1. CORPORATE INFORMATION

During the year, the Group was principally engaged in investment holding, the manufacture, trading and distribution of garments, property investment and development, and the operation of restaurant and food business.

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

The following revised SSAP and Interpretation are effective for the first time for the current year's financial statements and have had a significant impact thereon:

- SSAP 12 (Revised): "Income taxes"
- Interpretation 20: "Income taxes – Recovery of revalued non-depreciable assets"

This SSAP and Interpretation prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of adopting this SSAP and Interpretation, are summarised as follows:

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 principal impact of the revision of this SSAP on these financial statements is described below:

Measurement and recognition:

- deferred tax assets and liabilities relating to the differences between capital allowances for tax purposes and depreciation for financial reporting purposes and other taxable and deductible temporary differences are generally fully provided for, whereas previously the deferred tax was recognised for timing differences only to the extent that it was probable that the deferred tax asset or liability would crystallise in the foreseeable future;
- a deferred tax liability has been recognised on the revaluation of the Group's land and buildings in Hong Kong and investment properties in Mainland China; and
- a deferred tax liability has been recognised for withholding taxes on the unremitted retained profits of an overseas subsidiary.

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

Disclosures:

- deferred tax assets and liabilities are presented separately on the balance sheet, whereas previously they were presented on a net basis; and
- the related note disclosures are now more extensive than previously required. These disclosures are presented in notes 10 and 28 to the financial statements and include a reconciliation between the accounting profit and the tax expense for the year.

Further details of these changes and the prior year adjustments arising from them are included in the accounting policy for deferred tax in note 3 and in note 28 to the financial statements.

Interpretation 20 requires that a deferred tax asset or liability that arises from the revaluation of certain non-depreciable assets and investment properties is measured based on the tax consequences that would follow from the recovery of the carrying amount of that asset through sale. This policy has been applied by the Group in respect of the revaluation of its investment properties in the deferred tax calculated under SSAP 12.

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 the Group's investment properties, certain fixed assets and equity investments, as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and, save for the subsidiaries detailed in note 18, all of 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Unconsolidated subsidiaries

Interests in unconsolidated subsidiaries are stated at their carrying values at the date of deconsolidation less any impairment losses.

Joint venture companies

Joint venture companies comprise companies operating, directly or indirectly, in Mainland China as independent business entities. The joint venture agreements between the venturers stipulate the operating, control rights and capital contributions of the joint venture parties, the duration of the joint venture and the basis on which assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distribution 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 agreements.

A joint venture company is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture company;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or

(d) a long term investment, if the Group holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates

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

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

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

Goodwill

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life. In the case of associates and jointly-controlled entities, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

Prior to the adoption of SSAP 30 "Business combinations" in 2001, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. On the adoption of SSAP 30, the Group applied the transitional provision of the SSAP that permitted such goodwill to remain eliminated against consolidated reserves. Goodwill on acquisitions subsequent to 1 April 2001 is treated according to the SSAP 30 goodwill accounting policy above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Negative goodwill

Negative goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

In the case of associates and jointly-controlled entities, any negative goodwill not yet recognised in the consolidated profit and loss account is included in the carrying amount thereof, rather than as a separately identified item on the consolidated balance sheet.

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of negative goodwill which has not been recognised in the consolidated profit and loss account and any relevant reserves as appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial assets

Other financial assets include investment securities, held-to-maturity securities and other investments.

Investment securities

Investment securities in listed and unlisted debt and equity securities, intended to be held for a continuing strategic or long term purpose, are stated at cost less any impairment losses, on an individual investment basis.

When a decline in the fair value of a security below its carrying amount has occurred, unless there is evidence that the decline is temporary, the carrying amount of the security is reduced to its fair value, as estimated by the directors. The amount of the impairment is charged to the profit and loss account for the period in which it arises. When the circumstances and events which led to the impairment in value cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amounts of the impairments previously charged is credited to the profit and loss account to the extent of the amount previously charged.

Held-to-maturity securities

Held-to-maturity securities are investments in dated debt securities which the Group has the expressed intention and ability to hold to maturity, and are stated at cost adjusted for the amortisation of premiums or discounts arising on acquisition, less any impairment losses which reflect their credit risk.

Other investments

Other investments, comprising those securities which are not classified as investment securities, are stated at their fair values at the balance sheet date on an individual investment basis.

The fair values of such listed securities are their quoted market prices at the balance sheet date whereas the fair values of such unlisted securities are estimated by the directors.

The gains or losses arising from changes in the fair values of such securities are credited or charged to the profit and loss account in the period in which they arise.

The profit or loss on disposal of investment securities and other investments is accounted for in the period in which the disposal occurs as the difference between the net sales proceeds and the carrying amount of the investments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

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

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/ amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets and depreciation

Fixed assets 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.

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	2.5% – 3%
Leasehold improvements	10% – 15%
Plant and machinery	10%
Furniture, fixtures and equipment	15% – 20%
Motor vehicles	20%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets and depreciation (continued)

Freehold land is not depreciated.

Assets held under finance leases are depreciated over the shorter of the finance lease terms and their estimated useful lives on the same basis as owned assets.

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. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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.

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.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value on an individual property basis. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Net realisable value is determined by reference to the prevailing market prices.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Export quotas

Temporary export quotas purchased are charged to the profit and loss account at the date when goods are shipped under that quota category or upon expiry.

Export quotas allocated by the authorities in the countries in which the Group operates are not capitalised as assets in the consolidated balance sheet.

Income arising from the sale of export quotas is credited to the profit and loss account in the year of disposal.

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 shorter of the lease terms and 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.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Lease 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.

