Kwok Lok Wai, William	50,000	–	–	–	50,000
Total	250,000	7,019,150	181,587	2,702,255	10,152,992

No directors of the Company waived any emoluments and no emoluments were paid by the Group to any directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Five highest paid individuals

The 5 individuals whose emoluments were the highest in the Group for the year include 3 (2005: 3) directors of the Company whose emoluments are reflected in the analysis presented in note (a) above. The emoluments payable to the remaining 2 (2005: 2) individuals during the year are as follows.

	2006 ***HK$***	2005 *HK$*
Basic salaries and benefits in kind	**2,395,100**	2,233,362
Employer's contribution to pension scheme	**113,694**	102,179
	2,508,794	2,335,541

The emoluments fell within the following bands:

	Number of individuals **2006**	 2005
Emolument bands		
Nil – HK$1,000,000	**–**	1
HK$1,000,001 – HK$1,500,000	**2**	–
HK$1,500,001 – HK$2,000,000	**–**	1
	2	2

6. **STAFF COSTS** *(continued)*

(b) Five highest paid individuals *(continued)*

None of the highest paid individuals of the Group waived any emoluments and no emoluments were paid by the Group to any of such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

7. **OPERATING PROFIT**

Operating profit is stated after charging/(crediting) the following:

	2006	(Restated) 2005
	HK$	*HK$*
Auditors' remuneration	**1,890,716**	1,693,717
Amortization of prepaid operating lease payments	**2,104,379**	2,735,949
Depreciation and impairment losses of property, plant and equipment		
Depreciation of property, plant and equipment	***42,114,737***	*42,196,155*
Impairment losses of property, plant and equipment	**–**	*4,068,000*
	42,114,737	46,264,155
Realized gains on other financial assets at fair value through profit or loss	**(541,860)**	–
Un-realized gains on other financial assets at fair value through profit or loss	**(19,400)**	–
Gain on disposal of leasehold land and properties		
Gain on disposal of investment properties	**–**	*(24,197,320)*
Gain on disposal of leasehold land and other properties	***(10,491,052)***	*(26,112,921)*
	(10,491,052)	(50,310,241)
Loss on disposal of other plant and equipment	**365,926**	9,838
Net exchange gain	**(734,644)**	(221,266)

8. **INCOME TAX EXPENSE**

The amount of income tax charged to the consolidated profit and loss account represents:

	2006	2005
	HK$	*HK$*
Current income tax		
Hong Kong profits tax	**7,801,496**	7,746,288
Income tax arising from other jurisdictions	**2,233,803**	6,453,284
(Over)/under provision in prior years	**(1,305,553)**	18,077
Deferred income tax charge/(credit) *(Note 29)*	**645,581**	(881,727)
Income tax expense	**9,375,327**	13,335,922

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits for the year. Taxation on profits arising from other jurisdictions has been calculated on the estimated assessable profits for the year at the rates prevailing in the relevant jurisdictions.

8. INCOME TAX EXPENSE *(continued)*

The income tax expense on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2006 HK$	(Restated) 2005 HK$
Profit before income tax	**67,450,480**	94,100,177
Calculated at a taxation rate of 17.5% (2005: 17.5%)	**11,803,834**	16,467,531
Effect of different taxation rates in other jurisdictions	**76,648**	(16,437)
Income not subject to taxation	**(3,637,918)**	(4,923,753)
Expenses not deductible for taxation purposes	**1,098,286**	2,201,725
(Over)/under provision in prior years	**(1,305,553)**	18,077
Utilization of previously unrecognized tax losses	**(326,147)**	(519,661)
Tax losses not recognized	**1,635,011**	93,435
Others	**31,166**	15,005
Income tax expense	**9,375,327**	13,335,922

9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK$16,209,188 (2005: HK$58,076,819).

10. DIVIDENDS

	2006 HK$	2005 HK$
Write-back of unclaimed dividend	**–**	(80,250)
Interim, paid, of HK1 cent (2005: HK1 cent) per ordinary share	**3,289,586**	3,289,586
Special, paid, of HK2 cents (2005: HK4 cents) per ordinary share	**6,579,172**	13,158,344
Final, proposed, of HK8 cents (2005: HK5 cents) per ordinary share	**26,316,689**	16,447,930
	36,185,447	32,815,610

The proposed final dividend for the year ended 31 March 2006 was declared at the meeting of the Board held on 17 July 2006. This proposed final dividend is not reflected as a dividend payable in these financial statements. It is reflected as an appropriation of retained earnings and is presented as a dividend reserve in the balance sheet.

11. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the following:

	2006 *HK$*	(Restated) 2005 *HK$*
Earnings		
Profit for the year attributable to shareholders of the Company	**39,666,254**	55,256,676
Adjustment to share of results of a subsidiary based on the dilution of the subsidiary's earnings per share	**(117,666)**	(213,057)
Profit used to calculate diluted earnings per share	**39,548,588**	55,043,619

	2006	2005
Number of shares		
Weighted average number of ordinary shares in issue	**328,958,609**	328,958,609
Effect of potential dilutive ordinary shares *(Note)*	**2,209,575**	1,975,642
Weighted average number of ordinary shares for diluted earnings per share	**331,168,184**	330,934,251

Note:

The amount represents the weighted average number of shares deemed to be issued if all outstanding share options granted under the share option scheme of the Company had been exercised.

12. TRADEMARKS

	Group *HK$*
At 1 April 2004	
Cost	92,000,000
Accumulated amortization	(59,800,000)
Net book value	32,200,000
Year ended 31 March 2005	
Opening net book value	32,200,000
Amortization	(4,600,000)
Closing net book value	27,600,000
At 31 March 2005	
Cost	92,000,000
Accumulated amortization	(64,400,000)
Net book value	27,600,000
Net book value, at 31 March 2006	**27,600,000**

The directors are of the opinion that the Group's trademarks have indefinite useful life after their reassessment of the estimated useful life of the trademarks. The reasons include:

(i) The trademarks have been in use for a very long period of time and will continue to be used for the long term; and

(ii) The Group has incurred and intends to continue to incur significant advertising and promotion expenses, which are charged to the profit and loss account when incurred, to maintain and increase the market value of its trademarks.

Therefore, the Group has ceased to amortize the trademarks since 1 April 2005.

13. PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Freehold land HK$	Land and buildings HK$	Investment properties HK$	Leasehold improvements HK$	Air-conditioning plant HK$	Furniture, fixtures, and equipment HK$	Motor vehicles HK$	Total HK$
At 1 April 2004								
Cost or valuation, as previously reported	–	231,434,193	75,855,118	157,098,759	28,607,196	181,903,904	17,299,959	692,199,129
Effect on adoption of HKAS 17	8,752,467	(150,934,081)	–	–	–	–	–	(142,181,614)
Cost or valuation, as restated	8,752,467	80,500,112	75,855,118	157,098,759	28,607,196	181,903,904	17,299,959	550,017,515
Accumulated depreciation, as previously reported	–	(63,481,979)	–	(111,202,393)	(18,991,841)	(129,775,473)	(10,511,847)	(333,963,533)
Effect on adoption of HKAS 17	–	37,829,014	–	–	–	–	–	37,829,014
Accumulated depreciation, as restated	–	(25,652,965)	–	(111,202,393)	(18,991,841)	(129,775,473)	(10,511,847)	(296,134,519)
Net book value, as restated	8,752,467	54,847,147	75,855,118	45,896,366	9,615,355	52,128,431	6,788,112	253,882,996
Year ended 31 March 2005								
Opening net book value, as restated	8,752,467	54,847,147	75,855,118	45,896,366	9,615,355	52,128,431	6,788,112	253,882,996
Additions	–	23,959,953	–	16,249,087	2,773,573	18,317,446	4,107,307	65,407,366
Disposals	–	(3,478,465)	(75,855,118)	(61,056)	–	(251,751)	(64,068)	(79,710,458)
Depreciation	–	(1,487,419)	–	(19,551,347)	(2,362,161)	(16,555,927)	(2,239,301)	(42,196,155)
Impairment losses	–	–	–	(1,908,540)	(774,345)	(1,385,115)	–	(4,068,000)
Closing net book value	8,752,467	73,841,216	–	40,624,510	9,252,422	52,253,084	8,592,050	193,315,749
At 31 March 2005								
Cost	8,752,467	100,068,532	–	162,828,318	29,342,399	195,067,314	20,360,687	516,419,717
Accumulated depreciation and impairment losses	–	(26,227,316)	–	(122,203,808)	(20,089,977)	(142,814,230)	(11,768,637)	(323,103,968)
Net book value	8,752,467	73,841,216	–	40,624,510	9,252,422	52,253,084	8,592,050	193,315,749
Year ended 31 March 2006								
Opening net book value	**8,752,467**	**73,841,216**	**-**	**40,624,510**	**9,252,422**	**52,253,084**	**8,592,050**	**193,315,749**
Additions	**-**	**4,277,809**	**-**	**17,055,577**	**1,203,054**	**14,970,308**	**2,148,221**	**39,654,969**
Disposals	**-**	**(5,226,006)**	**-**	**(10,508)**	**-**	**(372,442)**	**-**	**(5,608,956)**
Depreciation	**-**	**(1,881,883)**	**-**	**(20,117,853)**	**(2,161,995)**	**(15,404,308)**	**(2,548,698)**	**(42,114,737)**
Closing net book value	**8,752,467**	**71,011,136**	**-**	**37,551,726**	**8,293,481**	**51,446,642**	**8,191,573**	**185,247,025**
At 31 March 2006								
Cost	**8,752,467**	**94,329,618**	**-**	**164,711,800**	**27,643,231**	**202,819,255**	**21,167,659**	**519,424,030**
Accumulated depreciation and impairment losses	**-**	**(23,318,482)**	**-**	**(127,160,074)**	**(19,349,750)**	**(151,372,613)**	**(12,976,086)**	**(334,177,005)**
Net book value	**8,752,467**	**71,011,136**	**-**	**37,551,726**	**8,293,481**	**51,446,642**	**8,191,573**	**185,247,025**

