

## 1. CORPORATE INFORMATION

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

- restaurant operations
- property investment

## 2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of investment properties and certain fixed assets, as further explained below.

### Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2005. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

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

### Subsidiaries

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Joint venture companies

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

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

A joint venture company is treated as:

- (a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture company;
- (b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;
- (c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or
- (d) a long term investment, if the Group holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

#### Jointly-controlled entities

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

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

#### Associates

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use and its net selling price.

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

#### Fixed assets and depreciation

Fixed assets, other than investment properties, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Changes in the values of fixed assets, other than investment properties, are dealt with as movements in the fixed asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the fixed asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fixed assets and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	Over the lease terms
Buildings	2%
Furniture and fixtures	15-20%
Air-conditioning plant	15-20%
Electrical appliances	20%
Office equipment	20%
Motor vehicles	20%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

#### Kitchen utensils, linen and uniforms

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

#### Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year, less any adjustments deemed necessary by the directors.

Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account, unless the property was previously an item under leasehold land and buildings carried at a revalued amount and was reclassified as an investment property upon a change in use, when the relevant portion of the investment property revaluation reserve realised in respect of previous valuations made prior to reclassification is transferred to retained profits as a movement in reserves.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property held for development

Property held for development is stated at the lower of cost and net realisable value. Cost includes the land costs, development expenditure, professional fees, capitalised interest and other expenses incurred incidental to the development.

Net realisable value is determined by reference to prevailing market prices on an individual property basis.

#### Leased assets

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

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

#### Long term investment

Long term investment is a non-trading investment in an unlisted debt security intended to be held-to-maturity on a long term basis.

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

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

#### Inventories

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Provisions

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

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

#### Income tax

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

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### Revenue recognition

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

- (a) receipts from restaurant operations, upon the delivery of food and beverages to customers;
- (b) rental income, on a time proportion basis over the lease terms;
- (c) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (d) dividend income, when the shareholders' right to receive payment has been established.

#### Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Employee benefits

##### *Paid leave carried forward*

The Group provides paid annual leave to its employees under their employment contracts. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year and prior years by the employees and carried forward.

##### *Employment Ordinance long service payments*

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

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

##### *Pension scheme*

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

#### Cash and cash equivalents

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

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

#### Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

#### 4. SEGMENT INFORMATION

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

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

- (a) the restaurant segment comprises the Group's restaurant operations;
- (b) the property segment comprises the Group's property investment; and
- (c) the corporate segment comprises the Group's corporate income and expense items.



## 4. SEGMENT INFORMATION (Continued)

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

## Group

	Restaurant		Property		Corporate		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Turnover	<b>134,244</b>	148,606	<b>5,236</b>	10,297	-	-	<b>139,480</b>	158,903
Other revenue	<b>1,149</b>	1,136	<b>17</b>	-	-	-	<b>1,166</b>	1,136
Total	<b>135,393</b>	149,742	<b>5,253</b>	10,297	-	-	<b>140,646</b>	160,039
Segment results	<b>4,682</b>	2,102	<b>41,580</b>	9,923	<b>(8,655)</b>	(9,958)	<b>37,607</b>	2,067
Interest income							<b>1</b>	26
Profit from operating activities							<b>37,608</b>	2,093
Finance costs							<b>(8,070)</b>	(14,150)
Share of profits and losses of:								
Jointly-controlled entities	<b>313</b>	-	-	(3)	-	-	<b>313</b>	(3)
Associates	<b>217</b>	-	-	-	-	-	<b>217</b>	-
Profit/(loss) before tax							<b>30,068</b>	(12,060)
Tax							<b>(280)</b>	(240)
Profit/(loss) before minority interests							<b>29,788</b>	(12,300)
Minority interests							<b>(487)</b>	1,261
Net profit/(loss) from ordinary activities attributable to shareholders							<b>29,301</b>	(11,039)