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 cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from negative goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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 deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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.

On consolidation, the financial statements of overseas subsidiaries, jointly-controlled entities and associates are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries, jointly-controlled entities and associates are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange equalisation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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) from the sale of goods and quotas, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods and quotas sold;

(b) income from the restaurant and food businesses, at the point of sale to customers;

(c) income from the sale of completed properties, on the exchange of legally binding unconditional sales contracts;

(d) rental income, in the period in which the properties are let out and on the straight-line basis over the lease terms;

(e) interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable; and

(f) income from the provision of merchandising consultancy services, in the period in which such services are provided.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. 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 by the employees and carried forward.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

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 contingent liability is disclosed in respect of possible future long service payments to employees, as a number of current employees have achieved the required number of years of service to the Group, to the balance sheet date, in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated in the circumstances specified. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Retirement benefits schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for 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, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes (the "CP Schemes") operated by respective local municipal governments. These subsidiaries are required to contribute a certain percentage of their covered payroll to the CP Schemes to fund their benefits. The only obligation of the Group with respect to the CP Schemes is to pay the ongoing required contributions under the CP Schemes. Contributions under the CP Schemes are charged to the profit and loss account as they become payable in accordance with the rules of the CP Schemes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme 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 recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of 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 are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

4. SEGMENT INFORMATION

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

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

(a) the garment segment is engaged in the manufacture, trading and distribution of garment products;

(b) the restaurant and food segment is engaged in restaurant operation and the provision of food and beverage services;

(c) the property investment and development segment comprises the development and sale of properties and the leasing of commercial and residential premises; and

(d) the "others" segment comprises, principally, the supply of LPG gas to motor vehicles and other operations.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. SEGMENT INFORMATION (continued)

(a) Business segments

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

Group

	Garment		Restaurant and food		Property investment and development		Others		Eliminations		Consolidated	
	2004 HK$'000	2003 HK$'000	2004 HK$'000	2003 HK$'000	2004 HK$'000	2003 HK$'000 (Restated)	2004 HK$'000	2003 HK$'000	2004 HK$'000	2003 HK$'000	2004 HK$'000	2003 HK$'000 (Restated)
Segment revenue:												
Sales to external customers	330,335	336,598	235,058	223,549	37,985	36,689	4,594	431	–	–	607,972	597,267
Inter-segment sales	–	–	977	401	5,982	6,683	–	–	(6,959)	(7,084)	–	–
Other revenue	3,200	14,453	1,106	3,577	38,354	38,301	264	2,528	–	–	42,924	58,859
Total	333,535	351,051	237,141	227,527	82,321	81,673	4,858	2,959	(6,959)	(7,084)	650,896	656,126
Segment results	18,625	26,855	19,081	13,354	22,679	21,704	(859)	(3,289)	–	–	59,526	58,624
Unallocated corporate income											4,648	10,574
Unallocated corporate expenses											(17,876)	(19,011)
Profit from operating activities											46,298	50,187
Finance costs											(14,296)	(18,827)
Share of losses of:												
Jointly-controlled entity	–	–	–	(596)	–	–	–	–	–	–	–	(596)
Associates	–	–	–	–	(40)	–	(318)	–	–	–	(358)	–
Profit before tax											31,644	30,764
Tax											(8,067)	(5,508)
Profit before minority interests											23,577	25,256
Minority interests											(271)	(1,158)
Net profit from ordinary activities attributable to shareholders											23,306	24,098

4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Garment		Restaurant and food		Property investment and development		Others		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000	HK$'000	HK$'000 (Restated)
Segment assets	122,816	116,502	82,710	77,373	983,963	943,915	15,048	12,455	1,204,537	1,150,245
Interests in associates	2,435	2,429	8	6	17,160	–	421	744	20,024	3,179
Unallocated assets									131,668	198,512
Total assets									1,356,229	1,351,936
Segment liabilities	51,430	53,014	32,302	31,307	43,004	55,138	3,583	4,014	130,319	143,473
Unallocated liabilities									451,340	452,221
Total liabilities									581,659	595,694
Other segment information:										
Depreciation										
– segment	4,233	5,295	11,503	9,104	1,415	1,591	54	60	17,205	16,050
– unallocated									2,272	2,558
									19,477	18,608
Impairment losses recognised in the profit and loss account	–	–	–	1,178	–	–	–	5,683	–	6,861
Capital expenditure										
– segment	6,172	5,453	5,193	4,995	56,150	4,562	574	–	68,089	15,010
– unallocated									50	3,693
									68,139	18,703
Other non-cash expenses										
– segment	410	*(1,114)	953	1,200	22,090	5,475	222	2,573	23,675	8,134
– unallocated									408	2,067
									24,083	10,201

* Inclusive of write back of provision against trade debtors and inventories amounting to HK$838,000 and HK$422,000, respectively.

4. SEGMENT INFORMATION (continued)

(b) Geographical segments

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

Group

	America		South Africa		Hong Kong		Mainland China		Others		Consolidated	
	2004 HK$'000	2003 HK$'000	2004 HK$'000	2003 HK$'000	2004 HK$'000	2003 HK$'000	2004 HK$'000	2003 HK$'000 (Restated)	2004 HK$'000	2003 HK$'000	2004 HK$'000	2003 HK$'000 (Restated)
Segment revenue:												
Sales to external customers	106,632	134,551	170,793	155,802	61,346	73,917	245,902	204,804	23,299	28,193	607,972	597,267
Other geographical information:												
Segment assets	32,037	27,162	63,302	59,498	95,492	78,525	1,013,706	985,060	–	–	1,204,537	1,150,245
Capital expenditure:												
– segment	3,876	4,275	1,597	160	702	1,623	61,914	8,952	–	–	68,089	15,010
– unallocated											50	3,693
											68,139	18,703

5. TURNOVER AND REVENUE

Turnover represents the aggregate of the net invoiced value of goods sold, after allowances for goods returned and trade discounts, the rendering of services, proceeds from the sale of properties and gross rental income received and receivable.

