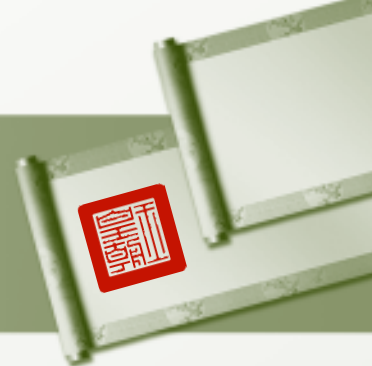


NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Its subsidiaries were principally engaged in the operation of restaurants and publication of comics books in Hong Kong.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company has adopted, for the first time, the following Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Society of Accountants ("HKSA"), the term of HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAPs") and Interpretations approved by the HKSA:

Income Taxes

In the current year, the Company has adopted SSAP 12 (Revised) Income Taxes. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary 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, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of SSAP 12 (Revised) has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

The results of subsidiaries acquired and disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.



NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Sales of comics books are recognised when comics books are sold.

Sales of goods are recognised when goods are delivered.

Service fees are recognised when services are provided.

Rental income is recognised on a straight-line basis over the relevant lease term.

Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates, less any identified impairment loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and amortisation and accumulated impairment losses.

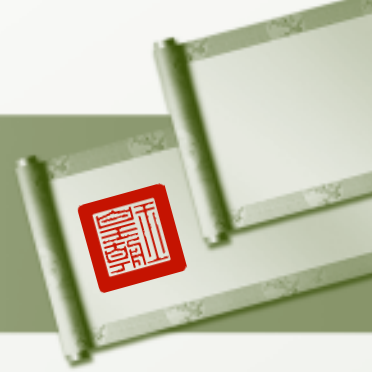
Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment, over their estimated useful lives using the straight-line method, at the following rates per annum:

Leasehold land	Over the term of the leases
Buildings	Over the estimated useful lives of 50 years or over the term of the leases, if less than 50 years
Furniture and equipment	10 – 33 $\frac{1}{3}$ %
Fixtures	10 – 20% or over the term of the leases, whichever is shorter
Motor vehicles	20 – 25%

Initial expenditure incurred for crockery, utensils, linens and uniforms is capitalised and no depreciation is provided thereon. The cost of subsequent replacement for these items is charged to the income statement as and when incurred.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Intangible asset

Intangible asset represents an exclusive right to operate a restaurant under a specific name, is measured initially at cost and amortised on a straight-line basis over the contract period.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Finance leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as finance lease obligations. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Operating leases

Rentals receivable and payable under operating leases are credited and charged respectively to the income statement on a straight-line basis over the relevant lease term.

Inventories

Inventories comprise food supplies and consumables and are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.



NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the year.

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 net 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 income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount 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 the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 profit will be available to allow all or part of the asset to be recovered.

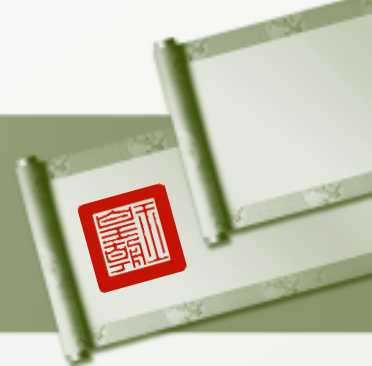
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are charged as expenses as they fall due.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



4. TURNOVER

Turnover represents the net amounts received and receivable for goods and comics books sold and services rendered in the restaurants during the year, and is analysed as follows:

	2004 HK\$'000	2003 HK\$'000
Sale of goods	146,459	214,342
Sale of comics books	6,049	–
Services rendered	13,957	20,791
	166,465	235,133

Services rendered represent surcharge for services provided in the restaurants.

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two main operating divisions, namely, publication and distribution of comics books and restaurant operations. These divisions are the basis on which the Group reports its primary segment information.