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Company

	Land and buildings HK$	Leasehold improvements HK$	Air-conditioning plant HK$	Furniture, fixtures, and equipment HK$	Motor vehicles HK$	Total HK$
At 1 April 2004						
Cost, as previously reported	1,665,685	20,647,182	9,355,909	26,551,580	4,577,602	62,797,958
Effect on adoption of HKAS 17	(1,279,285)	–	–	–	–	(1,279,285)
Cost, as restated	386,400	20,647,182	9,355,909	26,551,580	4,577,602	61,518,673
Accumulated depreciation, as previously reported	(340,408)	(14,624,609)	(6,634,769)	(19,377,322)	(2,843,627)	(43,820,735)
Effect on adoption of HKAS 17	261,440	–	–	–	–	261,440
Accumulated depreciation, as restated	(78,968)	(14,624,609)	(6,634,769)	(19,377,322)	(2,843,627)	(43,559,295)
Net book value, as restated	307,432	6,022,573	2,721,140	7,174,258	1,733,975	17,959,378
Year ended 31 March 2005						
Opening net book value, as restated	307,432	6,022,573	2,721,140	7,174,258	1,733,975	17,959,378
Additions and adjustment	–	(344,420)	–	464,861	447,764	568,205
Depreciation	(7,726)	(1,309,008)	(601,664)	(2,107,236)	(603,065)	(4,628,699)
Closing net book value	299,706	4,369,145	2,119,476	5,531,883	1,578,674	13,898,884
At 31 March 2005						
Cost	386,400	20,302,762	9,355,909	27,016,441	5,025,366	62,086,878
Accumulated depreciation	(86,694)	(15,933,617)	(7,236,433)	(21,484,558)	(3,446,692)	(48,187,994)
Net book value	299,706	4,369,145	2,119,476	5,531,883	1,578,674	13,898,884
Year ended 31 March 2006						
Opening net book value	**299,706**	**4,369,145**	**2,119,476**	**5,531,883**	**1,578,674**	**13,898,884**
Additions	**–**	**2,039,768**	**507,600**	**1,936,455**	**–**	**4,483,823**
Disposals	**–**	**–**	**–**	**(19,642)**	**–**	**(19,642)**
Depreciation	**(8,100)**	**(1,581,456)**	**(529,054)**	**(2,156,299)**	**(624,412)**	**(4,899,321)**
Closing net book value	**291,606**	**4,827,457**	**2,098,022**	**5,292,397**	**954,262**	**13,463,744**
At 31 March 2006						
Cost	**386,400**	**18,190,653**	**6,961,287**	**24,177,026**	**4,498,442**	**54,213,808**
Accumulated depreciation	**(94,794)**	**(13,363,196)**	**(4,863,265)**	**(18,884,629)**	**(3,544,180)**	**(40,750,064)**
Net book value	**291,606**	**4,827,457**	**2,098,022**	**5,292,397**	**954,262**	**13,463,744**

14. LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interest in leasehold land and land use rights represent prepaid operating lease payments and their net book value are analyzed as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$	*HK$*	***HK$***	*HK$*
In Hong Kong, held on:				
Leases of over 50 years	**6,496,614**	6,582,662	**–**	–
Leases of between 10 to 50 years	**70,067,589**	95,154,791	**968,632**	992,259
Outside Hong Kong, held on:				
Leases of between 10 to 50 years	**10,602,212**	9,392,983	**–**	–
	87,166,415	111,130,436	**968,632**	992,259

The movements of net book value of leasehold land and land use rights are analyzed as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$	*HK$*	***HK$***	*HK$*
Opening net book value	**111,130,436**	106,041,107	**992,259**	1,017,845
Additions	**2,246,886**	14,285,285	**–**	–
Disposals	**(24,106,528)**	(6,460,007)	**–**	–
Amortization of prepaid operating lease payments	**(2,104,379)**	(2,735,949)	**(23,627)**	(25,586)
Closing net book value	**87,166,415**	111,130,436	**968,632**	992,259