Revenue from the following activities has been included in turnover:

	Group	
	2004 HK$'000	2003 HK$'000
Sale of goods	334,929	337,029
Income from the restaurant and food business	235,058	223,549
Gross rental income	28,800	22,345
Proceeds from the sale of properties	9,185	14,344
Turnover	607,972	597,267

6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	Group	
	2004	2003
	HK$'000	HK$'000
		(Restated)
Cost of inventories sold and services provided	**438,797**	445,047
Auditors' remuneration	**1,607**	2,228
Depreciation	**19,477**	18,608
Quota expenses	**863**	135
Rentals under operating leases for land and buildings	**17,234**	21,491
Staff costs (excluding directors' remuneration – note 8):#		
Wages and salaries	**80,322**	83,308
Staff retirement scheme contributions	**970**	1,434
Less: Forfeited unvested contributions	**–**	–
Net retirement scheme expense	**970**	1,434
	81,292	84,742

Inclusive of an amount of HK$67,712,000 (2003: HK$65,509,000) classified under cost of inventories sold and services provided.

6. PROFIT FROM OPERATING ACTIVITIES (continued)

	Group	
	2004	2003
	HK$'000	HK$'000
		(Restated)
Provisions for doubtful debts and other receivables	**23,952**	9,287
Impairment of interest in a jointly-controlled entity*	**–**	1,178
Impairments of interests in associates*	**–**	5,683
Unrealised holding loss of other investments	**–**	666
Deficit on revaluation of investment properties – note 15	**–**	4,650
and after crediting:		
Gain on disposal of fixed assets, net	**214**	1,178
Gain on disposal of subsidiaries	**–**	1,326
Surplus on revaluation of investment properties – note 15	**4,828**	–
Gain on disposal of other investments	**1,183**	–
Foreign exchange gains, net	**2,505**	2,265
Interest income from:		
Bank balances	**2,647**	4,438
Other receivables	**264**	786
	2,911	5,224
Gross rental income	**28,800**	22,345
Less: Outgoings	**(366)**	(381)
Net rental income	**28,434**	21,964
Negative goodwill recognised**	**31,143**	31,143
Quota income	**2,112**	2,347

* The impairments of interest in a jointly-controlled entity and interests in associates were included in "Other operating expenses" on the face of the consolidated profit and loss account.

** The movements in negative goodwill recognised in the consolidated profit and loss account for the year are included in "Other revenue" on the face of the consolidated profit and loss account.

7. FINANCE COSTS

	Group	
	2004	2003
	HK$'000	HK$'000
Interest in respect of:		
Bank loans, overdrafts and other loans wholly repayable within five years	**14,064**	18,444
Factoring arrangements	**27**	153
Finance leases	**205**	230
Total finance costs	**14,296**	18,827

8. DIRECTORS' REMUNERATION

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

	Group	
	2004	2003
	HK$'000	HK$'000
Fees:		
Independent non-executive directors	**200**	400
Non-executive directors	**100**	200
	300	600
Other emoluments to executive directors:		
Salaries, allowances and benefits in kind	**3,846**	3,384
Bonuses paid and payable	**2,379**	3,012
Pension scheme contributions	**154**	150
	6,379	6,546
	6,679	7,146

8. DIRECTORS' REMUNERATION (continued)

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

	Group	
	2004	2003
	Number of directors	Number of directors
Nil – HK$1,000,000	**4**	3
HK$1,000,001 – HK$1,500,000	**–**	1
HK$2,000,001 – HK$2,500,000	**1**	1
HK$2,500,001 – HK$3,000,000	**–**	1
HK$3,000,001 – HK$3,500,000	**1**	–
	6	6

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, no share options were granted to the directors in respect of their services rendered to the Group (2003: Nil). Further details of the Company's share option scheme are set out under the heading "Share option scheme" in note 29 to the financial statements.

9. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

The five highest paid employees of the Group during the year included four (2003: four) directors, details of whose remuneration are set out in note 8 above. Further details of the remuneration of the remaining one (2003: one) non-director, highest paid employee, disclosed pursuant to the Listing Rules, are set out below.

	Group	
	2004	2003
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**584**	484
Pension scheme contributions	**–**	25
	584	509

9. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

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

	Group	
	2004	2003
	Number of employees	Number of employees
HK$500,000 – HK$1,000,000	**1**	1

During the year, no share options were granted to the non-director, highest paid employee in respect of his services rendered to the Group (2003: Nil). Further details of the Company's share option scheme are set out in note 29 to the financial statements.

10. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year (2003: Nil). The increased Hong Kong profits tax rate from 16% to 17.5% 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.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for tax is required for the Group's jointly-controlled entity and associates as no assessable profits were earned by the jointly-controlled entity and associates during the year (2003: Nil).