## 4. SEGMENT INFORMATION (Continued)

## Group

	Restaurant		Property		Corporate		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<b>16,871</b>	136,515	<b>60,132</b>	212,597	<b>51,000</b>	(17,722)	<b>128,003</b>	331,390
Interests in jointly-controlled entities	<b>943</b>	1,330	–	–	–	–	<b>943</b>	1,330
Interests in associates	<b>5,295</b>	–	–	–	–	–	<b>5,295</b>	–
Unallocated assets							<b>2,700</b>	6,204
Bank overdrafts included in segment assets	–	3,054	–	–	–	22,840	–	25,894
Total assets							<b>136,941</b>	364,818
Segment liabilities	<b>14,277</b>	14,513	<b>112</b>	3,780	<b>3,391</b>	3,339	<b>17,780</b>	21,632
Unallocated liabilities							<b>12,360</b>	257,242
Bank overdrafts included in segment assets	–	3,054	–	–	–	22,840	–	25,894
Total liabilities							<b>30,140</b>	304,768
Other segment information:								
Depreciation	<b>3,279</b>	3,427	–	–	<b>109</b>	108	<b>3,388</b>	3,535
Surplus on revaluation recognised in the profit and loss account	–	–	<b>(1,265)</b>	–	–	(127)	<b>(1,265)</b>	(127)
Surplus on revaluation recognised directly in equity	<b>(16,926)</b>	(5,702)	<b>(18,807)</b>	(15,280)	–	–	<b>(35,733)</b>	(20,982)
Capital expenditure	<b>3,913</b>	1,080	<b>4,758</b>	–	<b>20</b>	–	<b>8,691</b>	1,080

## 5. TURNOVER

Turnover represents the receipts from restaurant operations and gross rental income received and receivable from investment properties during the year. Revenue from the following activities has been included in turnover:

	Group	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Receipts from restaurant operations	134,244	148,606
Gross rental income	5,236	10,297
	<b>139,480</b>	<b>158,903</b>

## 6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

		Group	
		2005	2004
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Minimum lease payments under operating leases:			
Land and buildings		9,360	9,280
Office equipment		37	31
		<b>9,397</b>	<b>9,311</b>
Auditors' remuneration		650	600
Staff costs (including directors' remuneration):	8		
Wages, salaries and bonuses		43,258	47,830
Provision for long service payments, net	23	417	2,244
Pension scheme contributions		1,971	2,005
		<b>45,646</b>	<b>52,079</b>
Gain on disposal of fixed assets		(175)	(526)
Revaluation surplus on fixed assets		(1,265)	(127)
Gross rental income		(5,236)	(10,297)
Less: Outgoings		676	310
Net rental income		<b>(4,560)</b>	<b>(9,987)</b>
Interest income		(1)	(26)

## 7. FINANCE COSTS

	Group	
	2005 HK\$'000	2004 HK\$'000
Interest on bank loans and overdrafts, and other loans wholly repayable within five years	8,066	14,123
Interest on finance leases	4	27
	<b>8,070</b>	<b>14,150</b>

## 8. DIRECTORS' REMUNERATION

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

	Group			
	Executive		Independent non-executive	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Fees	–	–	–	–
Other emoluments:				
Salaries, allowances and benefits in kind	1,284	1,189	214	160
Pension scheme contributions	21	18	–	–
	<b>1,305</b>	<b>1,207</b>	<b>214</b>	<b>160</b>

The number of directors whose remuneration fell within the following bands is as follows:

	Number of directors	
	2005	2004
Nil to HK\$1,000,000	6	6
HK\$1,000,001 to HK\$1,500,000	1	–
	<b>7</b>	<b>6</b>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2004: Nil).

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2004: one) director, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four (2004: four) non-director, highest paid employees for the year are as follows:

	<b>Group</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Salaries, allowances and benefits in kind	<b>1,273</b>	1,101
Pension scheme contributions	<b>47</b>	33
	<b>1,320</b>	1,134

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

	<b>Number of employees</b>	
	<b>2005</b>	2004
Nil to HK\$1,000,000	<b>4</b>	4

## 10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Charge for the year	<b>227</b>	240
Share of tax attributable to an associate	<b>53</b>	–
Total tax charge for the year	<b>280</b>	240

**10. TAX (Continued)**

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

	2005		2004	
	HK\$'000	%	HK\$'000	%
Profit/(loss) before tax	<b>30,068</b>		(12,060)	
Tax at the statutory rate	<b>5,262</b>	17.5	(2,111)	17.5
Income not subject to tax	<b>(6,680)</b>		(45)	
Expenses not deductible for tax	<b>2,090</b>		256	
Tax losses utilised from previous periods	<b>(2,485)</b>		(610)	
Tax losses not recognised	<b>2,093</b>		2,744	
Others	<b>–</b>		6	
Tax charge at the Group's effective rate	<b>280</b>		240	

At the balance sheet date, the Group had tax losses arising in Hong Kong of HK\$153,953,000 (2004: HK\$148,576,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as the utilisation of which is uncertain.

**11. NET PFOFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS**

The net profit from ordinary activities attributable to shareholders for the year ended 31 March 2005 dealt with in the financial statements of the Company was HK\$43,112,000 (2004: net loss of HK\$2,188,000) (note 25(b)).