Income statement for the year ended 31 March 2004

	Publication and distribution of comics books HK\$'000	Restaurant operations HK\$'000	Consolidated HK\$'000
Turnover	6,049	160,416	166,465
Segment profit (loss)	1,764	(7,776)	(6,012)
Gain on disposal of subsidiaries		26,023	26,023
Unallocated corporate expenses			(4,519)
Profit before tax			15,492
Income tax expense			(528)
Profit after tax and before minority interests			14,964



NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

Business segments (Continued)

Balance sheet as at 31 March 2004

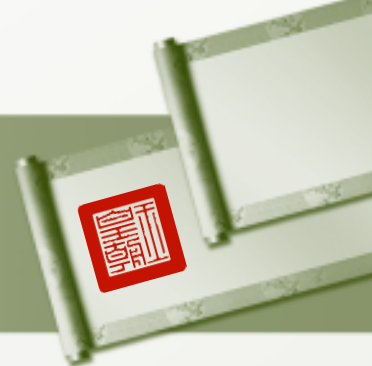
	Publication and distribution of comics books HK\$'000	Restaurant operations HK\$'000	Consolidated HK\$'000
ASSETS			
Segment assets	2,789	8,243	11,032
Unallocated corporate assets			53,336
Consolidated total assets			64,368
LIABILITIES			
Segment liabilities	1,019	7,314	8,333
Unallocated corporate liabilities			1,394
Consolidated total liabilities			9,727

Other information for the year ended 31 March 2004

	Publication and distribution of comics books HK\$'000	Restaurant operations HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Additions of property, plant and equipment	–	15,761	–	15,761
Depreciation and amortisation	–	6,346	–	6,346
Loss on disposal/write off of property, plant and equipment	–	2,794	–	2,794

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



5. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

Business segments (Continued)

No segmental information was presented for the year 2003 since the Group was principally engaged in the operation of restaurants in Hong Kong.

Geographical segments

The Group's turnover and profit (loss) before tax for both years are substantially derived from Hong Kong. Accordingly, no analysis by geographical segment is presented.

6. OTHER OPERATING INCOME

	2004 HK\$'000	2003 HK\$'000
Bank interest income	7	60
Rental income less outgoings of Nil (2003: HK\$6,000)	393	554
Others	590	1,436
	990	2,050

7. LOSS FROM OPERATIONS

	2004 HK\$'000	2003 HK\$'000
Loss from operations has been arrived at after charging:		
Amortisation of intangible asset	100	–
Auditors' remuneration	584	680
Depreciation and amortisation on		
– Owned assets	6,197	18,049
– Assets held under finance leases	49	55
Operating lease payments in respect of rented premises	22,452	35,645
Staff costs, including directors' emoluments (note 9) and retirement benefits scheme contributions (note 11)	53,558	81,633



NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)

8. FINANCE COSTS

	2004 HK\$'000	2003 HK\$'000
Interest on		
– Bank borrowings wholly repayable within five years	558	970
– Bank borrowings not wholly repayable within five years	–	541
– Finance leases	10	19
– Other borrowings	1,283	1,356
	1,851	2,886

9. DIRECTORS' EMOLUMENTS

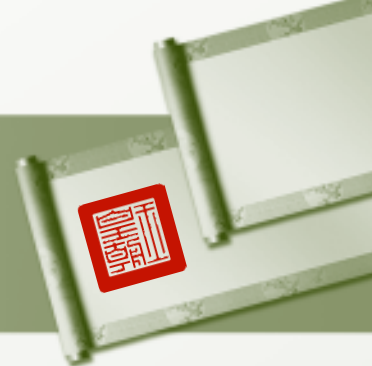
	2004 HK\$'000	2003 HK\$'000
Fees to:		
Executive directors	2,051	1,830
Independent non-executive directors	480	533
	2,531	2,363
Other emoluments to executive directors:		
Salaries and other benefits	–	542
Retirement benefits scheme contributions	101	27
	101	569
	2,632	2,932

Emoluments of the directors were within the following bands:

	Number of directors	
	2004	2003
Nil to HK\$1,000,000	9	15
HK\$1,000,001 to HK\$2,000,000	1	–
	10	15

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



10. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2003: none) were directors of the Company as at 31 March 2004. The total emoluments of the remaining two (2003: five) highest paid individuals were as follows:

	2004 HK\$'000	2003 HK\$'000
Salaries and other benefits	2,165	3,464
Retirement benefits scheme contributions	108	173
	2,273	3,637

Their emoluments were within the following bands:

	Number of individuals	
	2004	2003
Nil to HK\$1,000,000	1	4
HK\$1,000,001 to HK\$2,000,000	1	–
HK\$2,000,0001 to HK\$2,500,000	–	1
	2	5

11. RETIREMENT BENEFITS SCHEME CONTRIBUTIONS

	2004 HK\$'000	2003 HK\$'000
Retirement benefits scheme contributions	143	3,606
Less: Forfeited contributions	–	(42)
	143	3,564

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of independent trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by employees.



NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)

12. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 17.5% (2003: 16%) on the estimated assessable profit for the year. In June 2003, the Hong Kong Profits Tax rate was increased from 16% to 17.5% with effect from the 2003/2004 year of assessment.

The expense for the year can be reconciled to the profit (loss) per the consolidated income statement as follows:

	2004 HK\$'000	2003 HK\$'000
Profit (loss) before tax	15,492	(24,059)
Tax at the Hong Kong Profits Tax rate of 17.5% (2003: 16%)	2,711	(3,849)
Tax effect of expenses that are not deductible for tax purpose	15	1,825
Tax effect of tax losses/deferred tax assets not recognised	2,515	2,029
Utilisation of tax losses previously not recognised	(157)	–
Tax effect of income not taxable for tax purpose	(4,556)	(9)
Others	–	44
Tax expense and effective tax rate for the year	528	40

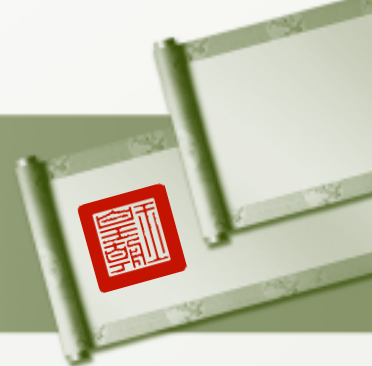
Details of the unprovided deferred taxation are set out in note 30.

13. EARNINGS (LOSS) PER SHARE

	2004 HK\$'000	2003 HK\$'000
Profit (loss) for the purposes of basic and diluted earnings (loss) per share	13,534	(24,347)
Weighted average number of shares for the purposes of basic earnings (loss) per share (Note)	417,600,538	359,541,319
Effect of dilutive potential shares: Share options	2,561,043	
Weighted average number of shares for the purpose of diluted earnings per share	420,161,581	

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



13. EARNINGS (LOSS) PER SHARE (CONTINUED)

Note: The weighted average number of ordinary shares for the purpose of basic earnings (loss) per share has been adjusted for the rights issue on 15 January 2004.

No diluted loss per share has been presented in prior year as the exercise of the Company's share options would reduce the loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Crockery, utensils, linens and uniforms HK\$'000	Total HK\$'000
THE GROUP					
COST OR VALUATION					
At 1 April 2003	33,000	200,372	3,509	2,453	239,334
Additions	–	14,834	697	230	15,761
Disposal of subsidiaries	(33,000)	(167,384)	(4,206)	(1,982)	(206,572)
Disposals/write-off	–	(34,799)	–	(463)	(35,262)
At 31 March 2004	–	13,023	–	238	13,261
DEPRECIATION AND AMORTISATION					
At 1 April 2003	–	154,353	3,012	290	157,655
Provided for the year	497	5,530	219	–	6,246
Eliminated on disposal of subsidiaries	(497)	(121,134)	(3,231)	–	(124,862)
Eliminated on disposals/write-off	–	(28,520)	–	(290)	(28,810)
At 31 March 2004	–	10,229	–	–	10,229
NET BOOK VALUES					
At 31 March 2004	–	2,794	–	238	3,032
At 31 March 2003	33,000	46,019	497	2,163	81,679



NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's leasehold land and buildings were situated in Hong Kong and were held on medium-term leases.

The net book value of property, plant and equipment of the Group included an amount of nil (2003: HK\$278,000) in respect of furniture, fixtures and equipment held under finance leases.