10. TAX (continued)

	Group	
	2004	2003
	HK$'000	HK$'000
		(Restated)
Group:		
Current – Hong Kong		
Underprovision/(Overprovision) in prior years	**(261)**	541
Current – Mainland China		
Provision for tax in respect of profits for the year	**3,972**	1,996
Overprovision in prior years	**–**	(840)
Current – Overseas		
Provision for tax in respect of profits for the year	**4,670**	3,303
Underprovision/(Overprovision) in prior years	**777**	(19)
Deferred tax expense/(income) – note 28	**(1,091)**	527
Total tax charge for the year	**8,067**	5,508

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the countries in which the Company and its subsidiaries, jointly-controlled entity and associates are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Group			
	2004		2003	
	HK$'000	**%**	HK$'000	%
Profit before tax	**31,644**		30,764	
Tax at the statutory tax rate	**5,538**	**17.5**	4,922	16.0
Effect on opening deferred tax of increase in rates	**–**	**–**	55	0.2
Lower tax rate of other countries	**(293)**	**(0.9)**	(57)	(0.2)
Higher tax rate of other countries	**4,916**	**15.5**	3,096	10.1
Adjustment in respect of current tax of previous periods	**339**	**1.1**	(318)	(1.0)
Income not subject to tax	**(6,337)**	**(20.0)**	(6,267)	(20.4)
Expenses not deductible for tax	**92**	**0.3**	2,063	6.7
Tax losses utilised from previous periods	**(2,289)**	**(7.2)**	(1,371)	(4.5)
Tax losses not recognised	**6,101**	**19.2**	3,385	11.0
Tax charge at the Group's effective rate	**8,067**	**25.5**	5,508	17.9

11. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK$7,031,000 (2003: HK$35,315,000) (note 30(b)).

12. DIVIDENDS

	Group and Company	
	2004	2003
	HK$'000	HK$'000
Proposed final – HK1 cent (2003: HK1 cent) per ordinary share	**7,386**	7,326

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

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK$23,306,000 (2003: HK$24,098,000, as restated), and the weighted average of 736,384,479 (2003: 732,587,219) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of HK$23,306,000 (2003: HK$24,098,000, as restated). The weighted average number of ordinary shares used in the calculation is 736,384,479 (2003: 732,587,219) ordinary shares in issue during the year, as used in the basic earnings per share calculation; and the weighted average of 710,652 (2003: 1,927,170) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year.

14. FIXED ASSETS

Group

	Land and buildings HK$'000	Leasehold improve–ments HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:						
At beginning of year	117,993	51,781	53,646	41,311	9,382	274,113
Additions	–	11,927	2,515	5,698	565	20,705
Acquisitions of subsidiaries	–	–	–	241	–	241
Disposals	–	–	(178)	(238)	(919)	(1,335)
Exchange realignment	61	1	1,957	354	428	2,801
At 31 March 2004	118,054	63,709	57,940	47,366	9,456	296,525
Accumulated depreciation:						
At beginning of year	24,224	31,636	29,677	28,939	5,922	120,398
Provided during the year	1,987	9,159	2,334	4,770	1,227	19,477
Disposals	–	–	(144)	(237)	(588)	(969)
Exchange realignment	(1)	–	1,336	192	147	1,674
At 31 March 2004	26,210	40,795	33,203	33,664	6,708	140,580
Net book value:						
At 31 March 2004	91,844	22,914	24,737	13,702	2,748	155,945
At 31 March 2003	93,769	20,145	23,969	12,372	3,460	153,715

The cost/valuation of the Group's land and buildings by geographical location and the terms of the leases are as follows:

	Group	
	2004 HK$'000	2003 HK$'000
Medium term leasehold land and buildings situated in Hong Kong, at 1995 valuation	**61,500**	61,500
Medium term leasehold land and buildings situated in Mainland China, at cost	**40,482**	40,482
Freehold land and buildings situated overseas, at cost	**16,072**	16,011
	118,054	117,993

14. FIXED ASSETS (continued)

Certain of the Group's leasehold land and buildings were revalued at 31 March 1995 by Vigers Hong Kong Limited, a firm of independent professionally qualified valuers, at an open market value based on their existing use. With effect from 31 March 1996, no further revaluations of the Group's leasehold land and buildings have been carried out, as the Group has relied upon the exemption granted under the transitional provisions of SSAP 17 "Property, plant and equipment" from the requirement to carry out future valuations of its fixed assets which were stated at valuation at that time.

Had the Group's leasehold land and buildings been carried at historical cost less accumulated depreciation and any impairment losses, they would have been included in the financial statements at approximately HK$36,096,000 (2003: HK$36,998,000).

The net book value of plant and machinery and motor vehicles held under finance leases included in the total amount of fixed assets as at 31 March 2004 amounted to HK$217,000 and HK$2,057,000, respectively (2003: HK$220,000 and HK$2,931,000, respectively).

15. INVESTMENT PROPERTIES

	Group	
	2004	2003
	HK$'000	HK$'000
Balance at beginning of year, at valuation	**824,626**	829,250
Additions during the year	**47,434**	–
Surplus/(deficit) on revaluation credited/(charged) to profit and loss account – note 6	**4,828**	(4,650)
Exchange realignment	**–**	26
Balance at 31 March, at valuation	**876,888**	824,626
Analysis by geographical location:		
Hong Kong	**46,700**	43,100
Mainland China	**830,188**	781,526
	876,888	824,626

The Group's investment properties, of which HK$787,162,000 (2003: HK$741,600,000) are held under medium term leases and HK$89,726,000 (2003: HK$83,026,000) under long term leases, were revalued on 31 March 2004 by Vigers Hong Kong Limited, a firm of independent professional valuers on an open market, existing use basis.

Further details of the Group's investment properties are included on page 99.

