1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 2681 GT, Century Yard, Cricket Square, Hutchins Drive, George Town, Grand Cayman, Cayman Islands, British West Indies. The address of its principal place of business is 1208 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 18.

In the opinion of the directors of the Company, at 30 April 2006, Vongroup Holdings Limited ("Vongroup Holdings"), a company incorporated in the British Virgin Islands, which holds 72.70% of the issued share capital of the Company, is the ultimate holding company and Mr. Vong Tat Ieong, David is the ultimate controlling party of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2005. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years except as stated below.

(a) Business combinations

The adoption of HKFRS 3 "Business Combinations" resulted in a change in the accounting policy for goodwill. Until 30 April 2005, goodwill was:

- amortised on a straight-line basis over five years; and
- assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3:

- the Group ceased amortisation of goodwill from 1 May 2005;
- accumulated amortisation at 30 April 2005 has been eliminated with a corresponding decrease in the cost of goodwill; and
- from the year ended 30 April 2006 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

HKFRS 3 has been applied prospectively from 1 May 2005.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Business combinations (continued)

The adoption of HKFRS 3 resulted in changes in the amounts reported in the financial statements as follows:

	2006 HK$'000	2005 HK$'000
Decrease in amortisation of goodwill	**(1,220)**	–
Increase in impairment loss on goodwill	**1,198**	–
Decrease in loss for the year	**(22)**	–
Decrease in loss per share from continuing and discontinued operations	**–**	–

(b) Discontinued operation

In order to comply with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the Group is required to classify operation as discontinued when the classification criteria as held for sale have been met or the Group has disposed of the operation.

The presentation of the comparative information has been reclassified as set out in note 3.

(c) Changes in presentation

(i) Presentation of share of tax of jointly-controlled entity and associates

In prior years, the Group's share of tax of jointly-controlled entity and associates accounted for using the equity method was included as part of the Group's income tax in the consolidated income statement. In order to comply with Hong Kong Accounting Standard ("HKAS") 1 "Presentation of Financial Statements", the Group has changed the presentation and includes the share of tax of jointly-controlled entity and associates accounted for using the equity method in the respective share of results reported in the consolidated income statement before arriving at the Group's profit or loss before tax. This change in presentation has been applied retrospectively with comparatives restated as follows:

	2006 HK$'000	2005 HK$'000
Decrease in share of results of jointly-controlled entity	**–**	359
Decrease in income tax	**–**	(359)

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(c) Changes in presentation (continued)

(ii) Presentation of discontinued operation

In prior years, the result of discontinued operation was included as part of the Group's consolidated income statement. Any pre-tax gain or loss recognised on the disposal of assets or settlement of liabilities attributable to the discontinued operation and the related income tax were presented in the consolidated income statement separately.

In order to comply with HKAS 1 and HKFRS 5, the Group has changed its accounting policy relating to presentation of discontinued operation. Under the new policy, a single amount is presented on the face of the consolidated income statement as result for the year from discontinued operation with an analysis disclosed in notes to the financial statements. These changes in presentation have been applied retrospectively with comparatives restated as shown in note 3.

(d) Financial instruments

The adoption of HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement" has resulted in a change in the accounting policy relating to the classification of a financial instrument. HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis.

The Group applied the alternative treatment of the previous Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities" to investments in securities for the 2005 comparative information. Short term investments held for trading purposes are stated at fair value. Unrealised gains or losses arising from the changes in fair value of short term investments are recognised in the consolidated income statement. From 1 May 2005 onward, the Group classifies and measures its investments in securities in accordance with HKAS 39. Investments held for trading or designated as at fair value through profit or loss upon initial recognition are classified as financial assets at fair value through profit or loss and are measured at subsequent reporting dates at fair value. The Group has applied the transitional rules in HKAS 39. At 1 May 2005, the Group reclassified its short term investments with a carrying amount of approximately HK$3,537,000 to financial assets at fair value through profit or loss. The adoption of the requirements of HKAS 39 in respect of investments in securities has had no material effect on the Group's results for the current or prior accounting periods.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES ON THE CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2005

	2005 HK$'000 (As previously reported)	HK$'000 HKAS 1 *(note 2(c)(i))*	HK$'000 HKAS 1 *(note 2(c)(ii))*	2005 HK$'000 (As restated)
Continuing operations				
Revenue	249,198	–	(10,825)	238,373
Other income	3,877	–	(813)	3,064
Cost of inventories consumed	(91,506)	–	7,107	(84,399)
Staff costs	(67,124)	–	2,484	(64,640)
Operating lease rentals	(27,054)	–	2,439	(24,615)
Depreciation and amortisation	(16,494)	–	3,516	(12,978)
Other expenses	(68,530)	–	24	(68,506)
Gain on deemed disposal of subsidiaries	10,346	–	–	10,346
Loss on disposal of a shareholder's loan	(6,859)	–	–	(6,859)
Operating loss	(14,146)	–	3,932	(10,214)
Finance costs	(77)	–	–	(77)
Share of results of:				
Jointly-controlled entity	1,088	(359)	–	729
Associates	(8,561)	–	–	(8,561)
Loss before tax	(21,696)	(359)	3,932	(18,123)
Income tax	(3,218)	359	–	(2,859)
Loss for the year from continuing operations	(24,914)	–	3,932	(20,982)
Discontinued operation				
Loss for the year from discontinued operation	–	–	(3,932)	(3,932)
Loss for the year	(24,914)	–	–	(24,914)

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4. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 April. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

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

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

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

(b) Business combination and goodwill

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of the subsidiary in an acquisition are measured at their fair values at the acquisition date.

The excess of the cost of acquisition over the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses of goodwill are recognised in the consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Associates (continued)

The Group's share of an associate's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The gain or loss on the disposal of an associate represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the associate which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over the economic activity when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

A jointly-controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in a jointly-controlled entity is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the jointly-controlled entity in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the jointly-controlled entity's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Joint venture (continued)

The Group's share of a jointly-controlled entity's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly-controlled entity equals or exceeds its interest in the jointly-controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly-controlled entity.

The gain or loss on the disposal of a jointly-controlled entity represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the jointly-controlled entity which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly-controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Foreign currency translation

(i) 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 Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

Translation differences on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in the investment revaluation reserve in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign currency translation (continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

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

- income and expenses for each income statement 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 exchange rates on the transaction dates); and

- all resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the profit or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Fixed assets (continued)

Depreciation of fixed assets is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	20% or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	10% – 20%
Motor vehicles	20%
Utensils and supplies	$33^1/_3$%

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

The gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(g) Leases

(i) 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 expensed in the income statement on a straight-line basis over the period of the lease.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets, other than legal title, are accounted for as finance leases. At the inception of the lease, the finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Lease payments are allocated between the capital and finance charges. The corresponding rental obligations, net of finance charges, are recorded as obligations under finance leases. Finance charges are charged to the income statement in proportion to the capital balances outstanding.

Assets under finance leases are depreciated the same as owned assets or, where shorter, the terms of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Merchandise held for sale

Merchandise held for sale consists of forfeited collateral, from moneylending loans not repaid. The forfeited collateral is stated at the lower of cost (moneylending loan principal) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of merchandise held for sale, computed on the specific identification basis, is recorded as a cost of revenue at the time of sale.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial assets at fair value through profit or loss

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are either investments held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are included in the income statement for the period.

(l) Accounts and other receivables

Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of accounts 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. The amount of the allowance 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 allowance is recognised in the income statement.

(m) Moneylending loan receivables

Moneylending loan receivables secured by the pledge of personal property are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A typical moneylending loan has a term of thirty days. If the loan is not repaid, the loan principal becomes the cost of the forfeited collateral, which is held for sale.

