1. CORPORATE INFORMATION

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

- restaurant operations
- property investment

2. IMPACT OF A REVISED STATEMENT OF STANDARD ACCOUNTING PRACTICE ("SSAP")

SSAP 12 (Revised) "Income taxes" is effective for the first time for the current year's financial statements. SSAP 12 prescribes the accounting for income taxes payable or recoverable, arising from the taxable profit or loss for the current period (current tax); and income taxes payable or recoverable in future periods, principally arising from taxable and deductible temporary differences and the carryforward of unused tax losses (deferred tax). The SSAP has had no significant impact for these financial statements on the amounts recorded for income taxes. However, the related note disclosures are now more extensive than previously required. These are detailed in note 10 to the financial statements and include a reconciliation between the accounting loss and the tax expense for the year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, 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 2004. 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 Company/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.

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 or its net selling price.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of assets (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 restaurant operations;

(b) the property segment comprises property investment; and

(c) the corporate segment comprises 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	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Turnover	**148,606**	248,035	**10,297**	7,308	**–**	–	**158,903**	255,343
Other revenue	**1,136**	1,515	**–**	–	**–**	–	**1,136**	1,515
Total	**149,742**	249,550	**10,297**	7,308	**–**	–	**160,039**	256,858
Segment results	**2,102**	(17,274)	**9,923**	6,836	**(9,958)**	(16,171)	**2,067**	(26,609)
Interest income							**26**	90
Loss on disposal of subsidiaries	**–**	(2,204)	**–**	–	**–**	–	**–**	(2,204)
Profit/(loss) from operating activities							**2,093**	(28,723)
Finance costs							**(14,150)**	(15,002)
Share of profits/(losses) of jointly controlled entities	**–**	–	**(3)**	6,128	**–**	–	**(3)**	6,128
Loss on disposal of an associate	**–**	–	**–**	(1,126)	**–**	–	**–**	(1,126)
Loss before tax							**(12,060)**	(38,723)
Tax							**(240)**	(568)
Loss before minority interests							**(12,300)**	(39,291)
Minority interests							**1,261**	3,616
Net loss from ordinary activities attributable to shareholders							**(11,039)**	(35,675)

4. SEGMENT INFORMATION (Continued)

Group

	Restaurant		Property		Corporate		Consolidated	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**136,515**	248,406	**212,597**	102,686	**(17,722)**	(11,894)	**331,390**	339,198
Interests in jointly controlled entities	**1,330**	–	**–**	148	**–**	–	**1,330**	148
Unallocated assets	**–**	–	**–**	–	**6,204**	–	**6,204**	1
Bank overdrafts included in segment assets	**3,054**	3,133	**–**	–	**22,840**	23,426	**25,894**	26,559
Total assets							**364,818**	365,906
Segment liabilities	**12,608**	23,680	**3,780**	4,190	**3,339**	3,298	**19,727**	31,168
Unallocated liabilities	**–**	–	**–**	–	**–**	–	**257,242**	249,737
Bank overdrafts included in segment assets	**3,054**	3,133	**–**	–	**22,840**	23,426	**25,894**	26,559
Total liabilities							**302,863**	307,464
Other segment information:								
Depreciation	**3,427**	8,497	**–**	36	**108**	111	**3,535**	8,644
Impairment of fixed assets recognised in the profit and loss account	**–**	10,610	**–**	–	**–**	–	**–**	10,610
(Surplus)/deficit on revaluation recognised in the profit and loss account	**–**	–	**–**	–	**(127)**	168	**(127)**	168
(Surplus)/deficit on revaluation recognised directly in equity	**(5,702)**	19,889	**(15,280)**	9,800	**–**	–	**(20,982)**	29,689
Capital expenditure	**1,080**	1,008	**–**	200	**–**	–	**1,080**	1,208

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	
	2004	2003
	HK$'000	HK$'000
Receipts from restaurant operations	**148,606**	248,035
Gross rental income	**10,297**	7,308
	158,903	255,343

6. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

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

		Group	
		2004	2003
	Notes	**HK$'000**	HK$'000
Minimum lease payments under operating leases:			
Land and buildings		**9,280**	16,859
Office equipment		**31**	22
		9,311	16,881
Auditors' remuneration		**600**	490
Staff costs (including directors' remuneration):	8		
Wages, salaries and bonuses		**47,830**	85,986
Provision for long service payments, net	20	**2,244**	4,106
Pension scheme contributions		**2,005**	3,648
Total staff costs		**52,079**	93,740
(Gain)/loss on disposal of fixed assets		**(526)**	1,109
Impairment of fixed assets*		**–**	10,610
Revaluation (surplus)/deficit on fixed assets		**(127)**	168
Gross rental income		**(10,297)**	(7,308)
Less: Outgoings		**310**	389
Net rental income		**(9,987)**	(6,919)
Interest income		**(26)**	(90)

* The impairment of fixed assets is included in "Other operating expenses" on the face of the consolidated profit and loss account.

7. FINANCE COSTS

	Group 2004 HK$'000	Group 2003 HK$'000
Interest on bank loans and overdrafts, and other loans wholly repayable within five years	**14,123**	14,933
Interest on finance leases	**27**	69
	14,150	15,002

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 2004 HK$'000	Executive 2003 HK$'000	Independent non-executive 2004 HK$'000	Independent non-executive 2003 HK$'000
Fees	**–**	–	**–**	–
Other emoluments:				
Salaries, allowances and benefits in kind	**1,189**	1,310	**160**	160
Pension scheme contributions	**18**	18	**–**	–
	1,207	1,328	**160**	160

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

	Number of directors 2004	2003
Nil to HK$1,000,000	**6**	6

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2003: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2003: one) director, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four (2003: four) non-director, highest paid employees for the year are as follows:

	Group	
	2004	2003
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,101**	1,433
Pension scheme contributions	**33**	48
	1,134	1,481

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

	Number of employees	
	2004	2003
Nil to HK$1,000,000	**4**	4

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profits arising in Hong Kong during the year. The increased Hong Kong profits tax rate became effective from the year of assessment 2003/2004, and so is applicable to the assessable profits arising in Hong Kong for the whole of the year ended 31 March 2004.

	2004	2003
	HK$'000	HK$'000
Group:		
Current:		
Charge for the year	**240**	–
Overprovision in prior years	**–**	(38)
Deferred	**–**	(374)
	240	(412)
Share of tax attributable to:		
Jointly controlled entity	**–**	980
Total tax charge for the year	**240**	568

10. TAX (Continued)

A reconciliation of the tax expense applicable to loss before tax using the statutory rates to the tax expense at the effective tax rates are as follows:

	2004		2003	
	HK$'000	**%**	HK$'000	%
Loss before tax	**(12,060)**		(38,723)	
Tax at the statutory rate	**(2,111)**	**17.5**	(6,196)	16.0
Adjustments in respect of current tax of previous periods	**–**		(38)	
Income not subject to tax	**(45)**		(29)	
Expenses not deductible for tax	**256**		872	
Tax losses utilised from previous periods	**(610)**		(286)	
Unrecognised temporary differences	**2,750**		6,245	
Tax charge at the Group's effective rate	**240**		568	

At the balance sheet date, the Group has tax losses arising in Hong Kong of HK$148,576,000 (2003: HK$134,275,000) 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 they have arisen in companies that have been loss-making for some time.

11. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders for the year ended 31 March 2004 dealt with in the financial statements of the Company was HK$2,188,000 (2003: HK$65,642,000) (note 22(b)).

12. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK$11,039,000 (2003: HK$35,675,000) and the weighted average of 342,780,637 (2003: 300,214,813) ordinary shares in issue during the year.