16. GOODWILL AND NEGATIVE GOODWILL

The amount of negative goodwill recognised in the consolidated balance sheet, arising from the acquisitions of subsidiaries, is as follows:

Group

	Negative goodwill HK$'000 (Restated)
Cost:	
At beginning of year:	
As previously reported	331,613
Prior year adjustment	(19,968)
As restated	311,645
At 31 March 2004	311,645
Recognition as income:	
At beginning of year:	
As previously reported	66,814
Prior year adjustment	(3,994)
As restated	62,820
Recognised as income during the year	31,143
At 31 March 2004	93,963
Net book value:	
At 31 March 2004	217,682
At 31 March 2003 (as restated)	248,825

As detailed in note 3 to the financial statements, on the adoption of SSAP 30 in 2001, the Group applied the transitional provisions of SSAP 30 that permitted goodwill in respect of acquisitions which occurred prior to the adoption of the SSAP, to remain eliminated against consolidated reserves. The amount of such goodwill remaining in consolidated reserves, arising from the acquisitions of subsidiaries, amounted to HK$86,230,000 and is stated at cost (note 30).

Due to the adoption of SSAP 31, the Group has adopted a policy to assess goodwill eliminated against consolidated reserves for impairment. No impairment was resulted from such assessment.

SSAP 12 (Revised) was adopted during the year, as further explained in note 2 to the financial statements. This change in accounting policy has resulted in an increase in deferred tax liabilities arising from the revaluation of investment properties of certain subsidiaries acquired by the Group in prior years. As a consequence, the net book value of negative goodwill at 31 March 2004 and 2003 have been decreased by HK$13,977,000 and HK$15,974,000, respectively, and the amount of negative goodwill recognised as income for each of the years ended 31 March 2004 and 2003 have been decreased by HK$1,997,000.

17. INTERESTS IN SUBSIDIARIES

	Company 2004 HK$'000	Company 2003 HK$'000
Unlisted shares, at cost	**23,500**	23,500
Due from subsidiaries	**750,502**	837,646
Due to subsidiaries	**(57,603)**	(141,339)
	716,399	719,807
Provision for impairment	**(2,876)**	(2,876)
	713,523	716,931

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

Particulars of the principal subsidiaries of the Company are as follows:

Company	Place of incorporation/ registration	Class of equity interest held	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company 2004	2003	Principal activities
Amica Fashion Company (Pty) Limited	South Africa	Ordinary shares	Rand160,002	**80**	80	Manufacture of garments
Amica Properties Limited	Hong Kong	Ordinary shares	HK$10,000	**100**	100	Property investment
Amica, S.A. #	Republic of Guatemala	Ordinary shares	Q10,000	**100**	100	Investment holding
Carrianna (BVI) Ltd. *	British Virgin Islands	Ordinary shares	US$1	**100**	100	Investment holding
Carrianna Chiu Chow Restaurant (T.S.T.) Limited #	Hong Kong	Ordinary shares	HK$1,000,000	**61**	61	Restaurant operations
Carrianna (Chiu Chow) Restaurant Limited #	Hong Kong	Ordinary shares	HK$8,000,000	**73**	73	Restaurant operations

17. INTERESTS IN SUBSIDIARIES (continued)

Company	Place of incorporation/ registration	Class of equity interest held	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company 2004	2003	Principal activities
Carrianna Holdings Limited	Hong Kong	Ordinary shares	HK$25,000,000	100	100	Property development and investment
Carrianna (Shenzhen) Investment Co., Ltd. (1)	Mainland China	Registered capital	HK$80,000,000	100	100	Investment holding and property development
Everbright Textiles, S.A. #	Republic of Guatemala	Ordinary shares	Q5,000	60	60	Laundry operations
Goldfield Properties Limited	Hong Kong	Ordinary shares	HK$2	100	100	Property investment
International Fashions Group Inc. #	Canada	Ordinary shares	C$9,000	89	89	Distribution and sale of garments
		Non-voting preference shares	C$500	–	–	
Kunming Carrianna Chaozhou Restaurant Ltd. (2)	Mainland China	Registered capital	HK$12,000,000	62	62	Restaurant operations
MBS Enterprises Limited	Hong Kong	Ordinary shares	HK$1,500,000	100	100	Trading of fabrics, garments, plant and machinery
Shenzhen Carrianna (Chiu Chow) Restaurant Co., Ltd. (2)	Mainland China	Registered capital	HK$6,000,000	92	92	Restaurant operations

17. INTERESTS IN SUBSIDIARIES (continued)

Company	Place of incorporation/ registration	Class of equity interest held	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company 2004	2003	Principal activities
Shenzhen Carrianna Friendship Square Restaurant Co., Ltd. (2)	Mainland China	Registered capital	RMB20,000,000	68	68	Restaurant operations
深圳市達成燃氣汽車技術有限公司 (2)	Mainland China	Registered capital	RMB5,000,000	51	–	Supply of LPG gas to motor vehicles
Sunlight Holding Corp.	United States of America	Common shares	US$20	70	–	Trading of garments
Tak Sing Alliance Limited	Hong Kong	Ordinary shares	HK$200	100	100	Manufacture and distribution of garments and property development
		Non-voting deferred shares	HK$1,000,000	–	–	
Tak Sing (Panyu) Fashion Company Limited (1)	Mainland China	Registered capital	HK$51,000,000	100	100	Manufacture of garments

* Direct subsidiaries of the Company
\# Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms
(1) Wholly-owned foreign enterprises
(2) Sino foreign equity joint venture companies

Except for Carrianna Holdings Limited, which is incorporated in Hong Kong but operates in Mainland China, all of the above subsidiaries operate in the place of their incorporation/registration.

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.

The subsidiary acquired in the current year contributed HK$4,594,000 to the Group's turnover and a loss of HK$339,000 to the Group's profit before tax.

The subsidiaries acquired in the prior year contributed HK$2,847,000 to the Group's turnover and a profit of HK$903,000 to the Group's profit before tax.