15. INTERESTS IN SUBSIDIARIES

	Company	
	2006	2005
	HK$	*HK$*
Unlisted shares, at cost	**177,226,625**	177,226,623
Loans to subsidiaries *(Note)*	**2,049,605**	60,060,482
	179,276,230	237,287,105
Provision for impairment losses	**(17,375,146)**	(31,805,143)
	161,901,084	205,481,962

Note:
The loans to subsidiaries are unsecured, interest free and not expected to be repaid within the next 12 months except for the amount of HK$2,045,705 (2005: HK$60,056,582) which bears interest at agreed interest rates.

Details of the principal subsidiaries as at 31 March 2006 are set out in note 33.

16. INTEREST IN AN ASSOCIATED COMPANY

	Group 2006 HK$	Group 2005 HK$
At the beginning of the year	**2,385,411**	1,888,057
Share of an associate's result	**1,397,622**	1,366,505
Return of investment from associate	**–**	(869,151)
Other equity movements	**272,750**	–
At the end of the year	**4,055,783**	2,385,411

The Group's interest in its unlisted associated company was as follows:

Name	Place of incorporation and operation	Particulars of issued share capital	Assets HK$	Liabilities HK$	Revenues HK$	Profit HK$	Effective interest held by the group
2005							
Wellcon Limited	Hong Kong	10,000 ordinary shares of HK$1 each	2,914,572	529,161	6,574,701	1,366,505	21%
2006							
Wellcon Limited	**Hong Kong**	**10,000 ordinary shares of HK$1 each**	**4,965,545**	**909,762**	**6,311,825**	**1,397,622**	**21%**

17. HELD-TO-MATURITY INVESTMENTS

	Group 2006 HK$	Company 2006 HK$
Unlisted debt securities transferred from investments in securities at 1 April 2005	**8,800,000**	**8,800,000**
Additions	**3,875,000**	**–**
At the end of the year	**12,675,000**	**8,800,000**

The held-to-maturity debt securities have contractual maturity dates ranging from 2 to 9 years.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2006 HK$	Company 2006 HK$
Club debentures transferred from investments in securities at 1 April 2005	**4,996,880**	**4,996,880**
Revaluation surplus transfer to equity *(Note 27)*	**1,903,120**	**1,903,120**
At the end of the year	**6,900,000**	**6,900,000**

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

There were no disposal of or impairment provisions for available-for-sale financial assets during the year.

19. INVENTORIES

	Group		Company	
	2006	2005	**2006**	2005
	HK$	*HK$*	***HK$***	*HK$*
Raw materials	**19,421,343**	19,517,635	**1,536,221**	1,745,580
Packing materials	**4,744,402**	3,562,681	**–**	–
Work in progress	**793,576**	529,657	**–**	–
Finished goods	**618,994**	760,489	**–**	–
	25,578,315	24,370,462	**1,536,221**	1,745,580

20. AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts are unsecured, interest free and have no fixed terms of repayment except for the amount due from a subsidiary of HK$9,340,495 (2005: HK$9,340,495) which bears interest at 6% per annum. As at 31 March 2005, an amount due to a subsidiary of HK$4,796,543 bore interest at prevailing market interest rates.

21. TRADE RECEIVABLES

At 31 March 2006, the ageing analysis of the trade receivables was as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$	*HK$*	***HK$***	*HK$*
Current to 30 days	**6,342,559**	3,974,232	**258,934**	238,056
31 to 60 days	**458,520**	252,833	**7,026**	16,436
Over 60 days	**672,483**	1,178,132	**–**	1,434
	7,473,562	5,405,197	**265,960**	255,926

The majority of the Group's sales are conducted in cash, by credit cards or through redemption of cake coupons. Credit sales are made mainly to certain corporate customers of the bakery operation for purchases of normal bakery products and cake coupons or festive products and they are normally granted respectively with credit terms of 30 days or 61 to 120 days. Overseas corporate customers are generally requested to pay deposits in the amount of 20% to 30% of their estimated purchase values.

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	**2006**	2005
	HK$	*HK$*	***HK$***	*HK$*
Cash at bank and in hand	**75,323,330**	135,934,442	**14,645,741**	15,789,940
Short-term bank deposits	**244,636,181**	127,943,474	**154,605,233**	101,644,097
Other short-term highly liquid investments	**29,745,067**	31,726,225	**13,531,905**	11,952,558
	349,704,578	295,604,141	**182,782,879**	129,386,595

The effective interest rate on the Group's short-term bank deposits was 2.63% (2005: 0.48%); these deposits have an average maturity of less than 90 days.