15. INVESTMENTS IN SUBSIDIARIES

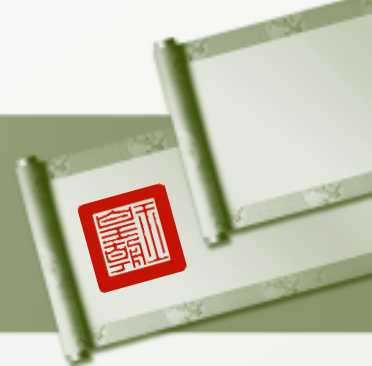
	THE COMPANY	
	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost	—	—

At 31 March 2004, the particulars of the principal subsidiaries of the Company are as follows:

Name of subsidiary	Place of incorporation/ operations	Nominal value of issued share capital	Percentage of issued share capital attributable to the Group	Principal activities
Best Spread Limited	Hong Kong	HK\$2	100%	Operation of a restaurant
Jade Dynasty Multi-Media Limited	Samoa	US\$1	100% *	Investment holding
Pacific Glory Holdings Limited	British Virgin Islands	US\$1	100%	Investment holding
Precise Acme Limited	British Virgin Islands	US\$1	100% *	Investment holding
Rich Delight Limited	Hong Kong	HK\$2	100%	Operation of a restaurant
Scorewell Investments Limited	British Virgin Islands	US\$1	100% *	Investment holding
Wide Creation Limited	Hong Kong	HK\$2	100%	Publication of comics books
Suishaya Japanese Restaurant (Kowloon) Limited	Hong Kong	HK\$2	100%	Operation of a restaurant

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

* Other than these subsidiaries which are directly held by the Company, all subsidiaries are indirectly held by the Company.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

16. INTANGIBLE ASSET

	<i>HK\$'000</i>
THE GROUP	
COST	
At 1 April 2003	200
Additions	100
At 31 March 2004	300
AMORTISATION	
Charge for the year and at 31 March 2004	100
NET BOOK VALUES	
At 31 March 2004	200
At 31 March 2003	200

The intangible asset represents an exclusive right to use the name of Mr. Wong Yuk Man, Raymond, an independent third party, in the operation of a restaurant. The cost will be amortised over three years.

17. INTEREST IN AN ASSOCIATE

	THE GROUP	
	2004	2003
	HK\$'000	<i>HK\$'000</i>
Share of net liabilities	-	(1,217)
Amount due from an associate	-	1,217
	-	-

Amount due from an associate was unsecured, non-interest bearing and were not repayable within next twelve months.



NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)

18. AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2004 HK\$'000	2003 HK\$'000
Amounts due from subsidiaries	359,622	357,471
Less: Allowance	(356,633)	(356,632)
	2,989	839

19. TRADE DEBTORS

The Group does not define a fixed credit policy as its major trade debtors arise from credit card sales.

The following is an aged analysis of trade debtors at the balance sheet date:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
0 – 30 days	790	908
31 – 60 days	538	117
	1,328	1,025

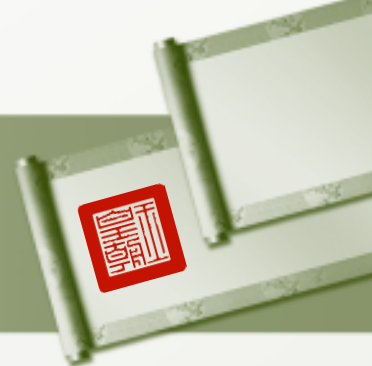
20. TRADE CREDITORS

The following is an aged analysis of trade creditors at the balance sheet date:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
0 – 30 days	892	5,023
31 – 60 days	448	4,640
61 – 90 days	–	717
	1,340	10,380

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



21. AMOUNT DUE TO A RELATED COMPANY

THE GROUP AND THE COMPANY

The related company is a company in which the deemed substantial shareholder of the Company, Mr. Wong Chun Loong ("Mr. Wong"), has a beneficial interest.

The amount is unsecured, interest free and is repayable on demand.

22. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Amounts payable under finance leases:				
Within one year	-	85	-	71
In the second to fifth year inclusive	-	206	-	191
	-	291	-	262
Less: Future finance charges	-	(29)	-	N/A
Present value of lease obligations	-	262	-	262
Less: Amount due within one year shown under current liabilities			-	(71)
Amount due after one year			-	191

It was the Group's policy to lease certain of its furniture, fixtures and equipment under finance leases. The average lease term is 5 years. For the year ended 31 March 2003, the average effective borrowing rate was 6.26%. Interest rates were fixed at the contract date. All leases were on a fixed repayment basis and no arrangements had been entered into for contingent rental payments.

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets.

The Company had no lease obligations at 31 March 2004 or 31 March 2003.



NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)

23. BANK BORROWINGS (SECURED)

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Bank borrowings (secured) comprise:		
Bank loans	–	50,744
Bank overdrafts	–	5,702
Total	–	56,446
Less: Amount due within one year shown under current liabilities	–	(46,015)
Amount due after one year	–	10,431
The maturity of the above bank borrowings is as follows:		
Within one year or upon demand	–	46,015
More than one year but not exceeding two years	–	4,109
More than two years but not exceeding five years	–	6,322
	–	56,446

24. OTHER LOAN

THE GROUP

The balance in current year is secured, bears interest at the best lending rate per annum and is repayable on demand. Subsequent to the year end, the balance was fully repaid.

The balance in last year was secured, borne interest at one percent per annum and was repayable within one year.

25. LOAN FROM A RELATED COMPANY

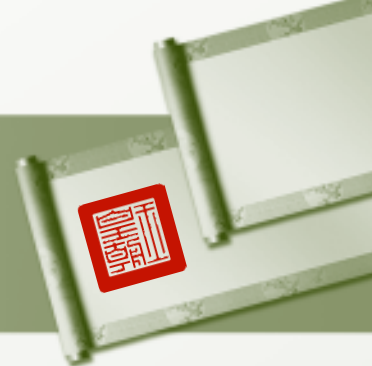
THE GROUP AND THE COMPANY

The related company is a company in which the deemed substantial shareholder of the Company, Mr. Wong, has a beneficial interest.

The loan was guaranteed by Mr. Wong, borne interest at the best lending rate plus 1.5% per annum and was repayable on 16 December 2003. The amount was fully repaid during the year.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



26. SHARE CAPITAL

	Notes	Par value of ordinary share HK\$	Number of ordinary shares	Amount HK\$'000
Authorised:				
At 1 April 2002		0.01 each	50,000,000,000	500,000
Share subdivision	(1)		200,000,000,000	–
At 31 March 2003 and 31 March 2004		0.002 each	250,000,000,000	500,000
Issued and fully paid:				
At 1 April 2002		0.01 each	59,524,520	595
Issue of shares	(2)	0.01 each	11,900,000	119
		0.01 each	71,424,520	714
Share subdivision	(1)		285,698,080	–
At 31 March 2003		0.002 each	357,122,600	714
Issue of shares	(3)	0.002 each	61,500,000	123
Issue of rights shares	(4)	0.002 each	139,540,866	279
Issue of shares as consideration for the rights issue expenses	(4)	0.002 each	1,500,000	3
At 31 March 2004		0.002 each	559,663,466	1,119

Notes:

- (1) Pursuant to an ordinary resolution passed at a special general meeting of the Company held on 7 October 2002 (the "SGM"), every then issued and unissued ordinary shares of HK\$0.01 each on 7 October 2002 was subdivided into 5 shares of HK\$0.002 each.
- (2) On 20 March 2002, the Company entered into conditional subscription agreements with two independent investors pursuant to which Mr. Kong Ho Pak and Ms. Mo Yuk Ping subscribed for 6,000,000 and 5,900,000 new shares of HK\$0.01 each in the Company at a price of HK\$0.8 per share respectively. These new shares rank pari passu with the existing shares in all respects. The subscription was completed on 8 April 2002.
- (3) On 24 October 2003, the Company entered into a subscription agreement with an independent investor, Mr. Kei Kin Hung for subscription of 61,500,000 new shares of HK\$0.002 each in the Company at a price of HK\$0.31 per share. The new shares rank pari passu with the existing shares in all respects. The subscription was completed on 6 November 2003.
- (4) On 15 January 2004, 139,540,866 new shares of HK\$0.002 each were issued by way of a rights issue on the basis of one rights share for every three existing shares then held at an issue price of HK\$0.33 per share ("Rights Issue") and 1,500,000 new shares of HK\$0.002 each at an issue price of HK\$0.33 per share were issued in settlement of the advisory fee payable to Oriental Patron Asia Limited in consideration of its service as one of the joint financial advisors to the Company in connection with the Rights Issue. These new shares rank pari passu with the existing shares in all respects.



NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)

27. RESERVES

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY				
At 1 April 2002	167,079	51,286	(226,289)	(7,924)
Issue of shares	9,401	–	–	9,401
Net loss for the year	–	–	(6,698)	(6,698)
At 31 March 2003	176,480	51,286	(232,987)	(5,221)
Issue of shares	65,203	–	–	65,203
Share issue expenses	(2,356)	–	–	(2,356)
Net loss for the year	–	–	(3,919)	(3,919)
At 31 March 2004	239,327	51,286	(236,906)	53,707

The special reserve of the Group represents the difference between the nominal amount of the shares of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the shares issued for the acquisition.

The contributed surplus of the Company represents the difference between the underlying consolidated net assets of Global Food Culture Group Limited and its subsidiaries and the nominal value of the Company's shares which were issued under a group reorganisation in 1997.

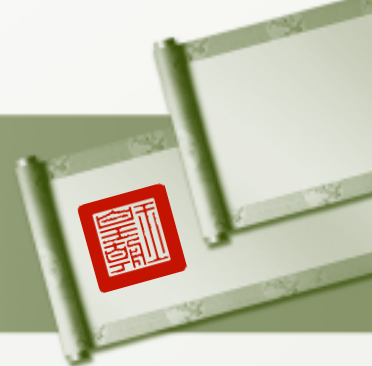
In addition to accumulated profits, under the company law in Bermuda, the contributed surplus account of a company is also available for distribution to its shareholders. However, the company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

At 31 March 2004 and 31 March 2003, the Company had no reserves available for distribution to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



28. DISPOSAL OF SUBSIDIARIES

On 20 November 2003, the Group disposed 100% equity interest of Global Mission Holdings Limited ("Global Mission"). Global Mission and its subsidiaries are principally engaged in operating restaurants. The net liabilities of Global Mission at the date of disposal were as follows:

	2004 HK\$'000
Net liabilities disposed of:	
Property, plant and equipment	(81,710)
Inventories	(6,232)
Trade debtors	(1,860)
Other debtors	(1,189)
Deposits and prepayments	(16,481)
Pledged bank deposits	(1,025)
Bank balances and cash	(1,208)
Trade creditors	12,145
Other creditors and accrued charges	13,548
Other loan	72,400
Taxation payable	294
Obligations under finance leases	215
Bank overdraft	9,250
Bank borrowings	13,930
Minority interest	13,946
	26,023
Gain on disposal	(26,023)
Total consideration	-
Satisfied by:	
Cash	-
Net cash inflow arising on disposal:	
Bank balances and cash disposed of	(1,208)
Bank overdraft disposed of	9,250
	8,042

The subsidiaries disposed of during the year contributed to approximately HK\$154,321,000 (2003: HK\$228,015,000) to the Group's turnover and approximately loss of HK\$2,408,000 (2003: HK\$18,754,000) to the Group's profit (loss) from operations.



NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)

29. MINORITY INTERESTS

THE GROUP

In prior year, investments in certain subsidiaries were in the form of equity and loans from the Group and minority shareholders in accordance with respective percentages of equity shareholding in these subsidiaries. Investments in the form of loans were comparatively more significant than those in the form of equity, and the entire amounts were treated as quasi-capital. Under these circumstances, losses incurred by these subsidiaries were shared by the minority shareholders to the extent that the losses did not exceed the aggregate of their equity and loan investments.

30. DEFERRED TAXATION

At the balance sheet date, the Group has estimated unused tax losses of approximately HK\$17,647,000 (2003: HK\$176,200,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. All losses may be carried forward indefinitely.

31. PLEDGE OF ASSETS

At 31 March 2003, the Group's leasehold land and buildings of approximately HK\$33,000,000 and bank deposits of approximately HK\$3,319,000 had been pledged to banks to secure general credit facilities granted to the Company and its subsidiaries.

32. CAPITAL COMMITMENTS

At 31 March 2004, the Group had commitments for the acquisition of property, plant and equipment which were contracted for but not provided in the financial statements amounted to nil (2003: HK\$194,000).

At 31 March 2004, the Company had no capital commitments.

