



Notes to the Accounts *(continued)*

For the year ended 31st March 2004

2 Turnover, revenues and segment information *(continued)*

An analysis of the Group's business segment for the year ended 31st March 2003 is set out as follows:

| | As restated Restaurant operations 2003 HK\$ | Property investment 2003 HK\$ | As restated Total 2003 HK\$ |
|-------------------------------------|--|--|--|
| Turnover | 33,099,238 | 4,500,000 | 37,599,238 |
| Segment results | 2,566,336 | 3,288,674 | 5,855,010 |
| Unallocated income | | | 1,090,541 |
| Unallocated costs | | | (2,539,912) |
| Operating profit | | | 4,405,639 |
| Finance costs | | | — |
| Profit before taxation | | | 4,405,639 |
| Taxation | | | 2,276,220 |
| Profit attributable to shareholders | | | <u>6,681,859</u> |
| Segment assets | 74,099,813 | 74,288,566 | 148,388,379 |
| Unallocated assets | | | 30,933,804 |
| Total assets | | | <u>179,322,183</u> |
| Segment liabilities | (5,889,887) | (1,554,000) | (7,443,887) |
| Unallocated liabilities | | | (1,258,254) |
| Total liabilities | | | <u>(8,702,141)</u> |
| Depreciation | | | |
| – segment | 1,981,776 | — | 1,981,776 |
| – unallocated | | | 239,523 |
| | | | <u>2,221,299</u> |

All of the Group's turnover, assets and liabilities are derived from operations carried out in Hong Kong and no geographical segment information is presented in the accounts.



Notes to the Accounts *(continued)*

For the year ended 31st March 2004

3 Operating profit

Operating profit is stated after crediting and charging the following:

| | 2004 | As restated |
|--|-------------|--------------------|
| | <i>HK\$</i> | 2003 |
| | | <i>HK\$</i> |
| Crediting | | |
| Gain on dissolution of subsidiaries | – | 529,522 |
| Surplus on revaluation of other properties | 21,950 | – |
| Charging | | |
| Amortisation of goodwill | 83,648 | – |
| Deficit on revaluation of other properties | – | 75,850 |
| Depreciation of fixed assets | 1,957,915 | 2,221,299 |
| Staff costs (excluding directors' emoluments) | | |
| – Wages and salaries | 9,105,827 | 7,731,119 |
| – Provision for long service payments | 867,072 | 1,000,832 |
| Operating lease rentals in respect of land and buildings | 1,300,165 | 489,985 |
| Auditors' remuneration | 340,000 | 300,000 |
| Loss on write off of other fixed assets | – | 2,019,902 |
| | <u>–</u> | <u>2,019,902</u> |

4 Finance costs

| | 2004 | 2003 |
|-----------------------------------|---------------|-------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Interest on short-term bank loans | <u>23,671</u> | <u>–</u> |

5 Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group has sufficient taxation losses brought forward to offset against the estimated assessable profit for the year (2003: Nil).

The amount of taxation (charged)/credited to the consolidated profit and loss account represents:

| | 2004 | As restated |
|---|--------------------|--------------------|
| | <i>HK\$</i> | 2003 |
| | | <i>HK\$</i> |
| Deferred taxation relating to the origination and reversal of temporary differences | <u>(2,550,459)</u> | <u>2,276,220</u> |



Notes to the Accounts *(continued)*

For the year ended 31st March 2004

5 Taxation *(continued)*

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong, the home country of the Company, as follows:

| | 2004 <i>HK\$</i> | 2003 <i>HK\$</i> |
|--|----------------------------|----------------------------|
| Profit before taxation | <u>14,496,376</u> | <u>4,405,639</u> |
| Calculated at a taxation rate of 17.5% (2003: 16%) | (2,536,866) | (704,902) |
| Effect of change in Hong Kong profits tax rate | – | 1,971,994 |
| Income not subject to taxation | 2,363,974 | 1,060,406 |
| Expenses not deductible for taxation purposes | <u>(2,377,567)</u> | <u>(51,278)</u> |
| Taxation (charge)/credit | <u>(2,550,459)</u> | <u>2,276,220</u> |

6 Profit attributable to shareholders

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$9,781,846 (2003: HK\$7,476,105, as restated).

7 Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$11,945,917 (2003: HK\$6,681,859, as restated) and the weighted average of 1,095,884,000 (2003: 1,095,884,000) ordinary shares in issue during the year.