**12. DIVIDEND**

	2005 HK\$'000	2004 HK\$'000
Proposed final – 1 cent (2004: Nil) per ordinary share	<b>3,603</b>	–

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

**13. EARNINGS/(LOSS) PER SHARE**

The calculation of basic earnings/(loss) per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$29,301,000 (2004: net loss of HK\$11,039,000) and the 360,321,620 (2004: the weighted average of 342,780,637) ordinary shares in issue during the year.

A diluted earnings per share amount for the year ended 31 March 2005 has not been disclosed as no diluting events existed during the year. A diluted loss per share amount for the year ended 31 March 2004 had not been disclosed as the warrants outstanding during that year had an anti-dilutive effect on the basic loss per share for that year.

**14. FIXED ASSETS****Group**

	Investment properties HK\$'000	Leasehold land and buildings HK\$'000	Furniture and fixtures HK\$'000	Air- conditioning plant HK\$'000	Electrical appliances HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Kitchen utensils, linen and uniforms HK\$'000	Total HK\$'000
Cost or valuation:									
At beginning of year	148,900	129,650	77,274	9,016	18,580	1,955	400	3,587	389,362
Additions	93	-	3,293	180	418	31	-	11	4,026
Disposals	(124,000)	(139,736)	(53,386)	(6,255)	(14,091)	(517)	(270)	(2,044)	(340,299)
Surplus on revaluation	18,807	18,086	-	-	-	-	-	-	36,893
<b>At 31 March 2005</b>	<b>43,800</b>	<b>8,000</b>	<b>27,181</b>	<b>2,941</b>	<b>4,907</b>	<b>1,469</b>	<b>130</b>	<b>1,554</b>	<b>89,982</b>
Analysis of cost or valuation:									
At cost	-	-	27,181	2,941	4,907	1,469	130	1,554	38,182
At 31 March 2005 valuation	43,800	8,000	-	-	-	-	-	-	51,800
	<b>43,800</b>	<b>8,000</b>	<b>27,181</b>	<b>2,941</b>	<b>4,907</b>	<b>1,469</b>	<b>130</b>	<b>1,554</b>	<b>89,982</b>
Accumulated depreciation:									
At beginning of year	-	-	75,282	8,711	18,203	1,886	400	2,044	106,526
Provided during the year	-	1,497	1,419	165	246	61	-	-	3,388
Disposals	-	(1,392)	(52,809)	(6,096)	(14,022)	(517)	(270)	(2,044)	(77,150)
Surplus on revaluation	-	(105)	-	-	-	-	-	-	(105)
<b>At 31 March 2005</b>	<b>-</b>	<b>-</b>	<b>23,892</b>	<b>2,780</b>	<b>4,427</b>	<b>1,430</b>	<b>130</b>	<b>-</b>	<b>32,659</b>
Net book value:									
<b>At 31 March 2005</b>	<b>43,800</b>	<b>8,000</b>	<b>3,289</b>	<b>161</b>	<b>480</b>	<b>39</b>	<b>-</b>	<b>1,554</b>	<b>57,323</b>
At 31 March 2004	148,900	129,650	1,992	305	377	69	-	1,543	282,836

Certain of the leasehold land and buildings and investment properties were pledged to secure credit facilities granted to the Group (note 21).

**14. FIXED ASSETS (Continued)**

The Group's leasehold land and buildings and investment properties were stated at open market values as at 31 March 2005, based on valuations performed by CS Surveyors Limited, independent professionally qualified valuers, on an open market, existing use basis.

An analysis of the Group's leasehold land and buildings, which are situated in Hong Kong, is as follows:

	<b>Group</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Long term leases	<b>3,500</b>	126,000
Medium term leases	<b>4,500</b>	3,650
At valuation	<b>8,000</b>	129,650

Had these land and buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been HK\$7,438,000 at 31 March 2005 (2004: HK\$109,668,000).

The investment properties are situated in Hong Kong and are held under medium term leases. They are leased to third parties under operating leases, further summary details of which are included in note 27(a) to the financial statements. Details of the investment properties are as follows:

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



**15. PROPERTY HELD FOR DEVELOPMENT**

	<b>Group</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Additions during the year and at 31 March 2005	<b>4,665</b>	–

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

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

**16. INTERESTS IN JOINTLY-CONTROLLED ENTITIES**

	<b>Group</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Share of net assets	<b>313</b>	15
Due from jointly-controlled entities	<b>630</b>	1,315
	<b>943</b>	1,330

The balances with the jointly-controlled entities are unsecured, interest-free and have no fixed terms of repayment.