(n) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Accounts and other payables

Accounts and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(r) Revenue recognition

(i) Revenue from restaurant operation is recognised when catering services have been provided to customers.

(ii) Revenue from the production, sale and distribution of bakery, and other food and beverage products is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

(iii) Moneylending loan service charge income, which is collected from the customer at the inception of the moneylending loan, is recognised ratably over the term of the loan made.

(iv) Moneylending loan interest income is recognised using the effective interest method for all moneylending loans that the Group deems to be collectible based on historical moneylending loan redemption statistics. Other interest income is recognised on a time-proportion basis using the effective interest method.

(v) Merchandise sale is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the merchandise is delivered and the title has passed to customers.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue recognition (continued)

(vi) Dividend income is recognised when the shareholders' right to receive payment has been established.

(s) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service 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 recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(iii) Termination benefits

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

(t) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Taxation (continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Related parties

A party is related to the Group if:

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

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

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

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

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Segment reporting (continued)

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of fixed assets, goodwill, inventories, merchandise held for sale, accounts receivable and moneylending loan receivables. Segment liabilities comprise operating liabilities and exclude items such as taxation and corporate borrowings.

Segment revenue, expenses, results, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on terms mutually agreed between the segments.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

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

(w) Impairment of assets

Assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Impairment of assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(x) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

(a) Critical judgements in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are set out below).

Subsidiary

As detailed in note 18(a)(ii), on 12 November 2005, the Group entered into an Exclusive Right to Purchase Agreement with 上海國旅聯合投資管理有限公司, 深圳市思樂數據技術有限公司, 北京思樂信息技術有限公司 and Mr. Bao Dunkui for an option to purchase 100% equity interest in 北京順通典當有限責任公司 ("北京順通"). Pursuant to the Exclusive Right to Purchase Agreement, the Group controls 北京順通 by way of controlling more than half of the voting rights, governing its financial and operating policies and appointing or removing the majority of the members of the board of directors. As a consequence, 北京順通 is accounted for as a subsidiary of the Company and the financial statements of 北京順通 have been consolidated in these financial statements. In addition, pursuant to an Exclusive Technical and Consultancy Services Agreement entered in April 2006 between 北京順通 and 龐通投資咨詢(深圳)有限公司 ("龐通投資"), 龐通投資 is entitled to substantially all of the operating profits generated by 北京順通.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below.

(i) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many 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 and deferred tax provisions in the period in which such determination is made.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Impairment of fixed assets

Management carries out the impairment review on fixed assets by comparing the lower of carrying amount and recoverable amount of fixed assets. An impairment loss is recognised when the carrying amount of fixed assets exceeds the recoverable amount. Management assesses the recoverable amount by the higher of the fair value less costs to sell and the expected value-in-use which is determined by the expected useful life and the expected discounted net cashflow of fixed assets. The carrying amount of fixed assets at the balance sheet date was approximately HK$6,501,000. The Group's impairment loss of approximately HK$22,110,000 was expensed in the income statement. Details of the impairment loss calculation are disclosed in note 16.

(iii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was approximately HK$8,988,000 after an impairment loss of approximately HK$2,395,000 was recognised during 2006. Details of the impairment loss calculation are disclosed in note 17.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi ("RMB"). Nevertheless, the exchange rate of RMB to foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the People's Republic of China ("PRC") government. The Group currently does not have a foreign currency hedging policy in respect of foreign currency debt. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

6. FINANCIAL RISK MANAGEMENT (continued)

(b) Price risk

The Group's financial assets at fair value through profit or loss are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity security price risk. The directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

(c) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 30 April 2006 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. The Group's credit risk is primarily attributable to its accounts and moneylending loan receivables. In order to minimise credit risk, management has delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, management reviews the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is significantly reduced. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risk on liquid funds is limited because the majority of the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(e) Interest rate risk

The Group is exposed to fair value interest rate risk through the impact of rate changes on interest-bearing financial assets. The fair value interest rate risk related primarily to moneylending loan receivables.

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated balance sheet approximate their respective fair values.

7. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (a) on a primary segment reporting basis, by business segments; and (b) on a secondary segment reporting basis, by geographical segments.

Business segments

The Group comprises the following main business segments:

Consumer finance:	Consumer finance business
Restaurant operation:	Provision of catering services through the operation of a chain of Chinese restaurants
Bakery, and other food and beverage operation:	Production, sale and distribution of bakery, and other food and beverage products

The bakery, and other food and beverage operation was discontinued in November 2005 (note 11).

7. SEGMENT INFORMATION (continued)

Business segments (continued)

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments.

	Continuing operations				Discontinued operation					
	Consumer finance		Restaurant operation		Bakery, and other food and beverage operation		Eliminations		Consolidated	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Segment revenue:										
Sales to external customers	**146**	–	**217,480**	238,373	**–**	10,825	**–**	–	**217,626**	249,198
Inter-segment sales	**–**	–	**–**	–	**3,693**	2,403	**(3,693)**	(2,403)	**–**	–
Other income	**–**	–	**–**	2,884	**–**	813	**–**	–	**–**	3,697
Total	**146**	–	**217,480**	241,257	**3,693**	14,041	**(3,693)**	(2,403)	**217,626**	252,895
Segment results	**(554)**	–	**(20,097)**	(12,792)	**(20,004)**	(1,529)	**–**	–	**(40,655)**	(14,321)
Gain on deemed disposal of subsidiaries	**–**	–	**–**	–	**–**	10,346	**–**	–	**–**	10,346
Loss on disposal of a shareholder's loan	**–**	–	**–**	–	**–**	(6,859)	**–**	–	**–**	(6,859)
Unallocated other income									**2,758**	180
Unallocated expenses									**(15,456)**	(3,492)
Operating loss									**(53,353)**	(14,146)
Finance costs									**(101)**	(77)
Share of results of:										
Jointly-controlled entity	**–**	–	**(171)**	729	**–**	–	**–**	–	**(171)**	729
Associates	**–**	–	**–**	–	**615**	(8,561)	**–**	–	**615**	(8,561)
Loss before tax									**(53,010)**	(22,055)
Income tax									**(4,905)**	(2,859)
Loss for the year									**(57,915)**	(24,914)

7. SEGMENT INFORMATION (continued)

Business segments (continued)

	Continuing operations				Discontinued operation			
	Consumer finance		Restaurant operation		Bakery, and other food and beverage operation		Consolidated	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Segment assets	**32,401**	–	**72,223**	57,436	**–**	19,861	**104,624**	77,297
Investment in a jointly-controlled entity	**–**	–	**1,431**	3,073	**–**	–	**1,431**	3,073
Unallocated assets							**112,205**	12,515
Total assets							**218,260**	92,885
Segment liabilities	**469**	–	**27,312**	26,197	**–**	1,571	**27,781**	27,768
Unallocated liabilities							**37,108**	15,528
Total liabilities							**64,889**	43,296
Other segment information:								
Capital expenditure	**153**	–	**2,082**	4,884	**–**	2,432	**2,235**	7,316
Depreciation and amortisation	**51**	–	**10,322**	11,697	**1,673**	4,700	**12,046**	16,397
Unallocated amounts							**–**	97
							12,046	16,494
Write-off of fixed assets	**–**	–	**–**	645	**–**	–	**–**	645
Unallocated amounts							**–**	236
							–	881
Allowance for amounts due from associates – unallocated	**–**	–	**–**	–	**–**	–	**2,660**	474
Allowance for and write-off of bad and doubtful debts	**–**	–	**–**	635	**70**	–	**70**	635
Impairment loss on fixed assets	**–**	–	**13,776**	–	**8,334**	–	**22,110**	–
Impairment loss on goodwill	**–**	–	**–**	–	**2,395**	–	**2,395**	–
Net realised gain on disposal of financial assets at fair value through profit or loss – unallocated	**–**	–	**–**	–	**–**	–	**(1,092)**	–
Net unrealised gain on financial assets at fair value through profit or loss – unallocated	**–**	–	**–**	–	**–**	–	**(181)**	–
Net realised loss on disposal of short term investments – unallocated	**–**	–	**–**	–	**–**	–	**–**	165
Write-off of inventories	**–**	–	**5**	–	**16**	1,325	**21**	1,325
Write-off of deposits and other receivables	**–**	–	**759**	–	**–**	–	**759**	–
Write-off of rental deposit	**–**	–	**–**	–	**6,828**	–	**6,828**	–
Write-off of staff advances	**–**	–	**–**	424	**–**	–	**–**	424
Gain on disposal of fixed assets	**–**	–	**–**	(2,609)	**–**	–	**–**	(2,609)