No diluted earnings per share is disclosed as the exercise of the Company's share options would not have a dilutive effect on the earnings per share.

8 Directors' and senior management's emoluments

(a) Directors' emoluments

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

| | 2004 <i>HK\$</i> | 2003 <i>HK\$</i> |
|--|----------------------------|----------------------------|
| Fees | 192,000 | 192,000 |
| Other emoluments: | | |
| Basic salaries, housing allowances, other allowances and benefits in kind | <u>2,154,435</u> | <u>1,906,500</u> |
| | <u>2,346,435</u> | <u>2,098,500</u> |

No directors waived their emoluments in respect of the year ended 31st March 2004 (2003: HK\$Nil). Directors' fees disclosed above represented fees paid to independent non-executive directors.



Notes to the Accounts *(continued)*

For the year ended 31st March 2004

8 Directors' and senior management's emoluments *(continued)*

(a) Directors' emoluments *(continued)*

During the year, no share options were granted to and exercised by directors. Details of the options are set out under the heading "Share options" in the Directors' Report.

The emoluments of the directors fell within the following bands:

| Emolument bands | Number of directors | |
|-------------------------------|---------------------|----------|
| | 2004 | 2003 |
| HK\$Nil – HK\$1,000,000 | 6 | 6 |
| HK\$1,000,001 – HK\$1,500,000 | <u>1</u> | <u>1</u> |

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two director (2003: one director). The emoluments payable to the five highest paid individuals during the year are as follows:

| | 2004 HK\$ | 2003 HK\$ |
|---|------------------|------------------|
| Basic salaries, housing allowances, other allowances and benefits in kind | <u>3,224,859</u> | <u>3,279,375</u> |

The emoluments fell within the following bands:

| Emolument bands | Number of individuals | |
|-------------------------------|-----------------------|----------|
| | 2004 | 2003 |
| HK\$Nil – HK\$1,000,000 | 4 | 4 |
| HK\$1,000,001 – HK\$1,500,000 | <u>1</u> | <u>1</u> |

9 Goodwill

| | 2004 HK\$ |
|--|-------------------|
| Cost | 20,075,566 |
| Accumulated amortisation | <u>(83,648)</u> |
| Net book value | <u>19,991,918</u> |
| At beginning of the year | – |
| Acquisition of the wedding services business | 20,075,566 |
| Amortisation | <u>(83,648)</u> |
| At end of year | <u>19,991,918</u> |



Notes to the Accounts *(continued)*

For the year ended 31st March 2004

10 Fixed assets

| | Group | | | | | | |
|---|---|---|--|-------------------------|---|----------------------------------|----------------------|
| | Investment properties <i>HK\$</i> | Leasehold land and buildings <i>HK\$</i> | Leasehold improvements <i>HK\$</i> | Wardrobe <i>HK\$</i> | Furniture, fixtures and equipment <i>HK\$</i> | Motor vehicles <i>HK\$</i> | Total <i>HK\$</i> |
| Cost or valuation | | | | | | | |
| At 1st April 2003 | 74,000,000 | 71,900,000 | – | – | 941,811 | – | 146,841,811 |
| Surplus on revaluation | 10,000,000 | 14,000,000 | – | – | – | – | 24,000,000 |
| Acquisition of wedding services business | – | – | 2,546,283 | 1,137,797 | 1,335,246 | 41,656 | 5,060,982 |
| Additions | – | – | 83,000 | – | 476,834 | – | 559,834 |
| At 31st March 2004 | <u>84,000,000</u> | <u>85,900,000</u> | <u>2,629,283</u> | <u>1,137,797</u> | <u>2,753,891</u> | <u>41,656</u> | <u>176,462,627</u> |
| Accumulated depreciation | | | | | | | |
| At 1st April 2003 | – | – | – | – | 507,411 | – | 507,411 |
| Charge for the year | – | 1,472,450 | 145,806 | – | 336,108 | 3,551 | 1,957,915 |
| Surplus on revaluation | – | (1,472,450) | – | – | – | – | (1,472,450) |
| At 31st March 2004 | <u>–</u> | <u>–</u> | <u>145,806</u> | <u>–</u> | <u>843,519</u> | <u>3,551</u> | <u>992,876</u> |
| Net book value | | | | | | | |
| At 31st March 2004 | <u>84,000,000</u> | <u>85,900,000</u> | <u>2,483,477</u> | <u>1,137,797</u> | <u>1,910,372</u> | <u>38,105</u> | <u>175,469,751</u> |
| At 31st March 2003 | <u>74,000,000</u> | <u>71,900,000</u> | <u>–</u> | <u>–</u> | <u>434,400</u> | <u>–</u> | <u>146,334,400</u> |