At 31 March 2006, the carrying amounts of the cash and cash equivalents were denominated in the following currencies:

	Group		Company	
	2006	2005	**2006**	2005
	HK$	*HK$*	***HK$***	*HK$*
HK$	**249,047,740**	198,300,854	**136,613,634**	86,911,573
US$	**63,350,811**	62,867,358	**45,394,735**	42,475,022
MOP	**5,974,196**	13,046,555	**–**	–
RMB	**30,536,524**	20,400,177	**–**	–
Others	**795,307**	989,197	**774,510**	–
	349,704,578	295,604,141	**182,782,879**	129,386,595

23. TRADE PAYABLES

At 31 March 2006, the ageing analysis of the trade payables was as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$	*HK$*	***HK$***	*HK$*
Current to 30 days	**25,576,998**	26,589,586	**14,312,450**	15,451,950
31 to 60 days	**2,389,076**	2,335,764	**94,937**	663,215
Over 60 days	**2,365,944**	1,982,320	**440,771**	242,891
	30,332,018	30,907,670	**14,848,158**	16,358,056

24. SHARE CAPITAL

	2006 HK$	2005 HK$
Authorized 400,000,000 ordinary shares of HK$0.10 each	**40,000,000**	40,000,000
Issued and fully paid 328,958,609 ordinary shares of HK$0.10 each	**32,895,861**	32,895,861

25. SHARE OPTIONS

The share option scheme respectively adopted by the Company ("HKCM Scheme") and SHHL ("SHHL Scheme") do not fulfil certain requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited which have become effective since 1 September 2001, both schemes are invalid and no further share option can be granted under the schemes.

(a) HKCM Scheme

The details of the share options granted under the HKCM Scheme ("HKCM Options") are as follows:

	Number of HKCM Options 2006	2005
At the end of the year *(Note i)*	**3,350,000**	3,350,000

Note:

(i) HKCM Options outstanding at the end of the year have the following terms:

Grant date	Exercise period From	To	Exercise price HK$	Number of HKCM Options 2006	2005
A director of the Company					
30 August 2001	1 October 2001	30 September 2011	0.48	**1,000,000**	1,000,000
30 August 2001	1 March 2002	30 September 2011	0.48	**1,000,000**	1,000,000
30 August 2001	1 September 2002	30 September 2011	0.48	**1,000,000**	1,000,000
			Total	**3,000,000**	3,000,000
Other employees					
30 August 2001	1 March 2002	30 September 2011	0.48	**175,000**	175,000
30 August 2001	1 September 2002	30 September 2011	0.48	**175,000**	175,000
			Total	**350,000**	350,000
			Grand total	**3,350,000**	3,350,000

There were no HKCM options granted, cancelled, lapsed or exercised during the year.

25. SHARE OPTIONS *(continued)*

(b) SHHL Scheme

The movements of the share options granted under the SHHL Scheme ("SHHL Options") during the year are as follows:

	Number of SHHL Options 2006	Number of SHHL Options 2005
At the beginning of the year	**2,600,000**	2,840,000
Exercised *(Note i)*	**(1,800,000)**	(240,000)
At the end of the year *(Note ii)*	**800,000**	2,600,000

Note:

(i) There were 1,800,000 SHHL Options exercised on 5 August 2005 and the closing price of the shares of SHHL immediately before the date of exercise was HK$2.60 per share.

(ii) SHHL Options outstanding at the end of the year have the following terms:

Grant date	Exercise period From	Exercise period To	Exercise price HK$	Number of SHHL Options 2006	Number of SHHL Options 2005
A director of SHHL					
15 January 2001	1 May 2001	31 May 2010	0.50	**-**	1,000,000
15 January 2001	1 May 2002	31 May 2010	0.50	**200,000**	1,000,000
31 August 2001	1 March 2002	30 September 2011	0.55	**300,000**	300,000
31 August 2001	1 September 2002	30 September 2011	0.55	**300,000**	300,000
			Total	**800,000**	2,600,000

26. RELATED-PARTY TRANSACTIONS

The Group is controlled by Well-Positioned Corporation, a company incorporated in British Virgin Islands, which owns 56.61% of the Company's shares. The remaining 43.39% of the shares are widely held.

The directors are in the opinion that the Company's key management are the executive directors and their remuneration is disclosed in note 6 to the financial statements.