33. OPERATING LEASES

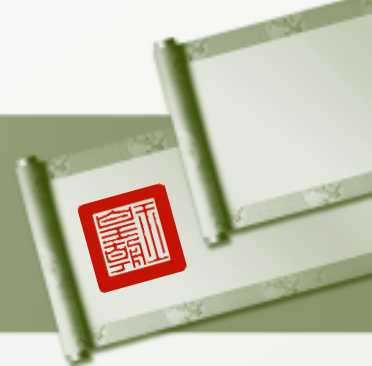
The Group and the Company as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP		THE COMPANY	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Within one year	708	25,623	–	492
In the second to fifth year inclusive	–	22,818	–	–
Over five years	–	760	–	–
	708	49,201	–	492

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



33. OPERATING LEASES (CONTINUED)

The Group and the Company as lessee (Continued)

Operating lease payments represent rentals payable by the Group and the Company for certain of their office and restaurants properties. Leases are negotiated for an average term of one to two years. In prior year, leases are negotiated for an average term of three years and rentals are either fixed or determined based on 8% to 10% of turnover.

The Group as lessor

Property rental income earned during the year was approximately HK\$393,000 (2003: HK\$554,000). In prior year, the leasehold land and building held for rental purpose with a carrying value of HK\$8,000,000 was expected to generate rental yields of 8% on an ongoing basis and had committed a tenant for the next three years.

At the balance sheet date, the Group had contracted with a tenant for the following future minimum lease payments:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Within one year	–	660
In the second to fifth year inclusive	–	715
	–	1,375

34. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to an ordinary resolution passed at the SGM for the primary purpose of providing incentives to directors and eligible employees. The Scheme will expire on 6 October 2012. Under the Scheme, the board of directors of the Company may, at its discretion, grant options to eligible employees, including executive directors, suppliers, customers, advisers or consultants and joint venture partners or business alliances of the Company or any of its subsidiaries to subscribe for shares in the Company.

At 31 March 2004, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 12,799,998 (2003: 12,799,998), representing 2.29% (2003: 2.69%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholder or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.



NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)

34. SHARE OPTION SCHEME (CONTINUED)

Options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 per option. Options may be exercised from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the directors of the Company and will not less than the highest of the closing price of the shares on the Stock Exchange on the date of grant, the average closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the options or the nominal value of the shares.

The following table discloses details of the Company's share option held by the Company's directors and the Group's consultants and movements in such holdings during the year.

	Date of grant	Exercisable period	Exercise price (Note)	Granted during the year ended 31 March 2003 and outstanding at 31 March 2003 and 31 March 2004 (Note)
Directors	27 March 2003	28 March 2003 to 27 March 2006	HK\$0.267	9,599,998
Consultants	27 March 2003	28 March 2003 to 27 March 2006	HK\$0.267	3,200,000
				12,799,998

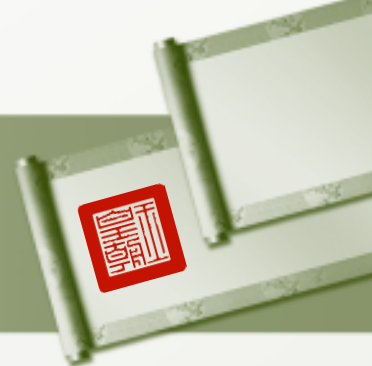
Note: The exercise price and number of outstanding share options have been adjusted for the Rights Issue on 15 January 2004.

Total consideration received during last year from directors for taking up the options granted amounted to HK\$4.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



35. RELATED PARTY TRANSACTIONS

During the year, the Group had the following significant transactions with related parties:

- (a) During the year, amounts totalling HK\$2,000,000 (2003: HK\$5,000,000) were advanced by Jade Dynasty Publications Limited ("JDP"), a company in which Mr. Wong has a beneficial interest. The loan is guaranteed by Mr. Wong, bears interest at the best lending rate plus 1.5% per annum and is repayable on 16 December 2005. During the year, the principal amount of HK\$7,000,000 together with the interest of HK\$238,541 (2003: HK\$48,000) were repaid to JDP.
- (b) In prior year, amounts totalling HK\$74,349,000 were repaid to Forever Rich Profits Limited ("Forever Rich"), a former substantial shareholder of the Company. The loan was unsecured, bore interest at the best lending rate plus one percent per annum and had no fixed repayment term. During the prior year, an accrued interest of approximately HK\$1,082,000 was provided and paid on the advances from Forever Rich.
- (c) The Group also had the following transactions with companies in which a former deemed substantial shareholder had beneficial interests:

