

*Notes:*

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

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and 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 2006 except the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) and Interpretations (“INTs”) (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA which are effective for accounting periods commencing on or after 1 January 2006.

HKAS 27 and HKFRS 3 Amendments – Companies (Amendments) Ordinance 2005

HKAS 21 Amendment – Net Investment in a Foreign Operation

HKAS 39 Amendments – Cash Flow Hedge: Accounting of Forecast Intragroup Transactions

HKAS 39 Amendments – Fair Value Option

HKAS 39 Amendments – Financial Guarantee Contracts

The adoption of the new HKFRSs have no material impact on the unaudited condensed consolidated interim financial statements of the Group and the Company. Certain comparative figures for prior accounting period have been restated to conform to the current period’s presentation.

**2. Segment Information**
**(a) Business segments**

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

	(Unaudited) Continuing operations				(Unaudited) Discontinued operation Bakery, and other				(Unaudited) Total		
	Consumer finance		Restaurant operation		food and beverage operation		Total				
	Six months ended 31 October		Six months ended 31 October		Six months ended 31 October		Six months ended 31 October				
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000	
Segment revenue											
Sales to external customers	664	–	102,328	101,009	–	3,317	102,992	104,326			
Other income	1,336	–	2,125	455	–	1	3,461	456			
<b>Total</b>	<b>2,000</b>	<b>–</b>	<b>104,453</b>	<b>101,464</b>	<b>–</b>	<b>3,318</b>	<b>106,453</b>	<b>104,782</b>			
Segment results	266	–	(7,232)	(3,425)	–	(4,500)	(6,966)	(7,925)			
Unallocated expenses							(7,086)	(3,266)			
Operating loss							(14,052)	(11,191)			
Finance costs							(62)	(9)			
Share of profits/(loss) of:											
Jointly controlled entity							309	(471)			
Associates							1,234	–			
Loss before tax							(12,571)	(11,671)			
Tax							(2,282)	(2,157)			
<b>Net loss for the period</b>							<b>(14,853)</b>	<b>(13,828)</b>			

**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	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Sales to external customers						
Continuing operation	79,507	79,225	23,485	21,784	102,992	101,009
Discontinued operation	-	3,317	-	-	-	3,317

**3. Revenue**

Revenue of the continuing operation represents income from restaurant operation and the moneylending loan service charge income, the moneylending loan interest income and proceeds of merchandise sale. Revenue of the discontinued operation represents income from bakery, and other food and beverage operation. 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	
	2006	2005
	HK\$'000	HK\$'000
		(restated)
Cost of inventories consumed	39,043	37,031
Depreciation	4,873	6,103
Amortization of goodwill	-	-
Staff costs	29,662	25,320
Bank interest income	(1,488)	-
Gain realized on disposals of held-for-trading financial assets	(827)	-
Unrealized loss arising on revaluation of fair value of held-for-trading financial assets	190	-

**5. Finance costs**

	(Unaudited)	
	For the six months ended 31 October	
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank overdrafts	62	–
Interest on finance leases	–	9
	<u>62</u>	<u>9</u>

**6. Tax**

	(Unaudited)	
	For the six months ended 31 October	
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profits tax:		
Current period provision – Hong Kong	–	–
Current period provision – elsewhere	2,282	2,157
	<u>2,282</u>	<u>2,157</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 2006 and 31 October 2005. 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. Discontinued Operation**

In November 2005, the Company's wholly owned subsidiary, 東莞新聯食品有限公司 ceased its bakery, and other food and beverage operation by closing down its factory in China as the above operation had incurred substantial losses. As a consequence, the bakery, and other food and beverage operation of the Group has been reported as discontinued operation and impairment loss on fixed assets have been made in the financial year ended 30 April 2006.

	(Unaudited) Bakery, and other Food and beverage Operation Six months ended 31 October	
	2006 HK\$'000	2005 HK\$'000 (restated)
<b>DISCONTINUED OPERATION</b>		
Revenue	–	3,317
Other income	–	1
Cost of inventories consumed	–	(970)
Staff costs	–	(337)
Operating lease rentals	–	(883)
Depreciation and amortization expenses	–	(1,505)
Other operating expenses	–	(4,123)
	<u>–</u>	<u>(4,500)</u>
Loss before tax	–	(4,500)
Tax	–	–
	<u>–</u>	<u>–</u>
Net loss from ordinary activities attributable to shareholders	<u>–</u>	<u>(4,500)</u>

**8. Dividend**

The Board has resolved not to declare an interim dividend for the six months ended 31 October 2006 (2005: nil).

**9. Loss per share**

The calculation of loss per share is based on the unaudited condensed consolidated loss attributable to the shareholders for the period ended 31 October 2006 of HK\$14,853,000 (six months ended 31 October 2005: loss HK\$13,828,000) and the number of 5,587,385,900 (six months ended 31 October 2005: the weighted average of 2,800,065,900) shares in issue during the current period. Diluted loss per share for the six months ended 31 October 2006 and 2005 have not been shown as the potential ordinary shares outstanding during the respective periods of six months ended 31 October 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 2006.

**10. Accounts receivable**

The general credit terms granted by the Group range from 30 to 90 days. 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 2006 HK\$'000	(Audited) At 30 April 2006 HK\$'000
Within 30 days	2,361	1,402
31 – 90 days	389	211
91 – 180 days	295	230
Over 180 days	23	130
	<u>3,068</u>	<u>1,973</u>

**11. 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 2006 HK\$'000	(Audited) At 30 April 2006 HK\$'000
Within 30 days	6,032	5,160
31 – 90 days	4,329	5,508
91 – 180 days	159	118
181 – 360 days	–	–
Over 360 days	–	–
	<u>10,520</u>	<u>10,786</u>

**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\$1.3 million (30 April 2006: HK\$1.3 million) as at 31 October 2006. As at 31 October 2006, the Company provided corporate guarantees to landlords in respect of the operating lease payments of its subsidiaries.

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

As at 31 October 2006 and 30 April 2006, the Group had no future lease rental receivables under non-cancellable operating leases with its tenants.

*(b) As lessee*

The Group leases its restaurant premises, staff quarters, offices and warehouses under non-cancellable operating lease arrangements with lease terms ranging from two to six years. As at 31 October 2006, 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>2006</b>	2006
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>22,113</b>	24,668
In the second to fifth years, inclusive	<b>38,552</b>	48,686
After five years	<b>427</b>	1,709
	<b>61,092</b>	75,063

**14. Commitments**

As at the balance sheet date of 31 October 2006, the Company had a capital commitment of HK\$7.55 million being the consideration of a purchase of a real property, which has since been met from the internal sources of the Company plus a mortgage loan of HK\$5.285 million from Shanghai Commercial Bank Limited in Hong Kong (As at 30 April 2006: nil).

**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	
		2006	2005
	Note	HK\$'000	HK\$'000
Sales of food to a related party	(i)	35	251
Sales of food to an associate company	(ii)	–	3,467
Purchase of food from an associate company	(iii)	<b>5,520</b>	–

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%.
- (iii) The Group made purchases from an associate company, Kamboat Bakery Limited. The purchases were based on selling prices of the associate company.

**16. Comparative amounts**

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

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

These unaudited condensed consolidated interim financial statements have been reviewed with no disagreement by the Audit Committee of the Company and were approved and authorized for issue by the Directors on 29 January 2007.