27. RESERVES

The movements of the reserves of the Group and of the Company during the year are analyzed as follows:

(a) Group

	Share premium HK$	Investment property revaluation reserve HK$	Investment revaluation reserve HK$	Exchange fluctuation reserve HK$	Retained earnings HK$	Dividend reserve HK$	Total HK$
At 1 April 2004, as previously reported	125,277,594	24,635,988	–	69,124	174,699,421	11,513,551	336,195,678
Effect on adoption of HKAS 17	–	–	–	–	943,031	–	943,031
At 1 April 2004, as restated	125,277,594	24,635,988	–	69,124	175,642,452	11,513,551	337,138,709
Reserve transferred to profit and loss account upon disposal of investment properties	–	(24,635,988)	–	–	–	–	(24,635,988)
Profit for the year	–	–	–	–	55,256,676	–	55,256,676
Write-back of unclaimed dividend	–	–	–	–	80,250	–	80,250
2003/04 final dividend paid	–	–	–	–	–	(11,513,551)	(11,513,551)
2004/05 interim dividend proposed	–	–	–	–	(3,289,586)	3,289,586	–
2004/05 special dividend proposed	–	–	–	–	(13,158,344)	13,158,344	–
2004/05 interim dividend paid	–	–	–	–	–	(3,289,586)	(3,289,586)
2004/05 special dividend paid	–	–	–	–	–	(13,158,344)	(13,158,344)
2004/05 final dividend proposed	–	–	–	–	(16,447,930)	16,447,930	–
At 31 March 2005, as restated	125,277,594	–	–	69,124	198,083,518	16,447,930	339,878,166
At 1 April 2005, as per above	**125,277,594**	**-**	**-**	**69,124**	**198,083,518**	**16,447,930**	**339,878,166**
Profit for the year	**-**	**-**	**-**	**-**	**39,666,254**	**-**	**39,666,254**
Share of reserves of an associated company	**-**	**-**	**272,750**	**-**	**-**	**-**	**272,750**
Revaluation surplus of available-for-sale financial assets	**-**	**-**	**1,903,120**	**-**	**-**	**-**	**1,903,120**
2004/05 final dividend paid	**-**	**-**	**-**	**-**	**-**	**(16,447,930)**	**(16,447,930)**
2005/06 interim dividend proposed	**-**	**-**	**-**	**-**	**(3,289,586)**	**3,289,586**	**-**
2005/06 special dividend proposed	**-**	**-**	**-**	**-**	**(6,579,172)**	**6,579,172**	**-**
2005/06 interim dividend paid	**-**	**-**	**-**	**-**	**-**	**(3,289,586)**	**(3,289,586)**
2005/06 special dividend paid	**-**	**-**	**-**	**-**	**-**	**(6,579,172)**	**(6,579,172)**
2005/06 final dividend proposed	**-**	**-**	**-**	**-**	**(26,316,689)**	**26,316,689**	**-**
At 31 March 2006	**125,277,594**	**-**	**2,175,870**	**69,124**	**201,564,325**	**26,316,689**	**355,403,602**

27. RESERVES *(continued)*

(b) Company

	Share premium HK$	Investment revaluation reserve HK$	Retained earnings HK$	Dividend reserve HK$	Total HK$
At 1 April 2004	125,277,594	–	159,571,924	11,513,551	296,363,069
Profit for the year	–	–	58,076,819	–	58,076,819
Write-back of unclaimed dividend	–	–	80,250	–	80,250
2003/04 final dividend paid	–	–	–	(11,513,551)	(11,513,551)
2004/05 interim dividend proposed	–	–	(3,289,586)	3,289,586	–
2004/05 special dividend proposed	–	–	(13,158,344)	13,158,344	–
2004/05 interim dividend paid	–	–	–	(3,289,586)	(3,289,586)
2004/05 special dividend paid	–	–	–	(13,158,344)	(13,158,344)
2004/05 final dividend proposed	–	–	(16,447,930)	16,447,930	–
At 31 March 2005	125,277,594	–	184,833,133	16,447,930	326,558,657
At 1 April 2005	**125,277,594**	**–**	**184,833,133**	**16,447,930**	**326,558,657**
Profit for the year	**–**	**–**	**16,209,188**	**–**	**16,209,188**
Revaluation surplus of available-for-sale financial assets	**–**	**1,903,120**	**–**	**–**	**1,903,120**
2004/05 final dividend paid	**–**	**–**	**–**	**(16,447,930)**	**(16,447,930)**
2005/06 interim dividend proposed	**–**	**–**	**(3,289,586)**	**3,289,586**	**–**
2005/06 special dividend proposed	**–**	**–**	**(6,579,172)**	**6,579,172**	**–**
2005/06 interim dividend paid	**–**	**–**	**–**	**(3,289,586)**	**(3,289,586)**
2005/06 special dividend paid	**–**	**–**	**–**	**(6,579,172)**	**(6,579,172)**
2005/06 final dividend proposed	**–**	**–**	**(26,316,689)**	**26,316,689**	**–**
At 31 March 2006	**125,277,594**	**1,903,120**	**164,856,874**	**26,316,689**	**318,354,277**