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

<b>Name</b>	<b>Business structure</b>	<b>Place of incorporation and operations</b>	<b>Percentage of ownership interest, voting power and profit sharing attributable to the Group</b>		<b>Principal activities</b>
			<b>2005</b>	<b>2004</b>	
Pioneer Wealthy Limited*	Corporate	Hong Kong	<b>33</b>	33	Restaurant operations
Golden Wise Properties Limited	Corporate	Hong Kong	– <sup>#</sup>	50	Property development

\* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

<sup>#</sup> Deregistered during the year.

## 17. INTERESTS IN ASSOCIATES

	Group	
	2005 HK\$'000	2004 HK\$'000
Share of net assets	164	–
Due from associates	5,131	–
	<b>5,295</b>	–

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

Particulars of the unlisted associates are as follows:

Name	Business structure	Place of incorporation and operations	Percentage of ownership interest attributable to the Group		Principal activities
			2005	2004	
China Legend Enterprises Limited	Corporate	Hong Kong	33	–	Restaurant operations
Uprising Corporation Limited	Corporate	Hong Kong	33	–	Restaurant operations

Both associates were not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms during the year.

## 18. INTERESTS IN SUBSIDIARIES

	Company	
	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	238,075	238,075
Less: Provision for impairment	(216,125)	(238,075)
	<b>21,950</b>	–
Loan to a subsidiary	80,000	80,000
Less: Provision against loan to a subsidiary	–	(22,050)
	<b>80,000</b>	57,950
Due from a subsidiary	34	924
	<b>101,984</b>	58,874

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

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operations <sup>®</sup>	Nominal value of issued capital	Percentage of equity interest attributable to the Company		Principal activities
			2005	2004	
Charmwide Development Limited	Hong Kong	HK\$10,000*	100	100	Property investment
Conyick Investments Limited	Hong Kong	HK\$100* HK\$600,000 <sup>#</sup>	100	100	Property holding
First Charm Development Limited	Hong Kong	HK\$100*	100	100	Property investment
Full Client Limited	Hong Kong	HK\$100* HK\$2 <sup>#</sup>	100	100	Property investment
Grandward Limited	Hong Kong	HK\$100* HK\$2 <sup>#</sup>	100	100	Property holding
Jade Terrace Restaurant (Causeway Bay) Limited	Hong Kong	HK\$100*	70	62	Restaurant operations

**18. INTERESTS IN SUBSIDIARIES** (Continued)

Particulars of the principal subsidiaries are as follows (continued):

Name	Place of incorporation and operations <sup>®</sup>	Nominal value of issued capital	Percentage of equity interest attributable to the Company		Principal activities
			2005	2004	
Newfame Development Limited	Hong Kong	HK\$1*	100	–	Property development
Peace Group Limited	Hong Kong	HK\$100*	100	100	Restaurant operations
Real Bright Asia Limited	Hong Kong	HK\$100*	57	57	Restaurant operations
Royal Power Investment Limited	Hong Kong	HK\$4,600,000*	51	51	Restaurant operations
Tack Hsin (BVI) Holdings Limited	British Virgin Islands/ Hong Kong	HK\$17,763,202*	100	100	Investment holding
Tack Hsin Restaurant (London) Limited	Hong Kong	HK\$100* HK\$2 <sup>#</sup>	100	100	Restaurant operations
Tack Hsin Restaurant (Peninsula) Limited	Hong Kong	HK\$100* HK\$2,380,000 <sup>#</sup>	100	100	Restaurant operations
Top Excel Investment Limited	Hong Kong	HK\$10,000*	51	51	Restaurant operations
Vastpro Developments Limited	Hong Kong	HK\$2*	100	100	Property holding
Wealth Glory Investment Limited	Hong Kong	HK\$100* HK\$30,000 <sup>#</sup>	100	100	Property investment

<sup>®</sup> Unless otherwise stated, the place of operations is the place of incorporation.

\* Ordinary shares

<sup>#</sup> Non-voting deferred shares

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

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

**19. LONG TERM INVESTMENT**

	<b>Group</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Unlisted debt investment, at cost	<b>2,700</b>	–

The investment represents convertible notes bearing interest at a rate of 2% per annum with a maturity date of 19 October 2007.