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7. SEGMENT INFORMATION (continued)

Geographical segments

The Group's operations are carried out in Hong Kong and Mainland China. Consumer finance is carried out in Mainland China. Restaurant operation and bakery, and other food and beverage operation are carried out in Hong Kong and Mainland China.

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments.

	Continuing operations					
	Hong Kong		**Mainland China**		**Consolidated**	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**172,372**	196,260	**45,254**	42,113	**217,626**	238,373
Other segment information:						
Segment assets	**178,527**	57,470	**39,733**	15,554	**218,260**	73,024
Capital expenditure	**2,029**	1,218	**206**	3,666	**2,235**	4,884

	Discontinued operation					
	Hong Kong		**Mainland China**		**Consolidated**	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**–**	3,853	**–**	6,972	**–**	10,825
Other segment information:						
Segment assets	**–**	–	**–**	19,861	**–**	19,861
Capital expenditure	**–**	89	**–**	2,343	**–**	2,432

8. REVENUE

An analysis of the Group's revenue, which is also the Group's turnover, for the year is as follows:

	2006 **HK$'000**	2005 HK$'000
Continuing operations		
Income from restaurant operation	**217,480**	238,373
Moneylending loan service charge income	**61**	–
Moneylending loan interest income	**10**	–
Merchandise sale	**75**	–
	217,626	238,373
Discontinued operation		
Income from bakery, and other food and beverage operation	**–**	10,825
	217,626	249,198

All significant inter-company transactions have been eliminated in the preparation of the financial statements.

9. FINANCE COSTS

	2006 **HK$'000**	2005 HK$'000
Interest on bank loan	**92**	57
Interest on finance lease payables	**9**	20
	101	77
Representing:		
Continuing operations	**101**	77

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10. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years.

Hong Kong profits tax, if any, is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the year. Taxes on profits assessable elsewhere 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.

	2006	2005
	HK$'000	HK$'000
Current – Hong Kong		
Overprovision in prior years	**(56)**	(870)
Current – Elsewhere	**4,961**	4,233
Deferred *(note 36)*	**–**	(504)
	4,905	2,859
Representing:		
Continuing operations	**4,905**	2,859

10. INCOME TAX (continued)

A reconciliation of the tax expense applicable to loss before tax using the statutory rates for the jurisdictions in which the Company, the majority of its subsidiaries, a jointly-controlled entity and associates are domiciled to the tax expense is as follows:

	2006	2005
	HK$'000	HK$'000
Loss before tax		
Continuing operations	**(29,313)**	(18,123)
Discontinued operation	**(23,697)**	(3,932)
	(53,010)	(22,055)
Tax at the applicable rates in the jurisdictions concerned	**(4,857)***	388*
Tax effect of share of results of a jointly-controlled entity	**(153)**	(359)
Tax effect of share of results of associates	**(108)**	–
Adjustments in respect of current tax of previous periods	**(56)**	(870)
Income not subject to tax	**(381)**	(1,629)
Expenses not deductible for tax	**1,803**	4,419
Tax losses not recognised as deferred tax assets	**3,911**	910
Tax effect of unrecognised temporary difference	**4,746**	–
Total tax expense at the Group's effective rate	**4,905**	2,859

* *Amount included deemed corporate income tax expense for the year based on the deemed income generated from restaurant operation in Mainland China at a rate of 10% (2005: 10%).*

11. DISCONTINUED OPERATION

In November 2005, the Company's wholly owned subsidiary, 東莞新聯食品有限公司 ("東莞新聯") ceased its bakery, and other food and beverage operation by closing down its factory in Mainland 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.

The loss for the year from discontinued operation is analysed as follows:

	2006 **HK$'000**	2005 HK$'000
Loss of discontinued operation	**(21,302)**	(3,932)
Impairment loss on goodwill *(note 17)*	**(2,395)**	–
	(23,697)	(3,932)

The results of the discontinued operation for the year ended 30 April 2006 are as follows:

	2006 **HK$'000**	2005 HK$'000
Revenue	**–**	10,825
Other income	**–**	813
Cost of inventories consumed	**(1,079)**	(7,107)
Staff costs	**(486)**	(2,484)
Operating lease rentals	**(1,775)**	(2,439)
Depreciation	**(1,673)**	(3,516)
Other expenses	**(7,955)**	(24)
Impairment loss on fixed assets	**(8,334)**	–
Loss before tax	**(21,302)**	(3,932)
Income tax	**–**	–
Loss for the year	**(21,302)**	(3,932)

11. DISCONTINUED OPERATION (continued)

The net cash flows of the discontinued operation dealt with in the financial statements for the year ended 30 April 2006 are as follows:

	2006 **HK$'000**	2005 HK$'000
Net cash (outflow)/inflow from operating activities	**(3,862)**	428
Net cash outflow from investing activities	**–**	(2,635)
Net cash outflow of the discontinued operation	**(3,862)**	(2,207)

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12. LOSS FOR THE YEAR

(a) Loss for the year has been arrived at after charging/(crediting):

	Continuing operations		Discontinued operation		Total	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Cost of inventories consumed	**79,761**	84,399	**1,079**	7,107	**80,840**	91,506
Staff costs (including directors' emoluments – note 13):						
Wages and salaries	**53,316**	62,421	**486**	2,484	**53,802**	64,905
Retirement benefits scheme contributions	**1,909**	2,219	**–**	–	**1,909**	2,219
	55,225	64,640	**486**	2,484	**55,711**	67,124
Allowance for amounts due from associates	**2,660**	474	**–**	–	**2,660**	474
Allowance for and write-off of bad and doubtful debts	**–**	635	**70**	–	**70**	635
Amortisation of goodwill	**–**	1,198	**–**	–	**–**	1,198
Auditors' remuneration	**550**	800	**–**	–	**550**	800
Depreciation	**10,373**	11,780	**1,673**	3,516	**12,046**	15,296
Impairment loss on fixed assets	**13,776**	–	**8,334**	–	**22,110**	–
Impairment loss on goodwill	**–**	–	**2,395**	–	**2,395**	–
Operating lease rentals in respect of land and buildings	**23,583**	24,615	**1,775**	2,439	**25,358**	27,054
Net realised loss on disposal of short term investments	**–**	165	**–**	–	**–**	165
Write-off of fixed assets	**–**	881	**–**	–	**–**	881
Write-off of inventories *	**5**	–	**16**	1,325	**21**	1,325
Write-off of deposits and other receivables	**759**	–	**–**	–	**759**	–
Write-off of rental deposit	**–**	–	**6,828**	–	**6,828**	–
Write-off of staff advances	**–**	424	**–**	–	**–**	424
Dividend income	**(7)**	–	**–**	–	**(7)**	–
Exchange gains, net	**(86)**	(22)	**–**	–	**(86)**	(22)
Gain on disposal of fixed assets	**–**	(2,609)	**–**	–	**–**	(2,609)
Interest income	**(1,419)**	–	**–**	–	**(1,419)**	–
Net realised gain on disposal of financial assets at fair value through profit or loss	**(1,092)**	–	**–**	–	**(1,092)**	–
Net unrealised gain on financial assets at fair value through profit or loss	**(181)**	–	**–**	–	**(181)**	–

* *This item is included in cost of inventories consumed.*

12. LOSS FOR THE YEAR (continued)

(b) The loss for the year dealt with in the financial statements of the Company for the year ended 30 April 2006 was approximately HK$70,282,000 (2005: HK$11,024,000) (note 39(b)).