28. PROVISION FOR LONG SERVICE PAYMENTS

The movements in provision for long service payments of the Group and of the Company during the year are as follows:

	Group		Company	
	2006 ***HK$***	2005 *HK$*	**2006** ***HK$***	2005 *HK$*
At the beginning of the year	**11,037,608**	11,456,800	**1,893,572**	2,032,779
(Reversal of)/provision for the year *(Note 6)*	**(1,261,603)**	1,103,381	**(440,675)**	190,944
Less: Amounts utilized	**(559,032)**	(1,522,573)	**(127,082)**	(330,151)
At the end of the year	**9,216,973**	11,037,608	**1,325,815**	1,893,572

The Group's provision for long service payments is provided with reference to the actuarial valuation as at 31 March 2006 prepared by Hewitt Associates LLC, a qualified actuary.

29. DEFERRED INCOME TAX

Deferred income tax is calculated on temporary differences under the liability method using a principal taxation rate of 17.5% (2005:17.5%).

The movement on the net deferred income tax liabilities/(assets) is as follows:

	Group	
	2006	2005
	HK$	*HK$*
At the beginning of the year	**(642,720)**	778,007
Credited to equity	**–**	(539,000)
Charged/(credited) to profit and loss account *(Note 8)*	**645,581**	(881,727)
At the end of the year	**2,861**	(642,720)
It was analyzed as follows:		
Deferred income tax assets	**(1,833,139)**	(3,192,640)
Deferred income tax liabilities	**1,836,000**	2,549,920
Net deferred income tax liabilities/(assets)	**2,861**	(642,720)
Provided for in respect of:		
Accelerated depreciation allowances	**1,019,861**	418,280
Tax losses	**(1,017,000)**	(1,061,000)
Net deferred income tax liabilities/(assets)	**2,861**	(642,720)

Deferred income tax assets are recognized for tax loss carry forward to the extent that the realization of the related tax benefit through the future taxable profit is probable.

The deferred income tax assets not recognized by the Group and the Company are summarized as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$	*HK$*	***HK$***	*HK$*
Excess of depreciation over tax allowances	**599,286**	1,561,165	**557,672**	695,532
Tax losses	**7,436,487**	6,541,471	**2,969,400**	1,744,251
	8,035,773	8,102,636	**3,527,072**	2,439,783

30. CASH GENERATED FROM OPERATIONS

Reconciliation of profit for the year to cash generated from operations is as follows:

	2006 HK$	(Restated) 2005 HK$
Profit for the year	**58,075,153**	80,764,255
Adjustments for:		
Income tax expense	**9,375,327**	13,335,922
Amortization of trademarks	**–**	4,600,000
Depreciation and impairment losses of property, plant and equipment	**42,114,737**	46,264,155
Amortization of prepaid operating lease payments	**2,104,379**	2,735,949
Gain on disposal of leasehold land and property, plant and equipment	**(10,125,126)**	(50,300,403)
Loss on deemed disposal of a subsidiary	**522,029**	38,814
Share of profit of an associated company	**(1,397,622)**	(1,366,505)
Interest income	**(9,490,118)**	(1,841,767)
Operating profit before working capital changes	**91,178,759**	94,230,420
Decrease/(increase) in deposits for purchase of properties	**3,575,972**	(3,575,972)
Increase in rental deposits paid	**(789,860)**	(1,545,648)
Increase in inventories	**(1,207,853)**	(5,212,308)
Increase in trade receivables	**(2,068,365)**	(2,085,957)
Increase in deposits, prepayments and other receivables	**(1,725,873)**	(4,302,695)
Increase in financial assets at fair value through profit or loss	**(224,400)**	–
(Decrease)/increase in trade payables	**(575,652)**	4,684,259
Decrease in other payables and accrued charges	**(1,093,978)**	(11,460,151)
Increase/(decrease) in cake coupon liabilities	**15,519,948**	(2,768,466)
Increase/(decrease) in rental deposits received	**46,525**	(1,337,138)
Decrease in provision for long service payments	**(1,820,635)**	(419,192)
Cash generated from operations	**100,814,588**	66,207,152

31. COMMITMENTS

(a) Capital expenditure for property, plant and equipment at the balance sheet date but not yet incurred is as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$	*HK$*	***HK$***	*HK$*
Contracted but not provided for	**2,234,000**	4,387,000	**493,000**	–
Approved but not contracted for	**17,962,000**	31,480,000	**187,000**	3,580,000
	20,196,000	35,867,000	**680,000**	3,580,000

(b) Operating lease commitments

At 31 March 2006, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$	*HK$*	***HK$***	*HK$*
Within one year	**94,651,281**	85,127,451	**38,720,849**	39,384,187
After one year and within five years	**70,866,687**	85,765,257	**12,768,341**	42,466,551
Over five years	**2,276,373**	2,289,163	**–**	–
	167,794,341	173,181,871	**51,489,190**	81,850,738

The actual payments in respect of certain operating leases are calculated at the higher of the minimum commitments as noted above and the amounts determined based on a percentage of the sales of the related outlets.