Diluted loss per share amounts for the years ended 31 March 2004 and 2003 have not been disclosed as the warrants outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

13. 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	100,900	231,600	96,537	10,918	21,232	1,959	400	4,236	467,782
Additions	–	–	869	55	133	20	–	3	1,080
Disposals	(73,000)	–	(20,132)	(1,957)	(2,785)	(24)	–	(652)	(98,550)
Transfers	105,720	(106,000)	–	–	–	–	–	–	(280)
Surplus on revaluation	15,280	4,050	–	–	–	–	–	–	19,330
At 31 March 2004	**148,900**	**129,650**	**77,274**	**9,016**	**18,580**	**1,955**	**400**	**3,587**	**389,362**
Analysis of cost or valuation:									
At cost	–	–	77,274	9,016	18,580	1,955	400	3,587	110,812
At 31 March 2004 valuation	148,900	129,650	–	–	–	–	–	–	278,550
	148,900	**129,650**	**77,274**	**9,016**	**18,580**	**1,955**	**400**	**3,587**	**389,362**
Accumulated depreciation and impairment:									
At beginning of year	–	–	93,793	10,432	20,624	1,833	400	2,044	129,126
Provided during the year	–	2,059	1,046	158	195	77	–	–	3,535
Disposals	–	–	(19,557)	(1,879)	(2,616)	(24)	–	–	(24,076)
Transfers	–	(280)	–	–	–	–	–	–	(280)
Surplus on revaluation	–	(1,779)	–	–	–	–	–	–	(1,779)
At 31 March 2004	**–**	**–**	**75,282**	**8,711**	**18,203**	**1,886**	**400**	**2,044**	**106,526**
Net book value:									
At 31 March 2004	**148,900**	**129,650**	**1,992**	**305**	**377**	**69**	**–**	**1,543**	**282,836**
At 31 March 2003	100,900	231,600	2,744	486	608	126	–	2,192	338,656

The net book value of the fixed assets held under finance leases included in the total amount of electrical appliances at 31 March 2004 was nil (2003: Nil).

Certain of the leasehold land and buildings and investment properties were pledged to secure credit facilities granted to the Group (note 17).

The Group's leasehold land and buildings and investment properties were stated at open market values as at 31 March 2004, based on valuations performed by CS Surveyors Limited, independent professionally qualified valuers, on an open market, existing use basis, less any adjustments deemed necessary by the directors.

13. FIXED ASSETS (Continued)

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

	Group 2004 HK$'000	2003 HK$'000
Long term leases	**126,000**	228,000
Medium term leases	**3,650**	3,600
At valuation	**129,650**	231,600

Had these land and buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been HK$109,668,000 at 31 March 2004 (2003: HK$161,003,000).

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 25(a) to the financial statements. Details of the investment properties are as follows:

Location	Use
Shop B on Ground Floor, 1st, 2nd and 3rd Floors, Flats A, B and C on 4th Floor, Flat Roofs A, B and C2 appurtenant to Flat C on 4th Floor, Flats B and C on 5th Floor, Lift D from Ground to 4th Floor and Lift Machine Room on 5th Floor, Causeway Bay Commercial Building, No. 3 Sugar Street, Hong Kong	Commercial
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

14. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group 2004 HK$'000	Group 2003 HK$'000
Share of net assets	**15**	148
Due from jointly controlled entities	**1,315**	–
	1,330	148

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:

Name	Business structure	Place of incorporation and operations	Percentage of ownership interest attributable to the Group 2004	2003	Principal activities
Golden Wise Properties Limited	Corporate	Hong Kong	**50**	50	Property development
Pioneer Wealthy Limited	Corporate	Hong Kong	**33**	–	Restaurant operations

15. INTERESTS IN SUBSIDIARIES

	Company 2004 HK$'000	Company 2003 HK$'000
Unlisted shares, at cost	**238,075**	238,075
Less: Provision for impairment	**(238,075)**	(238,075)
	–	–
Loan to a subsidiary	**80,000**	80,000
Less: Provision against loan to a subsidiary	**(22,050)**	(20,850)
	57,950	59,150
Due from a subsidiary	**924**	–
Due to a subsidiary	**–**	(4,390)
	58,874	54,760