13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the directors are as follows:

Year ended 30 April 2006

	Note	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Vong Tat Ieong, David	(a)	1,000	–	–	1,000
Xu Siping	(a)	66	267	–	333
Wong Chi Man		–	830	12	842
Wong See Sum		–	–	–	–
Wong Chi Wing, Tenny	(b)	–	–	–	–
Wong Lan Fun, Roberta	(b)	–	–	–	–
Ng Suk Bing, Mclanly	(b)	–	–	–	–
Non-executive director					
Tam Fook Yee	(b)	–	–	–	–
Independent non-executive directors					
Fung Ka Keung, David	(a)	67	–	–	67
Lam Lee G.	(a)	100	–	–	100
Wong Man Ngar, Edna	(c)	33	–	–	33
Chan Chiu Fan	(d)	–	–	–	–
Lee Man Youn, Montareal	(b)	–	–	–	–
Chan Kam Fai, Robert	(b)	–	–	–	–
Cheung Man Yau, Timothy	(b)	40	–	–	40
		1,306	1,097	12	2,415

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13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

Directors' emoluments (continued)

Year ended 30 April 2005

	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors				
Wong Chi Man	–	1,200	12	1,212
Wong See Sum	–	–	–	–
Wong Chi Wing, Tenny	–	306	–	306
Wong Lan Fun, Roberta	–	–	–	–
Ng Suk Bing, Mclanly	–	–	–	–
Non-executive director				
Tam Fook Yee	–	–	–	–
Independent non-executive directors				
Lee Man Youn, Montareal	–	–	–	–
Chan Kam Fai, Robert	–	–	–	–
Cheung Man Yau, Timothy	70	–	–	70
	70	1,506	12	1,588

Note:

(a) Appointed on 30 August 2005

(b) Resigned on 30 August 2005

(c) Appointed on 1 January 2006

(d) Appointed on 30 August 2005 and resigned on 31 December 2005

For the year ended 30 April 2006, except for Mr. Vong Tat Ieong, David who has waived his salary and housing allowance of HK$3,200,000 and HK$800,000 respectively, there was no arrangement under which a director waived or agreed to waive any emoluments. For the year ended 30 April 2005, there was no arrangement under which a director waived or agreed to waive any emoluments.

13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

Five highest paid individuals' emoluments

The five highest paid individuals during the year included two (2005: two) directors, details of whose emoluments have been disclosed above. Details of the emoluments of the remaining three (2005: three) non-director, highest paid individuals are as follows:

	2006 HK$'000	2005 HK$'000
Salaries and other benefits	**1,348**	1,569
Retirement benefits scheme contributions	**24**	24
	1,372	1,593

The number of non-director, highest paid individuals whose emoluments fell within the following band is as follows:

	Number of individuals	
	2006	2005
Nil – HK$1,000,000	**3**	3

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

14. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 30 April 2006 (2005: Nil).

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15. LOSS PER SHARE

(a) Basic loss per share

From continuing and discontinued operations
The calculation of basic loss per share is based on the loss for the year of approximately HK$57,915,000 (2005: HK$24,914,000) and the weighted average number of 3,738,456,105 (2005: 96,327,448) ordinary shares in issue during the year.

From continuing operations
The calculation of basic loss per share from continuing operations is based on the loss for the year from continuing operations of approximately HK$34,218,000 (2005: HK$20,982,000) and the weighted average number of 3,738,456,105 (2005: 96,327,448) ordinary shares in issue during the year.

From discontinued operation
Basic loss per share for the discontinued operation is HK0.63 cents per share (2005: HK4.08 cents per share) based on the loss for the year from discontinued operation of approximately HK$23,697,000 (2005: HK$3,932,000) and the weighted average number of 3,738,456,105 (2005: 96,327,448) ordinary shares in issue during the year.

(b) Diluted loss per share

There were no dilutive potential shares in issue during the year ended 30 April 2006, accordingly, no diluted loss per share has been presented.

Diluted loss per share for the prior year has not been disclosed as the Company's share options outstanding during the prior year had an anti-dilutive effect on the basic loss per share.

16. FIXED ASSETS

Group

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Utensils and supplies HK$'000	Total HK$'000
Cost or valuation						
At 1 May 2004	6,467	42,206	32,565	3,110	14,234	98,582
Additions	–	5,802	1,137	3	374	7,316
Disposals	(3,393)	–	–	–	–	(3,393)
Write off	–	(1,323)	(481)	–	–	(1,804)
Deemed disposal of subsidiaries	(3,074)	(6,762)	(15,134)	(1,522)	(3,524)	(30,016)
At 30 April 2005	–	39,923	18,087	1,591	11,084	70,685
Additions	–	1,325	502	152	256	2,235
Acquired on acquisition of subsidiaries	–	–	90	–	–	90
Exchange realignment	–	243	215	9	19	486
At 30 April 2006	–	41,491	18,894	1,752	11,359	73,496
Accumulated depreciation and impairment losses						
At 1 May 2004	–	9,879	14,540	1,277	8,504	34,200
Charge for the year	72	7,870	3,862	349	3,143	15,296
Disposals	(64)	–	–	–	–	(64)
Write off	–	(678)	(245)	–	–	(923)
Deemed disposal of subsidiaries	(8)	(5,139)	(7,749)	(781)	(2,337)	(16,014)
At 30 April 2005	–	11,932	10,408	845	9,310	32,495
Charge for the year	–	7,420	2,799	310	1,517	12,046
Impairment loss for the year	–	16,621	4,600	399	490	22,110
Exchange realignment	–	149	175	9	11	344
At 30 April 2006	–	36,122	17,982	1,563	11,328	66,995
Net book value						
At 30 April 2006	**–**	**5,369**	**912**	**189**	**31**	**6,501**
At 30 April 2005	–	27,991	7,679	746	1,774	38,190

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16. FIXED ASSETS (continued)

The net book value of motor vehicles of the Group held under finance leases at 30 April 2006 amounted to HK$145,000 (2005: HK$463,000).

Following the cessation of business of 東莞新聯, the directors assessed the recoverable amount of the bakery, and other food and beverage cash-generating unit to which the fixed assets of 東莞新聯 belong. Neither future cash flows nor fair value less costs to sell is expected to be derived from this cash-generating unit. The carrying amount of the fixed assets of 東莞新聯 of approximately HK$8,334,000 was fully impaired (included in loss for the year from discontinued operation) in the year ended 30 April 2006.

At 30 April 2006, the Group provided impairment loss of approximately HK$13,776,000 in respect of restaurant operation to which the fixed assets belong. The items are being written down to recoverable amount due to uncertainty over the future profitability. The recoverable amount of the fixed assets has been determined based on value-in-use calculations using cash flow projections based on financial forecasts approved by management covering a five-year period. The discount rate applied to cash flow projections is 12%.