(c) Future operating lease arrangements

At 31 March 2006, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Group	
	2006	2005
	HK$	*HK$*
Within one year	**791,773**	1,034,561
After one year and within five years	**–**	791,773
	791,773	1,826,334

32. BANKING FACILITIES

At 31 March 2006, the Group had aggregate banking facilities of HK$17,000,000 (2005: HK$17,000,000) for bank overdrafts and bank guarantees. Some of the banking facilities were secured by corporate guarantees given by the Company.

At 31 March 2006, the facilities were utilized by the Group to the extent of HK$10,197,582 (2005: HK$10,027,946) primarily for bank guarantees granted to third parties in lieu of rental and utility deposits.

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is the particulars of the principal subsidiaries as at 31 March 2006:

Name of subsidiary	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held directly:				
Advance HR Management Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Management service
Albion Agents Limited	British Virgin Islands	10 ordinary shares of US$1 each	100%	Investment holding
Banqueting Caterers Limited	Hong Kong	80 ordinary shares of HK$1 each 10,000,020 non-voting deferred shares of HK$1 each	100%	Restaurant operator
High Value Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Investment holding
Tin Fook Caterers Limited	Hong Kong	100 ordinary shares of HK$100 each 120,100 non-voting deferred shares of HK$100 each	100%	Restaurant operator
Interests held indirectly:				
Bliset Investment Limited	Hong Kong	100 ordinary shares of HK$1 each 102 non-voting deferred shares of HK$1 each	55.32%	Property holding
Bodega Limited	British Virgin Islands	1 ordinary share of US$1 each	55.32%	Investment holding
Bread Boutique Limited	Hong Kong	3,000,000 ordinary shares of HK$1 each	55.32%	Bakery operator
Criscane Limited	Hong Kong	2 ordinary shares of HK$10 each	100%	Property holding

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

	Name	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective interest held by the Group	Principal activities
	Interests held indirectly: *(continued)*				
	Easywin Limited	British Virgin Islands	1 ordinary share of US$1 each	55.32%	Holding of trademarks
	Elegant Grand Limited	Hong Kong	400 ordinary shares of HK$1 each	100%	Restaurant operator
	Eltham Agents Limited	British Virgin Islands	10 ordinary shares of US$1 each	55.32%	Investment holding
	Evergain Consultants Limited	British Virgin Islands	1 ordinary share of US$1 each	55.32%	Investment holding
	Gold Tree Limited	British Virgin Islands	1 ordinary share of US$1 each	55.32%	Investment holding
	Great Moment Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	55.32%	Property holding
	Kingdom Wise Limited	Hong Kong	2 ordinary shares of HK$1 each	55.32%	Property holding
@	Saint Anna Cake Shop (Macau) Limited	Macau	MOP100,000	55.32%	Bakery operator
	Saint Honore Cake Shop Limited	Hong Kong	5 ordinary shares of HK$10 each 345,005 non-voting deferred shares of HK$10 each	55.32%	Bakery operator
@#	Saint Honore Cake Shop (Shenzhen) Limited	PRC	HK$18,610,000	55.32%	Manufacturing of bakery products
	Saint Honore Holdings Limited	Bermuda	213,357,000 ordinary shares of HK$0.10 each	55.32%	Investment holding
	Shanghai Lu Yang Chun Restaurant (Hong Kong) Limited	Hong Kong	10,000 ordinary shares of HK$1 each	45%	Restaurant operator
	Strong Glory Limited	Hong Kong	2 ordinary shares of HK$1 each	55.32%	Investment holding
	Uni-Leptics Limited	Hong Kong	2 ordinary shares of HK$1 each	55.32%	Property holding
	Zillion Will Limited	Hong Kong	2 ordinary shares of HK$1 each	55.32%	Eatery operator
@#	夢工場美食(廣州)有限公司	PRC	US$400,000	55.32%	Manufacturing of bakery products

\# *These subsidiaries were established as wholly foreign-owned enterprises in the PRC.*

@ *These subsidiaries have a financial year-end date of 31 December, which is in compliance with the respective local regulations.*