Contracting party	Nature of transaction	Terms	Amount for	Amount for
			the year ended 31 March 2004 HK\$'000	the year ended 31 March 2003 HK\$'000
China-V (HK) Ltd (notes 1 and 5)	Purchase of food products	N/A	–	201
A-Hing Limited (notes 2 and 5)	Operating lease rental paid	Commenced from 2 June 2000 at a monthly market rental of HK\$14,000 (inclusive of rates)	–	42
Emperor Investment (Management) Limited ("EIML") (notes 2 and 5)	Professional fee and advertising agency commission paid	N/A	–	130
Emperor Entertainment Limited (notes 3 and 5)	Promotion fee paid	N/A	–	80
Strong Time Investments Limited (notes 4 and 5)	Operating lease rental paid	Commenced from 6 April 2003 at a monthly market rental of HK\$41,000 (exclusive of rates)	–	297



NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) (Continued)

Notes:

1. China-V (HK) Limited is indirect wholly-owned subsidiaries of Emperor Technology Venture Limited ("ETV"), a listed company of which Mr. Albert Yeung was deemed to be a substantial shareholder.
2. A-Hing Limited and EIML are indirect wholly-owned subsidiaries of Emperor International, a listed company of which Mr. Albert Yeung was deemed to be a substantial shareholder.
3. Emperor Entertainment Limited is an indirect wholly-owned subsidiary of Emperor Entertainment Group Limited, a company listed on GEM Board of the Stock Exchange of which Mr. Albert Yeung was deemed to be a substantial shareholder.
4. Strong Time Investments Limited is indirectly controlled by the spouse of Mr. Albert Yeung.
5. Mr. Albert Yeung ceased to be a deemed substantial shareholder of the Company upon the completion of the sale of shares from Forever Rich to Super Empire Investments Limited on 2 July 2002.

36. POST BALANCE SHEET EVENTS

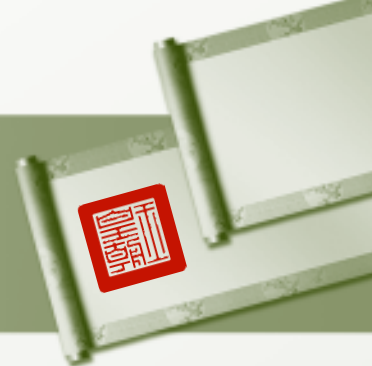
On 26 February 2004, the Company has entered into two conditional sale and purchase agreements with Mr. Wong and other independent investors ("Strategic Investors") respectively for the acquisition of total of 510,000 shares of Jade Dynasty Holdings Limited ("JDH"), representing 51.0% of the total issued share capital of JDH. JDH and its subsidiaries (the "JDH Group") are principally engaged in the business of publishing and distributing comic publications as well as the sales of derivative products related to its comic titles mainly in Hong Kong and Taiwan. The JDH Group also licenses the distribution rights of its comic titles in overseas markets such as Taiwan, South Korea, Southeast Asian Countries (Thailand, Indonesia, Malaysia) and Europe. Making use of the core strength in producing comic work, the JDH Group has already been implementing its plans to explore the comic book market and related animation movie market in the People's Republic of China.

Mr. Wong and the Strategic Investors respectively hold 633,967 shares and 299,805 shares of JDH, representing approximately 63.40% and 29.98% of the total issued share capital of JDH respectively.

Pursuant to the first agreement, Mr. Wong has agreed to sell, and the Company has agreed to purchase 210,195 shares of JDH, representing approximately 21.02% of JDH's total issued share capital, at a consideration of HK\$21,019,500 payable in cash.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 MARCH 2004)



36. POST BALANCE SHEET EVENTS (CONTINUED)

Pursuant to the second agreement, the Strategic Investors have agreed to sell, and the Company has agreed to purchase 299,805 shares of JDH in aggregate, representing approximately 29.98% of JDH's total issued share capital, at a consideration of HK\$29,980,500, which shall be satisfied by the issue and allotment of the 83,442,718 consideration shares and payment of the cash sum of HK\$2,444,400.

The first agreement and the second agreement were completed on 22 April 2004.

On 7 June 2004, the Group has placed 70,000,000 shares at HK\$0.31 per share to independent investors. The placement was completed on 21 June 2004.

On 29 June 2004, the Group entered into an Agreement, pursuant to which the Group has conditionally agreed to dispose of the Suishaya Japanese Restaurant operations for a cash consideration of HK\$5,000,000. The disposal was completed on 30 June 2004.