17. GOODWILL

	Group
	HK$'000
Cost	
At 1 May 2004 and 1 May 2005	5,989
Elimination of accumulated amortisation upon the adoption of HKFRS 3	(3,594)
Arising on acquisition of subsidiaries *(note 40)*	8,988
At 30 April 2006	11,383
Accumulated amortisation	
At 1 May 2004	2,396
Amortisation for the year	1,198
At 1 May 2005	3,594
Elimination of accumulated amortisation upon the adoption of HKFRS 3	(3,594)
At 30 April 2006	–
Accumulated impairment losses	
Impairment loss recognised in the year ended 30 April 2006 and balance at 30 April 2006 *(note 11)*	2,395
Net book value	
At 30 April 2006	**8,988**
At 30 April 2005	2,395

17. GOODWILL (continued)

Goodwill acquired in business combinations was allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination. The carrying amount of goodwill was allocated to the following cash-generating units for the purposes of impairment testing:

	Group	
	2006	2005
	HK$'000	HK$'000
Continuing operations:		
Consumer finance		
Golden Throne Holdings Limited ("Golden Throne")	**55**	–
北京順通	**8,933**	–
Discontinued operation:		
Bakery, and other food and beverage operation		
東莞新聯	**–**	2,395
	8,988	2,395

The Group tests goodwill annually for impairment, or more frequently if there is indication that goodwill might be impaired.

Goodwill arising on acquisition of Golden Throne and 北京順通 has been allocated to the consumer finance cash-generating unit, one of the business segments of the Group, for impairment testing. The recoverable amount of the consumer finance cash-generating unit has been determined based on a value in use calculation using cash flow projections of the most recent financial forecasts approved by management for the next five years. The discount rate applied to cash flow projections is 10%.

The key assumptions for the value in use calculation are as follows:

(a) **Budgeted turnover**

Budgeted turnover is based on the expected growth rate of the market and the expected market share.

17. GOODWILL (continued)

(b) Budgeted gross margins

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements.

(c) Business environment

There have been no significant changes in the existing political, legal and economic conditions in the PRC.

Following the cessation of business of 東莞新聯, the directors assessed the recoverable amount of the bakery, and other food and beverage cash-generating unit, one of the business segments of the Group. Neither future cash flows nor fair value less costs to sell is expected to be derived from this cash-generating unit. Hence, full impairment loss on goodwill arising on acquisition of 東莞新聯 of approximately HK$2,395,000 (included in loss for the year from discontinued operation) has been recognised in the year ended 30 April 2006.

Based on the impairment testing of goodwill, in the opinion of the directors, no further impairment loss for goodwill is considered necessary.

18. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES

(a) Investments in subsidiaries

	Company	
	2006	2005
	HK$'000	HK$'000
		(Restated)
Unlisted investments, at cost	**136,072**	82,072
Impairment loss	**(86,982)**	(37,390)
	49,090	44,682

18. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (continued)

(a) Investments in subsidiaries (continued)

Details of the Company's principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ establishment and operations	Nominal value of issued share capital/ registered capital	Percentage of ownership interest Direct	Percentage of ownership interest Indirect	Principal activities
E-Rapid Developments Limited ("E-Rapid")	The British Virgin Islands ("BVI")	Ordinary US$6,950,526	100	–	Investment holding
Glory Billion Industrial Limited	Hong Kong	Ordinary HK$2	–	100	Properties investment
Max Wide Finance Limited	Hong Kong	Ordinary HK$1	100	–	Securities investment
Vongroup Consumer Finance Corporation ("VCFC")	BVI	Ordinary US$1	100	–	Investment holding
Golden Throne	BVI	Ordinary US$1	–	100	Investment holding
Kamboat China Limited	BVI/ Mainland China	Ordinary US$1	–	100	Investment holding and operation of Chinese restaurants
Kamboat Chinese Cuisine Company Limited ("KCCC")	BVI/ Hong Kong	Ordinary US$6,950,523 Non-voting deferred US$101 *(note (i))*	–	100	Operation of Chinese restaurants
北京順通 *(note (ii))*	PRC/Mainland China	Registered capital RMB10,000,000	–	100	Consumer finance

18. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (continued)

(a) Investments in subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment and operations	Nominal value of issued share capital/ registered capital	Percentage of ownership interest Direct	Indirect	Principal activities
龐通投資 *(note (iii))*	PRC/Mainland China	Registered capital HK$10,000,000	–	100	Provision of investment and consultancy services
東莞新聯 *(note (iii))*	PRC/Mainland China	Registered capital HK$12,000,000	–	100	Operation ceased during the year

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

Note:

(i) The non-voting deferred shares carry no rights to dividends, no rights to attend or vote at general meetings and no rights to receive any surplus assets in a return of capital in a winding up (other than the nominal amount paid up or credited as fully paid on such shares, after the sum of US$100,000,000,000,000 has been distributed to the holders of the ordinary shares of the company in such winding-up).

(ii) 北京順通 is a limited liability company established in the PRC. On 12 November 2005, 上海國旅聯合投資管理有限公司 ("上海國旅"), 深圳市思樂數據技術有限公司 ("深圳市思樂"), 北京思樂信息技術有限公司 ("北京思樂") and Mr. Bao Dunkui ("Mr. Bao") (collectively referred to as "PRC shareholders"), and the Company's wholly owned subsidiary, VCFC and 北京順通 entered into an Exclusive Right to Purchase Agreement (the "Exclusive Right to Purchase Agreement") whereby the PRC shareholders, for a consideration of RMB20,000,000 (equivalent to HK$19,417,000), irrevocably granted to the Group an option to purchase such PRC shareholders' respective equity interest in 北京順通, as to 40%, 30%, 20% and 10% by 上海國旅, 深圳市思樂, 北京思樂 and Mr. Bao, respectively. In particular, the PRC shareholders are required under their contractual arrangement with the Group to transfer their interests in 北京順通 to the Group or the Group's designated transferee upon the Group's request at a pre-determined nominal consideration.

18. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (continued)

(a) Investments in subsidiaries (continued)

Note: (continued)

Subsequently, 深圳市思樂 agreed to transfer its 30% equity interest in 北京順通 to 北京思樂, which is subject to and pending transfer registration. As a result, 北京思樂 will take up the rights and responsibilities of 深圳市思樂 under the Exclusive Right to Purchase Agreement, subject to and pending transfer registration.

Pursuant to the Exclusive Right to Purchase Agreement, the Group controls 北京順通 by way of controlling more than half of the voting rights, governing its financial and operating policies and appointing or removing the majority of the members of the board of directors. In view of the above, the directors decided to account for 北京順通 as a subsidiary of the Company and the financial statements of 北京順通 have been consolidated in these financial statements. In addition, pursuant to the Exclusive Technical and Consultancy Services Agreement entered in April 2006 between 北京順通 and 龐通投資, 龐通投資 is entitled to substantially all of the operating profits generated by 北京順通.

(iii) Registered as a wholly-foreign owned enterprise under the PRC law.

(b) Balances with subsidiaries

	Company	
	2006	2005
	HK$'000	HK$'000
		(Restated)
Amounts due from subsidiaries	**68,224**	28,907
Allowance for amounts due from subsidiaries	**(26,563)**	(11,240)
	41,661	17,667

The balances with subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The comparative figures of the balances with subsidiaries were previously included in investments in subsidiaries have been reclassified as current assets in order to conform with the current year's presentation.

19. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY

	Group	
	2006	2005
	HK$'000	HK$'000
		(Restated)
Share of net assets	**1,119**	2,303

The comparative figure of the balance with jointly-controlled entity was previously included in investment in a jointly-controlled entity has been reclassified as current assets in order to conform with the current year's presentation.