**20. TRADE RECEIVABLES**

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

	<b>Group</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Within 3 months	<b>572</b>	849
4 to 6 months	<b>173</b>	205
7 to 12 months	<b>170</b>	–
Over 1 year	<b>50</b>	–
	<b>965</b>	1,054

The Group's trading terms with its customers are mainly by cash and credit card settlement, except for certain well-established customers where the terms vary with these customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

## 21. BANK AND OTHER BORROWINGS

	Group	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank overdrafts:		
Secured	–	22,840
Unsecured	–	3,054
	<u>–</u>	<u>25,894</u>
Bank loans:		
Secured	<b>11,893</b>	239,284
Unsecured	–	1,592
	<u>11,893</u>	<u>240,876</u>
Other loans, secured	–	16,000
	<u>11,893</u>	<u>282,770</u>
Bank overdrafts repayable within one year	–	25,894
Bank loans repayable:		
Within one year	<b>420</b>	55,672
In the second year	<b>436</b>	5,251
In the third to fifth years, inclusive	<b>1,448</b>	15,645
Beyond five years	<b>9,589</b>	164,308
	<u>11,893</u>	<u>240,876</u>
Other loans repayable:		
In the second year	–	16,000
	<u>–</u>	<u>16,000</u>
Total bank and other borrowings	<b>11,893</b>	282,770
Portion classified as current liabilities	<b>(420)</b>	(81,566)
Long term portion	<u><b>11,473</b></u>	<u>201,204</u>

At 31 March 2005, certain of the bank and other borrowings were secured by the Group's leasehold land and buildings, investment properties and bank deposits with carrying values of HK\$3,500,000 (2004: HK\$126,000,000), HK\$27,300,000 (2004: HK\$148,900,000) and nil (2004: HK\$6,204,000), respectively, and guarantees given by the Company.

**22. TRADE PAYABLES**

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

	<b>Group</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Within 3 months	<b>5,791</b>	4,921
4 to 6 months	<b>18</b>	155
Over 1 year	<b>42</b>	–
	<b>5,851</b>	5,076

**23. PROVISION FOR LONG SERVICE PAYMENTS**

	<b>Group</b>
	HK\$'000
At beginning of year	3,380
Provision for the year	417
Amounts utilised during the year	(899)
<b>At 31 March 2005</b>	<b>2,898</b>

The Group provides for the probable future long service payments expected to be made to employees under the Employment Ordinance, as explained under the heading "Employee benefits" in note 3 to the financial statements. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group to the balance sheet date.

**24. SHARE CAPITAL**

	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
<i>Authorised:</i>		
500,000,000 ordinary shares of HK\$0.10 each	<b>50,000</b>	50,000
<i>Issued and fully paid:</i>		
360,321,620 ordinary shares of HK\$0.10 each	<b>36,032</b>	36,032

**25. RESERVES****(a) Group**

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 18 to 19 of the financial statements.

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

**(b) Company**

	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2003	37,634	237,875	(250,763)	24,746
Placement of new shares	300	–	–	300
Net loss for the year	–	–	(2,188)	(2,188)
At 31 March 2004 and 1 April 2004	37,934	237,875	(252,951)	22,858
Net profit for the year	–	–	43,112	43,112
Proposed final dividend	–	(3,603)	–	(3,603)
<b>At 31 March 2005</b>	<b>37,934</b>	<b>234,272</b>	<b>(209,839)</b>	<b>62,367</b>

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of the contributed surplus in certain circumstances.

**26. CONTINGENT LIABILITIES**

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

- (a) The Company gave guarantees to banks in connection with banking facilities granted to its subsidiaries amounting to HK\$17,600,000 (2004: HK\$285,100,000), of which HK\$11,893,000 (2004: HK\$262,124,000) had been utilised at the balance sheet date.
- (b) The Company gave a guarantee to a third party in connection with rental payments of a subsidiary amounting to HK\$25,200,000 (2004: Nil).
- (c) The Group had a bank guarantee given in lieu of a property rental deposit amounting to HK\$1,000,000 (2004: HK\$2,620,000).



**27. OPERATING LEASE ARRANGEMENTS****(a) As lessor**

The Group leases its investment properties (note 14 to the financial statements) under operating lease arrangements, with remaining lease terms ranging from one to three years. The terms of the leases generally require the tenants to pay security deposits.

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

	<b>Group</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>237</b>	8,179
In the second to fifth years, inclusive	<b>173</b>	15,319
	<b>410</b>	23,498

**(b) As lessee**

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

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>Group</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>14,649</b>	1,935
In the second to fifth years, inclusive	<b>17,006</b>	93
	<b>31,655</b>	2,028

**28. RELATED PARTY TRANSACTIONS**

During the year, the Group paid rental expenses in an aggregate amount of HK\$98,000 (2004: HK\$552,000) to a director of the Company and a company in which certain directors of the Company have beneficial interests. The rentals were determined with reference to open market rentals.

**29. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 25 July 2005.