18. INTERESTS IN UNCONSOLIDATED SUBSIDIARIES

	Group		Company	
	2004	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts due from unconsolidated subsidiaries	**9,157**	9,157	**47**	47
Net liabilities deconsolidated	**(6,967)**	(6,967)	**–**	–
	2,190	2,190	**47**	47
Provision for non-recovery	**(2,190)**	(2,190)	**(47)**	(47)
	–	–	**–**	–

Particulars of the unconsolidated subsidiaries at the balance sheet date were as follows:

Name	Place of incorporation/ registration and operations	Percentage of indirect equity interest attributable to the Company		Principal activities
		2004	2003	
Jeantex Holding B.V.	The Netherlands	**63**	63	Dormant
Jeantex B.V.	The Netherlands	**63**	63	Dormant
Chiori Mode GmbH	Germany	**63**	63	Dormant

Jeantex Holding B.V. is the holding company of Jeantex B.V. and Chiori Mode GmbH (collectively "Jeantex"), which were previously engaged in the distribution and sale of garments. During the year ended 31 March 1998, Jeantex sustained continuing operation losses due to the inability of the Company to exercise effective control over its operations and assets. The directors resolved not to provide further finance to Jeantex and to dispose of the Group's interest therein as soon as possible.

In view of the foregoing, Jeantex was treated as abandoned subsidiaries and, therefore was deconsolidated in 1998. Furthermore, in view of the large deficiency in assets of Jeantex and its unsatisfactory results, the board of directors had made full provision against the interests in these unconsolidated subsidiaries in 1998. No guarantees had been given by the Group to Jeantex or its creditors and thus no contingent liability in respect thereof is considered likely to arise. There is no impact to the Group's turnover and results for the year of not consolidating Jeantex as they are dormant.

19. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	Group 2004 HK$'000	2003 HK$'000
Share of net assets	**1,790**	1,790
Amount due from the jointly-controlled entity	**–**	–
Amount due to the jointly-controlled entity	**(612)**	(612)
Provision for impairment	**(1,178)**	(1,178)
	–	–

The balances with the jointly-controlled entity are unsecured, interest-free and are not repayable within one year from the balance sheet date.

Particulars of the Group's interest in the jointly-controlled entity are as follows:

Company	Business structure	Place of incorporation/ registration and operation	Percentage of Ownership interest	Voting power	Profit sharing	Principal activity
Chengdu Carrianna Chaozhou Restaurant Co., Ltd.	Corporate	Mainland China	51	50	51	Dormant

The investment in the jointly-controlled entity is indirectly held by the Company.

20. INTERESTS IN ASSOCIATES

	Group 2004 HK$'000	2003 HK$'000
Share of net assets	**4,161**	4,479
Due from associates	**25,945**	8,782
Due to associates	**(2,493)**	(2,493)
	27,613	10,768
Provision for impairment	**(7,589)**	(7,589)
	20,024	3,179

20. INTERESTS IN ASSOCIATES (continued)

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

The Group's share of aggregate losses accumulated by the associates for the year amounted to HK$358,000 (2003: Nil).

The Group's share of the net post-acquisition deficit of the associates as at 31 March 2004 amounted to HK$2,334,000 (2003: net post-acquisition deficit HK$1,976,000, as restated).

Particulars of the principal associates, which are all unlisted companies, are as follows:

Company	Business structure	Place of incorporation/ registration and operation	Percentage of equity interest attributable to the Group		Principal activities
			2004	2003	
China South City Holdings Limited ("CSCHL") #	Corporate	Mainland	**20**	15	Investment holding
Corporacion Maxima S.A. #	Corporate	Republic of Guatemala	**50**	50	Laundry operations
Grandtex Investment Limited	Corporate	Hong Kong	**50**	50	Investment holding
Hainan Carrianna Restaurant and Entertainment Company Limited	Corporate	Mainland	**45**	45	Dormant

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During the year, the Group acquired an additional 5% equity interest in CSCHL after which it has been accounted for as an associate.

The associates are indirectly held by the Company.

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

21. OTHER FINANCIAL ASSETS

	Group	
	2004	2003
	HK$'000	HK$'000
Investment securities, at cost:		
Unlisted equity securities	**16,410**	18,872
Unlisted debt securities	**4,871**	4,871
	21,281	23,743
Unlisted held-to-maturity securities, at amortised cost	**6,948**	9,479
Other investments, at fair value:		
Listed outside Hong Kong	**–**	1,118
	28,229	34,340

22. INVENTORIES

	Group	
	2004	2003
	HK$'000	HK$'000
Raw materials	**10,524**	11,957
Work in progress	**3,815**	7,949
Finished goods	**794**	1,541
Food and beverages	**9,440**	11,475
	24,573	32,922

The carrying amount of inventories is arrived at after charging a provision of HK$10,318,000 (2003: HK$10,187,000).

At 31 March 2004, the carrying amount of inventories of the Group pledged as security for liabilities amounted to HK$679,000 (2003: HK$239,000).

23. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the balance is an amount of HK$78,120,000 (2003: HK$90,823,000) representing the trade debtors of the Group. The aged analysis of such debtors is as follows:

	Group	
	2004	2003
	HK$'000	HK$'000
Current – 30 days	**28,480**	25,375
31 – 60 days	**9,835**	9,466
61 – 90 days	**1,844**	959
Over 90 days	**37,961**	55,023
	78,120	90,823

Credit terms

Trade debtors and bills receivable arose from garment business generally have credit terms of 30 to 90 days. Restaurant and food business is normally traded on a cash basis. For property sales, credit terms varies in accordance with the terms of the sale and purchase agreements. All trade debtors are recognised and carried at their original invoiced amounts less provision for doubtful debts which is recorded when the collection of the full amount is no longer probable. Bad debts are written off as incurred.