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

15. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operations@	Nominal value of issued capital	Percentage of equity interest attributable to the Company 2004	2003	Principal activities
Charmwide Development Limited	Hong Kong	HK$10,000*	**100**	100	Property investment
Citycrown Investment Limited	Hong Kong	HK$2*	**51**	51	Restaurant operations
Conyick Investments Limited	Hong Kong	HK$100* HK$600,000#	**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#	**100**	100	Property investment
Grandward Limited	Hong Kong	HK$100* HK$2#	**100**	100	Property holding
Jade Terrace Restaurant (Causeway Bay) Limited	Hong Kong	HK$100*	**62**	62	Restaurant operations
Paon Investment Limited	Hong Kong	HK$100* HK$2#	**100**	100	Property investment
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 (Causeway Bay) Limited	Hong Kong	HK$100* HK$2#	**100**	100	Restaurant operations
Tack Hsin Restaurant (Happy Valley) Limited	Hong Kong	HK$2*	**100**	100	Restaurant operations

15. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operations@	Nominal value of issued capital	Percentage of equity interest attributable to the Company 2004	2003	Principal activities
Tack Hsin Restaurant (London) Limited	Hong Kong	HK$100* HK$2#	**100**	100	Restaurant operations
Tack Hsin Restaurant (Peninsula) Limited	Hong Kong	HK$100* HK$2,380,000#	**100**	100	Restaurant operations
Tack Hsin Restaurant (Western) Limited	Hong Kong	HK$100*	**80**	80	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#	**100**	100	Property investment

@ Unless otherwise stated, the place of operations is the place of incorporation

* Ordinary shares

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.

16. TRADE RECEIVABLES

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

	Group 2004 HK$'000	2003 HK$'000
Within 3 months	**849**	577
4 to 6 months	**205**	43
	1,054	620

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

17. BANK AND OTHER BORROWINGS

	Group 2004 HK$'000	2003 HK$'000
Bank overdrafts:		
Secured	**22,840**	23,426
Unsecured	**3,054**	3,133
	25,894	26,559
Bank loans:		
Secured	**239,284**	241,547
Unsecured	**1,592**	2,640
	240,876	244,187
Other loans, secured	**16,000**	5,000
	282,770	275,746

17. BANK AND OTHER BORROWINGS (Continued)

	Group	
	2004	2003
	HK$'000	HK$'000
Bank overdrafts repayable within one year	**25,894**	26,559
Bank loans repayable:		
Within one year	**55,672**	3,311
In the second year	**5,251**	12,211
In the third to fifth years, inclusive	**15,645**	46,376
Beyond five years	**164,308**	182,289
	240,876	244,187
Other loans repayable:		
Within one year	**–**	4,800
In the second year	**16,000**	200
	16,000	5,000
Total bank and other borrowings	**282,770**	275,746
Portion classified as current liabilities	**(81,566)**	(34,670)
Long term portion	**201,204**	241,076

At 31 March 2004, 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$126,000,000 (2003: HK$228,000,000), HK$148,900,000 (2003: HK$100,900,000) and HK$6,204,000 (2003: HK$6,179,000), respectively, and guarantees given by the Company.

The other loans bear interest at 10.8% to 12.0% per annum and are repayable in June 2005.

18. FINANCE LEASE PAYABLES

The Group leases certain of its electrical appliances for its restaurant operations. These leases are classified as finance leases and have a remaining lease term of one year. Upon the expiry of the leases, the Group has the option to purchase the leased assets at nominal prices.

At the balance sheet date, the total future minimum lease payments under finance leases and their present values were as follows:

Group

	Minimum lease payments 2004 HK$'000	Minimum lease payments 2003 HK$'000	Present value of minimum lease payments 2004 HK$'000	Present value of minimum lease payments 2003 HK$'000
Amounts repayable:				
Within one year	**129**	320	**126**	289
In the second year	**–**	133	**–**	130
Total minimum finance lease payments	**129**	453	**126**	419
Future finance charges	**(3)**	(34)		
Total net finance lease payables	**126**	419		
Portion classified as current liabilities	**(126)**	(289)		
Long term portion	**–**	130		

19. TRADE PAYABLES

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

	Group	
	2004	2003
	HK$'000	HK$'000
Within 3 months	**4,921**	7,382
4 to 6 months	**155**	401
7 to 12 months	**–**	240
Over 1 year	**–**	172
	5,076	8,195

20. PROVISION FOR LONG SERVICE PAYMENTS

	Group
	HK$'000
At beginning of year	6,366
Provision for the year	2,263
Reversal of unutilised amounts	(19)
Amounts utilised during the year	(5,230)
At 31 March 2004	**3,380**

The Group provides for the probable future long service payments expected to be made to employees under the Employment Ordinance, as further 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.