Details of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Business structure	Place of incorporation/ registration and operations	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
上海金龍船餐飲有限公司	Corporation	PRC/ Mainland China	50	50	50	Operation of a Chinese restaurant

The Group's jointly-controlled entity is a Sino-foreign joint equity enterprise established in the PRC and is indirectly held by the Company.

19. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY (continued)

The summarised financial information in respect of the Group's jointly-controlled entity is as follows:

	2006	2005
	HK$'000	HK$'000
Share of assets and liabilities attributable to the Group:		
Non-current assets	**1,027**	1,867
Current assets	**1,589**	1,742
Current liabilities	**(1,497)**	(1,306)
Net assets	**1,119**	2,303
Share of results attributable to the Group:		
Income	**9,180**	9,786
Expenses	**(9,351)**	(9,057)
(Loss)/Profit for the year	**(171)**	729

20. INVESTMENTS IN ASSOCIATES

	Group	
	2006	2005
	HK$'000	HK$'000
Unlisted investments, at cost	**1,000**	1,000
Share of post-acquisition results	**(18,029)**	(18,644)
Share of other reserves	**(41)**	–
	(17,070)	(17,644)
Amounts due from associates	**20,204**	18,118
Allowance for amounts due from associates	**(3,134)**	(474)
	–	–

The amounts due from associates are unsecured, interest free and have no fixed terms of repayment.

20. INVESTMENTS IN ASSOCIATES (continued)

Details of the principal associate are as follows:

Name of associate	Business structure	Place of incorporation and operation	Nominal value of issued share capital	Percentage of ownership interest	Principal activity
Kamboat Bakery Limited	Corporate	Hong Kong	Ordinary HK$2,040,000	49	Bakery operation

The Group's associates are indirectly held by the Company.

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

The aggregate amounts of asset, liabilities, revenue and results of the Group's associates extracted from the management accounts of the associates are as follows:

	2006 HK$'000	2005 HK$'000
Assets	**1,426**	6,618
Liabilities	**(36,968)**	(44,641)
Net liabilities	**(35,542)**	(38,023)
Revenue	**16,887**	26,545
Profit/(Loss) for the year	**2,652**	(18,679)

21. INVENTORIES/MERCHANDISE HELD FOR SALE

	Group	
	2006 HK$'000	2005 HK$'000
Inventories – food and beverage products	**13,657**	11,477
Merchandise held for sale	**14**	–
	13,671	11,477

22. ACCOUNTS RECEIVABLE

The general credit terms granted by the Group to its customers range from 30 to 90 days. An aged analysis of the Group's accounts receivable as at balance sheet date, based on invoice date, is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Within 30 days	**1,402**	1,398
31 – 90 days	**211**	182
91 – 180 days	**230**	135
Over 180 days	**130**	71
	1,973	1,786

23. MONEYLENDING LOAN RECEIVABLES

The Group offers loans secured by tangible personal property, such as real estate and jewellery, commonly known as moneylending loans. A typical moneylending loan generally has a term of thirty days.

All the Group's moneylending loan receivables are denominated in RMB. The moneylending loan receivables carry interest at a monthly effective rate of 0.5% based on the 6-month bank lending rate that is announced by the People's Bank of China, with a mark up.

24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Included in deposits, prepayments and other receivables of the Group are amounts of HK$200,000 (2005: HK$200,000) and HK$204,000 (2005: HK$244,000), due from a former director, Mr. Wong Chi Wing, Tenny and Mr. Wong Chi Kuen, respectively who are close family members of the director of the Company, Mr. Wong Chi Man. The amounts are unsecured, interest free and have no fixed terms of repayment.

Included in deposits, prepayments and other receivables of the Company is an amount of HK$200,000 (2005: HK$200,000) due from a former director, Mr. Wong Chi Wing, Tenny.

25. STAFF ADVANCES

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

26. BALANCE WITH A JOINTLY-CONTROLLED ENTITY

The balance with a jointly-controlled entity is unsecured, interest free and has no fixed terms of repayment.

27. AMOUNTS DUE FROM RELATED COMPANIES

Particulars of the amounts due from related companies of the Group, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

	30 April 2006 HK$'000	Maximum amounts outstanding during the year HK$'000	1 May 2005 HK$'000
Hong Thai Travel Services Limited ("Hong Thai")	**8**	27	5
East Ocean Teochew Restaurant Pte. Ltd. ("East Ocean")	**–**	78	78
	8	105	83

Hong Thai is a company of which Mr. Wong See Sum, J.P., a director and a shareholder of the Company, is a director and a shareholder.

East Ocean is a company of which Mr. Wong See Sum, J.P., a director and a shareholder of the Company, is a director.

The amounts due from related companies are unsecured, interest free and are repayable within one month.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
At fair value:				
Listed equity investments in Hong Kong	**12,525**	–	**657**	–
Listed equity investments outside Hong Kong	**2,084**	–	**–**	–
Unlisted equity investments in Hong Kong	**1,173**	–	**–**	–
	15,782	–	**657**	–

The above equity investments are classified as held for trading. The fair values of these equity investments are usually based on quoted market prices.

At 30 April 2006, the Group's investments in listed equity securities amounted to approximately HK$2,409,000 were deposited as collateral for margin loan facility granted to the Group. No margin loan facility was utilised by the Group at the balance sheet date.

29. SHORT TERM INVESTMENTS

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed debt security investments outside Hong Kong, at market value	**–**	1,151	**–**	–
Listed equity investments in Hong Kong, at market value	**–**	1,213	**–**	1,213
Unlisted equity investments in Hong Kong, at fair value	**–**	1,173	**–**	–
	–	3,537	**–**	1,213

As mentioned in note 2(d), from 1 May 2005 onwards, the Company's short term investments have been reclassified to financial assets at fair value through profit or loss in accordance with HKAS 39.

30. CASH AND BANK DEPOSITS

Included in cash and bank deposits of the Group is a time deposit of HK$20,000,000, with original maturity of less than one month, charged for bank loan granted to the Group. In June 2006, the charge of this time deposit was released.

At the balance sheet date, cash and bank deposits of the Group denominated in RMB amounted to approximately HK$9,532,000 (2005: HK$1,161,000). The remittance of these funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

31. ACCOUNTS PAYABLE

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

	Group	
	2006	2005
	HK$'000	HK$'000
Within 30 days	**5,160**	7,514
31 – 90 days	**5,508**	3,623
91 – 180 days	**118**	160
181 – 360 days	**–**	–
Over 360 days	**–**	323
	10,786	11,620

32. ACCRUALS AND DEPOSITS RECEIVED

Included in accruals of the Group are amounts of approximately HK$1,533,000 (2005: Nil) representing accrued remuneration due to the Company's directors and HK$75,000 (2005: Nil) representing accrued legal fees and office expenses due to related companies.

Included in accruals of the Company are amounts of approximately HK$266,000 (2005: Nil) representing accrued remuneration due to the Company's directors and HK$70,000 (2005: Nil) representing accrued legal fees and office expenses due to related companies.

33. BANK LOAN

At 30 April 2006, the Group's bank loan denominated in RMB was raised on 30 March 2006 and is due for repayment on 30 May 2006. The loan is secured by the Group's time deposit of HK$20,000,000 and bears interest at a rate based on the 6-month bank lending rate that is announced by the People's Bank of China multiplied by a factor of 1.05.

Subsequent to the balance sheet date, the bank loan was fully repaid.