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**72,384**	48,867	**484**	46
Time deposits	**29,582**	56,610	**139**	219
	101,966	105,477	**623**	265
Less: Pledged time deposits	**(28,640)**	(31,813)	**(139)**	(219)
Cash and cash equivalents	**73,326**	73,664	**484**	46

At the balance sheet date, the cash and bank balances (including time deposits) of the Group denominated in Renminbi ("RMB") amounted to HK$40,288,000 (2003: HK$23,519,000). The RMB is not fully convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

25. TRADE CREDITORS

The aged analysis of trade creditors is as follows:

	Group	
	2004	2003
	HK$'000	HK$'000
Current – 30 days	**33,323**	29,794
31 – 60 days	**5,247**	7,430
61 – 90 days	**1,817**	1,412
Over 90 days	**7,893**	4,269
	48,280	42,905

26. INTEREST-BEARING BANK BORROWINGS

	Group		Company	
	2004	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank overdrafts:				
Secured	**4,639**	127	**–**	–
Unsecured	**4,100**	84	**–**	–
	8,739	211	**–**	–
Bank loans:				
Secured	**281,198**	298,238	**50,780**	52,000
Unsecured	**51,210**	40,335	**5,150**	6,500
	332,408	338,573	**55,930**	58,500
Trust receipt loans:				
Secured	**2,416**	3,478	**–**	–
Unsecured	**820**	4,421	**–**	–
	3,236	7,899	**–**	–
	344,383	346,683	**55,930**	58,500

26. INTEREST-BEARING BANK BORROWINGS (continued)

	Group		Company	
	2004	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank overdrafts repayable within one year or on demand	**8,739**	211	**–**	–
Bank loans repayable:				
Within one year or on demand	**143,311**	119,245	**17,760**	17,310
In the second year	**49,477**	72,911	**19,310**	17,760
In the third to fifth years, inclusive	**113,395**	78,899	**18,860**	23,430
Beyond five years	**26,225**	67,518	**–**	–
	332,408	338,573	**55,930**	58,500
Trust receipt loans repayable within one year or on demand	**3,236**	7,899	**–**	–
	344,383	346,683	**55,930**	58,500
Portion classified as current liabilities	**(155,286)**	(127,355)	**(17,760)**	(17,310)
Long term portion	**189,097**	219,328	**38,170**	41,190

27. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery and motor vehicles for its garment business. These leases are classified as finance leases and have remaining lease terms ranging from 2 to 4 years.

At 31 March 2004, 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 payable:				
Within one year	**1,240**	1,161	**1,080**	954
In the second year	**788**	1,023	**688**	879
In the third to fifth years, inclusive	**257**	973	**224**	835
Total minimum finance lease payments	**2,285**	3,157	**1,992**	2,668
Future finance charges	**(293)**	(489)		
Total net finance lease payables	**1,992**	2,668		
Portion classified as current liabilities	**(1,080)**	(954)		
Long term portion	**912**	1,714		

28. DEFERRED TAX

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

Deferred tax liabilities

Group	2004			
	Accelerated tax depreciation HK$'000	Revaluation of properties HK$'000	Undistributed profits of a subsidiary HK$'000	Total HK$'000
At 1 April 2003:				
As previously reported	711	–	–	711
Prior year adjustment:				
SSAP 12 – restatement of deferred tax	5,791	35,177	1,739	42,707
As restated	6,502	35,177	1,739	43,418
Deferred tax charged/(credited) to the profit and loss account during the year	503	(251)	(1,067)	(815)
Exchange realignment	177	–	–	177
Gross deferred tax liabilities at 31 March 2004	7,182	34,926	672	42,780

Deferred tax assets

Group	2004 Losses available for offset against future taxable profit HK$'000
At 1 April 2003:	
As previously reported	–
Prior year adjustment:	
SSAP 12 – restatement of deferred tax	4,412
As restated	4,412
Deferred tax credited to the profit and loss account during the year	276
Gross deferred tax assets at 31 March 2004	4,688
Net deferred tax liabilities at 31 March 2004	38,092

28. DEFERRED TAX (continued)

Deferred tax liabilities

Group	2003			
	Accelerated tax depreciation HK$'000	Revaluation of properties HK$'000	Undistributed profits of a subsidiary HK$'000	Total HK$'000
At 1 April 2002:				
As previously reported	553	–	–	553
Prior year adjustment:				
SSAP 12 – restatement of deferred tax	5,063	35,177	1,942	42,182
As restated	5,616	35,177	1,942	42,735
Deferred tax charged/(credited) to the profit and loss account during the year, including a charge of HK$475,000 due to the effect of a change in tax rates	665	–	(203)	462
Exchange realignment	221	–	–	221
Gross deferred tax liabilities at 31 March 2003	6,502	35,177	1,739	43,418

Deferred tax assets

Group	2003 Losses available for offset against future taxable profit HK$'000
At 1 April 2002:	
As previously reported	–
Prior year adjustment:	
SSAP 12 – restatement of deferred tax	4,477
As restated	4,477
Deferred tax charged to the profit and loss account, including a credit of HK$420,000 due to the effect of a change in tax rates	(65)
Gross deferred tax assets at 31 March 2003	4,412
Net deferred tax liabilities at 31 March 2003	39,006

28. DEFERRED TAX (continued)

The Group has tax losses arising in Hong Kong of HK$58,060,000 (2003: HK$48,909,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of HK$3,341,000 (2003: HK$5,862,000) and in overseas of HK$3,107,000 (2003: HK$5,405,000) that are available for offsetting against future taxable profits of the companies in which the losses arose for a maximum of 5 years. Deferred tax assets have not been recognised in respect of these losses as it is uncertain whether sufficient future taxable profits will be generated against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

SSAP 12 (Revised) was adopted during the year, as further explained in note 2 to the financial statements. This change in accounting policy has resulted in an increase in the Group's net deferred tax liability as at 31 March 2004 and 2003 by HK$37,270,000 and HK$38,295,000, respectively. As a consequence, the consolidated net profit attributable to shareholders for the years ended 31 March 2004 and 2003 have been increased by HK$1,025,000 and decreased by HK$2,627,000, respectively, and the consolidated reserves at 1 April 2003 and 2002 have been decreased by HK$21,973,000 and HK$19,346,000, respectively, as detailed in the consolidated statement of changes in equity.