21. SHARE CAPITAL

Shares

	2004	2003
	HK$'000	HK$'000
Authorised:		
500,000,000 ordinary shares of HK$0.10 each	**50,000**	50,000
Issued and fully paid:		
360,321,620 (2003: 300,321,620) ordinary shares of HK$0.10 each	**36,032**	30,032

On 3 July 2003, the Company entered into a placing agreement (the "Placing Agreement") with Get Nice Investment Limited ("Get Nice"), an independent placing agent. Pursuant to the Placing Agreement, Get Nice agreed to procure not less than six placees, being independent third party individuals, institutional or professional investors, to subscribe for 60,000,000 new shares of the Company at a price of HK$0.105 per share. The issue price of HK$0.105 per share was agreed after arm's length negotiations and represented a discount of approximately 17.97% to the closing price of the Company's shares of HK$0.128 as at 12:30 p.m. on 3 July 2003 and a discount of approximately 4.89% to the average closing price of the Company's shares of HK$0.1104 from 19 June 2003 to 3 July 2003, being the last 10 trading days prior to 3 July 2003. 60,000,000 new shares were issued on 18 July 2003 and the proceeds of approximately HK$6.3 million were used to provide additional working capital to the Group.

The movements of the Company's issued share capital are as follows:

	Number of shares in issue	**Issued share capital**	**Share premium account**	**Total**
		HK$'000	HK$'000	HK$'000
At 1 April 2002	300,053,220	30,005	37,272	67,277
Warrants exercised	268,400	27	362	389
At 31 March 2003 and 1 April 2003	300,321,620	30,032	37,634	67,666
Placement of new shares	60,000,000	6,000	300	6,300
At 31 March 2004	**360,321,620**	**36,032**	**37,934**	**73,966**

Warrants

The January 2004 Warrants of the Company expired on 30 January 2004. No warrants were exercised during the year.

22. 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 17 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 HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2002	37,272	237,875	(185,121)	90,026
Warrants exercised	362	–	–	362
Net loss for the year	–	–	(65,642)	(65,642)
At 31 March 2003 and 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	**37,934**	**237,875**	**(252,951)**	**22,858**

The Company's contributed surplus represents the excess of the fair value 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.

23. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Disposal of subsidiaries

	2003 HK$'000
Net assets disposed of:	
Fixed assets	3,704
Loss on disposal of subsidiaries	(2,204)
	1,500
Satisfied by:	
Cash	1,500

24. CONTINGENT LIABILITIES

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

(a) The Company gave guarantees to banks in connection with facilities granted to its subsidiaries amounting to HK$285,100,000 (2003: HK$285,420,000), of which HK$262,124,000 (2003: HK$264,973,000) had been utilised at the balance sheet date.

(b) The Group had bank guarantees given in lieu of utility and property rental deposits amounting to HK$2,620,000 (2003: HK$3,776,000).

25. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 13 to the financial statements) under operating lease arrangements, with remaining lease terms ranging from one to five years. The terms of the leases generally require the tenants to pay security deposits and escalation clauses are stipulated in certain of these leases.

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:

	Group	
	2004	2003
	HK$'000	HK$'000
Within one year	**8,179**	6,337
In the second to fifth years, inclusive	**15,319**	15,946
	23,498	22,283

(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 two years. There are escalation clauses stipulated in certain of these leases.

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

	Group	
	2004	2003
	HK$'000	HK$'000
Within one year	**1,935**	4,827
In the second to fifth years, inclusive	**93**	1,259
	2,028	6,086

26. RELATED PARTY TRANSACTIONS

During the year, the Group paid rental expenses in an aggregate amount of HK$552,000 (2003: HK$2,756,000) to a director of the Company and companies in which certain directors of the Company have beneficial interests. The rentals were determined with reference to open market rentals.

27. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 June 2004.