34. FINANCE LEASE PAYABLES

Group

	Minimum lease payments		Present value of minimum lease payments	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable:				
Within one year	**34**	206	**34**	195
In the second year	**–**	92	**–**	91
	34	298	**34**	286
Less: future finance charges	**–**	(12)		
Present value of finance lease payables	**34**	286		
Less: portion classified as current liabilities	**(34)**	(195)		
Non-current portion	**–**	91		

The finance lease payables are secured by a motor vehicle of the Group with net book value of approximately HK$145,000 (2005: HK$463,000). The remaining lease term is less than one year. Effective interest rate is fixed at 3% (2005: 3%) per annum. No arrangement have been entered into for contingent rental payment.

35. AMOUNTS DUE TO FORMER ULTIMATE HOLDING COMPANY, ULTIMATE HOLDING COMPANY AND DIRECTORS

The amounts due to former ultimate holding company, ultimate holding company and directors are unsecured, interest free and have no fixed terms of repayment.

36. DEFERRED TAX LIABILITIES

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

	Group	
	Accelerated tax depreciation	
	2006	2005
	HK$'000	HK$'000
At beginning of the year	**591**	1,095
Deferred tax credited to the income statement *(note 10)*	**–**	(504)
At end of the year	**591**	591

At 30 April 2006, the Group had unused tax losses of approximately HK$29,026,000 (2005: HK$6,724,000) available for offset against future profits. No deferred tax asset (2005: Nil) has been recognised for the above unused tax losses due to the unpredictability of future profit streams. Included in the above unused tax losses are losses of approximately HK$16,658,000 (2005: HK$3,985,000) that will expire after five years from the year of assessment they relate to. Other unused tax losses may be carried forward indefinitely.

At 30 April 2006, the Group also had deductible temporary differences of approximately HK$12,570,000 (2005: Nil). No deferred tax asset has been recognised in relation to the above deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

37. SHARE CAPITAL

	Note	Number of shares	HK$'000
Authorised:			
At 1 May 2004 and 30 April 2005:			
Ordinary shares of HK$0.25 each		800,000,000	200,000
Subdivision	(a)	199,200,000,000	–
At 30 April 2006:			
Ordinary shares of HK$0.001 each		200,000,000,000	200,000
Issued and fully paid:			
At 1 May 2004:			
Ordinary shares of HK$0.25 each		90,969,000	22,742
Issue of shares			
– on share subscription		9,096,900	2,274
At 30 April 2005:			
Ordinary shares of HK$0.25 each		100,065,900	25,016
Capital reduction	(a)	–	(24,916)
Issue of shares			
– on share subscription	(b)	5,400,000,000	5,400
– on top-up placements	(c)	90,925,000	91
Repurchase of shares	(d)	(3,605,000)	(4)
At 30 April 2006:			
Ordinary shares of HK$0.001 each		**5,587,385,900**	**5,587**

(a) Pursuant to the special resolutions passed on 26 May 2005 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 29 July 2005:

(i) the nominal value of all the existing issued shares of the Company be reduced from HK$0.25 to HK$0.001 each, respectively, by the cancellation of HK$0.249 per share of the Company's paid-up capital on each issued share (the "Capital Reduction");

(ii) each share of HK$0.25 each in the authorised but unissued share capital of the Company upon completion of the Capital Reduction was subdivided into 250 ordinary shares of HK$0.001 each such that the nominal value of the authroised share capital of the Company became HK$200,000,000 divided into 200,000,000,000 new ordinary shares (the "Subdivision"); and

37. SHARE CAPITAL (continued)

(iii) the entire amount of approximately HK$24,916,000 arising from the Capital Reduction credited to the share premium account was cancelled and utilised to eliminate part of the accumulated losses of the Company.

(b) On 29 August 2005, the Company placed 5,400,000,000 shares of HK$0.001 each (the "Subscription") of the Company at a subscription price of HK$0.01 per share to Vongroup Holdings and other placees. The net proceeds from the Subscription (after deducting share issue expenses of approximately HK$1,303,000) was approximately HK$52,697,000 and resulted in an increase in share premium of HK$48,600,000 (note 39(b)).

(c) Pursuant to a placing agreement and a subscription agreement both dated 12 December 2005, Vongroup Holdings placed 11,045,000 shares of HK$0.001 each of the Company through a placing agent at HK$1.50 per share and, in turn, subscribed for 11,045,000 new shares in the Company at the same price (the "First Top-up Placement"). The First Top-up Placement brought in net proceeds of approximately HK$15,923,000 (after deducting share issue expenses of approximately HK$644,000) and resulted in an increase in share premium of approximately HK$16,556,000 (note 39(b)).

Pursuant to a placing agreement and a subscription agreement both dated 8 March 2006, Vongroup Holdings placed 79,880,000 shares of HK$0.001 each of the Company through a placing agent at HK$1.40 per share and, in turn, subscribed for 79,880,000 new shares in the Company at the same price (the "Second Top-up Placement"). The Second Top-up Placement brought in net proceeds of approximately HK$97,697,000 (after deducting share issue expenses of approximately HK$14,135,000) and resulted in an increase in share premium of approximately HK$111,752,000 (note 39(b)).

(d) The Company repurchased its own shares on the Stock Exchange during the year ended 30 April 2006 as follows:

Month	**Number of shares repurchased**	**Price per share**		**Total price paid**
		Lowest	**Highest**	
		HK$	HK$	HK$'000
April 2006	3,605,000	1.15	1.32	4,560

The above shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium on repurchase of the shares, of approximately HK$4,556,000 has been charged to the share premium account in accordance with the provisions of the Companies Law of the Cayman Islands.

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38. SHARE OPTION SCHEME

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

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

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

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

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

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

No share options under the Share Option Scheme were granted and outstanding during the year ended 30 April 2006.

39. RESERVES

(a) Group

The Group's reserves and the movements therein for the current and prior year are presented in the consolidated statement of changes in equity.

The share premium account of the Group includes (i) shares issued at a premium; and (ii) the difference between the nominal value of the share capital of the subsidiaries acquired, together with the share premium arising on the acquisition of the restaurant operations from Cambo Enterprises Limited by KCCC pursuant to the Group reorganisation completed on 16 August 2001 and the nominal value of the shares of the Company issued in exchange.

(b) Company

	Note	**Share premium** HK$'000	**Capital redemption reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 May 2004		87,083	258	(40,317)	47,024
Loss for the year		–	–	(11,024)	(11,024)
Issue of shares		1,728	–	–	1,728
Share issue expenses		(135)	–	–	(135)
At 30 April 2005		88,676	258	(51,341)	37,593
Loss for the year	12(b)	–	–	(70,282)	(70,282)
Capital reduction	37(a)	24,916	–	–	24,916
Share premium cancellation	37(a)	(24,916)	–	24,916	–
Issue of shares					
– on share subscription	37(b)	48,600	–	–	48,600
– on top-up placements	37(c)	128,308	–	–	128,308
Share issue expenses	37(b) and 37(c)	(16,082)	–	–	(16,082)
Repurchase of shares	37(d)	(4,556)	–	–	(4,556)
At 30 April 2006		**244,946**	**258**	**(96,707)**	**148,497**

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39. RESERVES (continued)

(b) Company (continued)

The share premium account of the Company includes (i) shares issued at a premium; and (ii) the difference between the nominal value of the shares of the Company issued in exchange for the issued share capital of the subsidiaries and the value of the underlying net assets of the subsidiaries pursuant to the Group reorganisation completed on 16 August 2001. Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

The capital redemption reserve represents the amount by which the Company's issued share capital has been diminished on the cancellation of the shares repurchased. Under the Companies Law of the Cayman Islands, the capital redemption reserve may be applied by the Company in paying up its unissued shares to be allocated to shareholders of the Company as fully-paid bonus shares.