Notes to the Accounts *(continued)*

For the year ended 31st March 2004

10 Fixed assets *(continued)*

The analysis of the cost or valuation at 31st March 2004 of the above assets is as follows:

| | Group | | | | | | |
|-----------------------------------|---|---|--|-------------------------|---|----------------------------------|----------------------|
| | Investment properties <i>HK\$</i> | Leasehold land and buildings <i>HK\$</i> | Leasehold improvements <i>HK\$</i> | Wardrobe <i>HK\$</i> | Furniture, fixtures and equipment <i>HK\$</i> | Motor vehicles <i>HK\$</i> | Total <i>HK\$</i> |
| At cost | – | – | 2,629,283 | 1,137,797 | 2,753,891 | 41,656 | 6,562,627 |
| At 2004 professional valuation | 84,000,000 | 85,900,000 | – | – | – | – | 169,900,000 |
| | <u>84,000,000</u> | <u>85,900,000</u> | <u>2,629,283</u> | <u>1,137,797</u> | <u>2,753,891</u> | <u>41,656</u> | <u>176,462,627</u> |

The analysis of the cost or valuation at 31st March 2003 of the above assets is as follows:

| | | | | | | | |
|-----------------------------------|-------------------|-------------------|----------|----------|----------------|----------|--------------------|
| At cost | – | – | – | – | 941,811 | – | 941,811 |
| At 2003 professional valuation | 74,000,000 | 71,900,000 | – | – | – | – | 145,900,000 |
| | <u>74,000,000</u> | <u>71,900,000</u> | <u>–</u> | <u>–</u> | <u>941,811</u> | <u>–</u> | <u>146,841,811</u> |

The Group's investment properties and leasehold land and buildings which are all located in Hong Kong, are analysed at their net book values as follows:

| | Group | |
|----------------------------------|---------------------|---------------------|
| | 2004 <i>HK\$</i> | 2003 <i>HK\$</i> |
| Leases of over 50 years | 138,000,000 | 120,000,000 |
| Leases of between 10 to 50 years | 31,900,000 | 25,900,000 |
| | <u>169,900,000</u> | <u>145,900,000</u> |

All properties were revalued at 31st March 2004 on the open market value basis by Vigers Hong Kong Ltd., an independent firm of professional valuers. Revaluation surplus of HK\$10,000,000 was credited to investment properties revaluation reserve and HK\$15,874,886 was credited to other properties revaluation reserve, net of applicable deferred income taxes, while a revaluation surplus of HK\$21,950 was credited to the consolidated profit and loss account.

The carrying amount of leasehold land and buildings of the Group would have been HK\$21,531,275 (2003: HK\$22,254,195) had they been stated at cost less accumulated depreciation.

At 31st March 2004, the net book value of investment properties and leasehold land and buildings pledged as security for the Group's banking facilities amounted to HK\$138,000,000 (2003: HK\$120,000,000).



Notes to the Accounts *(continued)*

For the year ended 31st March 2004

11 Investments in subsidiaries

| | Company | |
|-------------------------------------|---------------|---------------|
| | 2004 HK\$ | 2003 HK\$ |
| Unlisted investments, at cost | 53,284,028 | 53,284,028 |
| Less: provision for impairment loss | (1,200,000) | (1,200,000) |
| | 52,084,028 | 52,084,028 |
| Amounts due from subsidiaries | 375,634,161 | 372,405,986 |
| Less: provision for doubtful debts | (274,943,958) | (285,920,080) |
| | 100,690,203 | 86,485,906 |
| Amounts due to subsidiaries | (7,295,488) | (7,295,488) |
| | 145,478,743 | 131,274,446 |

The amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The following is a list of the principal subsidiaries at 31st March 2004:

| Name | Place of incorporation | Principal activities and place of operation | Particulars of issued/ share capital | Percentage of equity interest held | |
|---|----------------------------|--|---|------------------------------------|------|
| | | | | 2004 | 2003 |
| <i>Held directly:</i> | | | | | |
| Athenian Investments Limited | The British Virgin Islands | Investment holding in Hong Kong | 1 ordinary share of US\$1 | 100 | 100 |
| Golden Island Bird's Nest Chiu Chau Restaurant (Star House) Limited | Hong Kong | Investment holding in Hong Kong | 100 ordinary shares of HK\$100 each and 240,000 deferred shares of HK\$100 each | 100 | 100 |
| Golden Island Catering Group Company Limited | Hong Kong | Restaurant operations and provision of wedding services in Hong Kong | 2 ordinary shares of HK\$1 each | 100 | 100 |
| Golden Island (Chine Pax) Limited | Hong Kong | Investment holding in Hong Kong | 2 ordinary shares of HK\$1 each | 100 | 100 |



Notes to the Accounts *(continued)*

For the year ended 31st March 2004

11 Investments in subsidiaries *(continued)*

| Name | Place of incorporation | Principal activities and place of operation | Particulars of issued/ share capital | Percentage of equity interest held | |
|---|----------------------------|--|---|------------------------------------|------|
| | | | | 2004 | 2003 |
| <i>Held directly: (continued)</i> | | | | | |
| Golden Island (Management) Limited | Hong Kong | Provision of management services to group companies in Hong Kong | 10,000 ordinary shares of HK\$1 each | 100 | 100 |
| Marlborough Gold Limited | The British Virgin Islands | Investment holding in Hong Kong | 1 ordinary share of US\$1 | 100 | 100 |
| <i>Held indirectly:</i> | | | | | |
| Golden Island Bird's Nest Chiu Chau Restaurant (Causeway Bay) Limited | Hong Kong | Property holding in Hong Kong | 12,000 ordinary shares of HK\$100 each | 100 | 100 |

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of 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.

12 Interest in an associated company

| | Group | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2004 HK\$ | 2003 HK\$ | 2004 HK\$ | 2003 HK\$ |
| Share of net assets other than goodwill | — | — | — | — |
| Amount due from an associated company (Note (b)) | 4,489,648 | 4,483,648 | 28,850 | 28,850 |
| Provision for doubtful debts | (4,489,648) | (4,483,648) | (28,850) | (28,850) |
| | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |



Notes to the Accounts *(continued)*

For the year ended 31st March 2004

12 Interest in an associated company *(continued)*

(a) The following is the details of the associated company at 31st March 2004:

| Name | Particulars of issued share capital | Place of incorporation | Interest held | | Principal activities and place of operation |
|------------------------------|--------------------------------------|----------------------------|---------------|------|---|
| | | | 2004 | 2003 | |
| <i>Held indirectly:</i> | | | | | |
| Goldpoint Investment Limited | 51,283 ordinary shares of US\$1 each | The British Virgin Islands | 50% | 50% | Investment holding in Hong Kong |

The associated company is not audited by PricewaterhouseCoopers.

(b) The amount due from an associated company is unsecured, interest free and has no fixed terms of repayment.

13 Investment in convertible note and legal dispute settlement

| | Group | |
|------------------------------|-----------------------------|-----------------------------|
| | 2004 HK\$ | 2003 HK\$ |
| Unlisted investment, at cost | 78,000,000 | 78,000,000 |
| Less: provision | (78,000,000) | (78,000,000) |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |

This represents a convertible note (“Note”) of Opal Technologies Inc. (“Opal”) for a principal amount of US\$10 million. Opal is engaged in the manufacturing, trading and distribution of organic fertilisers and its shares were traded on the NASDAQ Bulletin Board in the United States of America. The Note is unsecured, interest bearing at 4% per annum payable quarterly in arrears.

Pursuant to the agreement, the Note is convertible, in whole or in part, into fully paid shares of common stock of Opal (par value US\$0.001) at US\$0.20 per share (subject to adjustment) after 10th October 2000. The Group did not exercise the right to convert the Note into shares of Opal. The Note matured on 9th April 2003.

Trading of shares of Opal on NASDAQ Bulletin Board has been suspended since 23rd May 2001 due to its failure to file audited accounts for the year ended 31st December 2000 and subsequent financial years with the Securities and Exchange Commission of the United States of America. The directors made an assessment of the recoverability of the Note and full provision on the Note was made in 2001.

Legal action has been taken by the Group against Opal in 2002. The court adjudged that Opal had to pay the Group a sum of US\$10,300,000 representing the principal of and interest accrued on the Note up to 7th January 2002 (the “Judgement Debts”).