40. ACQUISITION OF SUBSIDIARIES

During the year, the Group acquired certain subsidiaries, details of which are as follows:

(a) On 9 November 2005, the Group acquired 100% of the issued share capital of Golden Throne at a consideration of HK$70,000. Golden Throne is an investment holding company. Its wholly owned subsidiary, 龐通投資, is principally engaged in the provision of investment and consultancy services. This acquisition has been accounted for using the purchase method of accounting.

(b) As detailed in note 18(a)(ii), the Exclusive Right to Purchase Agreement was completed on 14 April 2006. 北京順通 has been accounted for as a subsidiary by the purchase method of accounting.

40. ACQUISITION OF SUBSIDIARIES (continued)

The fair value of the identifiable assets and liabilities of the subsidiaries acquired during the year at their respective dates of acquisition, which have no significant differences from their respective carrying amounts and the goodwill arising, are as follows:

	Golden Throne	北京順通	**2006**
	HK$'000	HK$'000	**HK$'000**
Net assets acquired:			
Fixed assets	16	74	**90**
Merchandise held for sale	–	28	**28**
Moneylending loan receivables	–	2,436	**2,436**
Deposits, prepayments and other receivables	–	127	**127**
Cash and bank deposits	4	8,602	**8,606**
Accruals	(5)	(783)	**(788)**
	15	10,484	**10,499**
Goodwill arising on acquisition	55	8,933	**8,988**
Consideration satisfied by cash	70	19,417	**19,487**
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:			
Cash consideration paid	(70)	(19,417)	**(19,487)**
Cash and cash equivalents acquired	4	8,602	**8,606**
	(66)	(10,815)	**(10,881)**

The goodwill arising from the acquisition of the subsidiaries is attributable to the anticipated profitability of the acquired business and the anticipated future operating synergies from the combinations.

Since the respective dates of acquisition, the subsidiaries acquired contributed approximately HK$146,000 to the Group's revenue and approximately HK$154,000 to the Group's loss for the year.

If the acquisition of the subsidiaries had been completed on 1 May 2005, the Group's revenue from continuing operations would have been approximately HK$220,234,000 and the Group's loss for the year and loss for the year from continuing operations would have been approximately HK$59,189,000 and HK$35,492,000, respectively. This proforma information is for illustrative purposes only and is not necessarily indication of the revenue and results of the Group that would actually have been impacted had the acquisition been completed on 1 May 2005, nor is intended to be a projection of future results.

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41. DEEMED DISPOSAL OF SUBSIDIARIES IN THE PRIOR YEAR

	2005
	HK$'000
Net liabilities disposed of:	
Fixed assets	14,002
Rental and utility deposits	3,424
Inventories	1,096
Accounts receivable	1,144
Deposits, prepayments and other receivables	365
Staff advances	132
Due from a related company	100
Cash and bank deposits	406
Bank overdraft	(114)
Accounts payable	(3,042)
Accruals and deposits received	(3,095)
Due to group companies	(24,102)
Coupon liabilities	(6,524)
Bank loans	(3,040)
Other payables	(44)
	(19,292)
Gain on deemed disposal of subsidiaries	10,346
Release of fixed asset revaluation reserve	(132)
	(9,078)
Satisfied by:	
Reclassification to interests in associates	(9,078)
Net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries:	
Cash consideration	–
Cash and bank deposits, and bank overdraft disposed of	(292)
	(292)

42. CONTINGENT LIABILITIES

In December 2005, a legal action was commenced by a former employee of KCCC, a wholly owned subsidiary of the Company, against KCCC for the claim of approximately HK$1,569,000 for personal injuries, loss and damages suffered during his work in KCCC. In the opinion of the directors, such claim should be adequately covered by the Group's insurance. Hence, no provision has been made in the financial statements.

At 30 April 2006, a number of current employees achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance should their employment be terminated under certain prescribed circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that there will be a material future outflow of resources from the Group in respect thereof. The Group has a contingent liability in respect of possible future payments to employees under the Employment Ordinance with a maximum possible amount of approximately HK$1,300,000 (2005: HK$1,800,000) at 30 April 2006.

At 30 April 2006 and 2005, the Company provided corporate guarantees to landlords in respect of the operating lease payments of its subsidiaries; and banks in respect of the banking facilities granted to its subsidiaries.

43. OPERATING LEASE ARRANGEMENTS

At 30 April 2006, the Group and the Company had outstanding commitments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**24,668**	27,445	**319**	–
In the second to fifth years, inclusive	**48,686**	73,133	**362**	–
After five years	**1,709**	26,088	**–**	–
	75,063	126,666	**681**	–

The Group leases restaurant premises, staff quarters, offices and warehouses under non-cancellable operating lease arrangements with lease terms ranging from three to nine years.

The operating lease rentals of certain restaurant premises are based on the higher of a minimum guaranteed rental or a sales level based rental, ranging from 6% to 7.5% on the sales level. The minimum guaranteed rental has been used to arrive at the above commitments.

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44. RETIREMENT BENEFITS SCHEMES

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

The employees of the Company's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of the payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

45. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	Note	2006 HK$'000	2005 HK$'000
Associates			
Sale of bakery products and wine	(i)	–	7,026
Purchase of bakery products	(ii)	3,159	2,874
Management fee income	(iii)	–	709
Management fee paid	(iii)	–	520
Jointly-controlled entity			
Sale of wine	(iv)	18	574
Related companies			
Sale of food	(v)	83	355
Legal fees	(vi)	522	–
Rental expense	(vii)	279	–
Director			
Sale of food	(viii)	1,033	–
Other related parties			
Salaries and other allowances paid	(ix)	241	–

Note:

(i) The Group sold bakery products and wine to its associates. The selling prices were determined through negotiations with its associates on a case-by-case basis.

(ii) The Group purchased bakery products from its associates. The purchase prices were determined through negotiations with its associates on a case-by-case basis.

(iii) The management fees charged and paid were determined in accordance with an agreement entered into between the Group and its associate.

(iv) The Group made sales to a jointly-controlled entity. The selling prices were based on the original costs of wine, plus a mark-up of approximately 40%.

45. RELATED PARTY TRANSACTIONS (continued)

Note: (continued)

(v) The Group made sales to Hong Thai during the year ended 30 April 2006. The sales were based on the published selling prices of the Group, less discounts ranging from 30% to 50%.

(vi) The legal fees were charged for legal services rendered by Vongs, a law firm, a partner of which is a close relative of a director, Mr. Vong Tat Ieong, David.

(vii) The rental expense was charged in accordance with a licence agreement between the Group and Jenco Limited. Jenco Limited is owned and controlled by a close relative of a director, Mr. Vong Tat Ieong, David.

(viii) The Group made sales to a director, Mr. Wong Chi Man. The sales were based on the published selling prices of the Group, less discounts at 10%.

(ix) The salaries and other allowances were paid to Mr. Wong Chi Kuen, a close relative of a director, Mr. Wong Chi Man.

(b) Key management personnel:

The key management personnel of the Group comprises all directors, details of their emoluments are disclosed in note 13.

(c) Other transactions with related parties:

As detailed in note 18(a)(ii), 北京思樂, being one of the PRC shareholders of 北京順通 has irrevocably granted to the Group the option to purchase all of its equity interest in 北京順通. One of the directors of the Company, Mr. Xu Siping, is one of the three directors and a 5% shareholder of 北京思樂.

46. COMPARATIVE FIGURES

Certain comparative figures have been adjusted or reclassified as a result of the changes in accounting policies and the conformity to current year’s presentation.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 August 2006.