29. SHARE CAPITAL AND SHARE OPTION SCHEME

Shares

	Company	
	2004	2003
	HK$'000	HK$'000
Authorised:		
2,000,000,000 (2003: 2,000,000,000) ordinary shares of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
738,587,219 (2003: 732,587,219) ordinary shares of HK$0.10 each	**73,859**	73,259

During the year, 6,000,000 shares of HK$0.10 each were issued for cash at a subscription price of HK$0.16 per share pursuant to the exercise of the Company's options for a total cash consideration, before expenses, of HK$960,000.

A summary of the transaction during the year with reference to the above movement in the Company's issued ordinary share capital is as follows:

	Number of shares in issue	**Issued share capital**	**Share premium account**	**Total**
		HK$'000	HK$'000	HK$'000
At 1 April 2003	732,587,219	73,259	464,592	537,851
Exercise of share options	6,000,000	600	360	960
At 31 March 2004	738,587,219	73,859	464,952	538,811

There was no movement in the issued share capital for the year ended 31 March 2003.

29. SHARE CAPITAL AND SHARE OPTION SCHEME (continued)

Share option scheme

The Company operated a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. Eligible participants of the Scheme include directors, executives and other employees of the Group. The Scheme became effective on 25 September 1991 and ended on 24 September 2001.

The maximum number of share options permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time (excluding any shares issued upon exercise of the share option under the Scheme). At 31 March 2004, the number of shares issuable under share options granted under the Scheme was nil (2003: 6,000,000, which represented approximately 0.82% of the Company's shares in issue).

No option shall be granted to an eligible person which, if exercised in full, would result in such person's maximum entitlement exceeding 25% of the aggregate number of shares for the time being issued and issuable under the Scheme.

An option may be exercised in accordance with the terms of the Scheme at any time during a period commencing on the date of grant of an option and expiring on the business day preceding the third anniversary of the date of grant.

The offer of a grant of share options may be accepted for a period of 14 days inclusive of and from the day of making such offer provided that no such offer is accepted after the expiry of the Scheme period. No consideration is payable by the grantee upon the acceptance offer.

The option price per share payable on the exercise of an option is to be determined by the directors but in any event shall be equal to the higher of:

(i) the nominal value of the shares; and

(ii) 80% of the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer.

29. SHARE CAPITAL AND SHARE OPTION SCHEME (continued)

Share option scheme (continued)

Details of the share options outstanding as at 31 March 2004 are as follows:

					Number of share options		
Name of participant	Date of grant	Vesting/ Exercise period From	Vesting/ Exercise period To	Exercise price per share option HK$	Balance at 1 April 2003	Exercised during the year	Balance at 31 March 2004
Ng Yan Kwong*	29 January 2001	29 January 2001	28 January 2004	0.16	6,000,000	(6,000,000)	–

* *Director of the Company*

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

30. 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 pages 42 to 43 of the financial statements.

Certain amount of goodwill arising on the acquisitions of subsidiaries in prior years remain eliminated against the goodwill reserve, as explained in note 16 to the financial statements.

The reserve funds of the Group represent the non-distributable statutory reserves of the Group's subsidiaries in Mainland China. The transfers to these reserves are determined by the board of directors of the subsidiaries in accordance with the relevant laws and regulations of Mainland China. The reserve funds can be used to offset against future losses or to increase the capital of the subsidiaries.

30. RESERVES (continued)

(b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2002	464,592	59,759	316	22,910	547,577
Net profit for the year	–	–	–	35,315	35,315
Proposed final dividend	–	–	–	(7,326)	(7,326)
At 31 March 2003 and 1 April 2003	464,592	59,759	316	50,899	575,566
Net profit for the year	–	–	–	7,031	7,031
Premium on issue of shares (note 29)	360	–	–	–	360
Proposed final dividend	–	–	–	(7,386)	(7,386)
At 31 March 2004	464,952	59,759	316	50,544	575,571

The contributed surplus of the Company arose as a result of the Group reorganisation on 12 August 1991 and represented the difference between the nominal value of the share capital issued by the Company and the combined net assets of the subsidiaries acquired pursuant to the Group reorganisation, less the effects of the bonus issue of shares in previous years.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain specific circumstances.

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before tax to net cash inflow from operating activities

	Group	
	2004	2003
	HK$'000	HK$'000
		(Restated)
Profit before tax	**31,644**	30,764
Adjustments for:		
Finance costs	**14,296**	18,827
Share of losses of		
– jointly-controlled entity	**–**	596
– associates	**358**	–
Interest income	**(2,911)**	(5,224)
Gain on disposal of fixed assets	**(214)**	(1,178)
Gain on disposal of subsidiaries	**–**	(1,326)
Gain on disposal of other investments	**(1,183)**	–
Depreciation	**19,477**	18,608
Unrealised holding loss of other investments	**–**	666
Negative goodwill recognised as income	**(31,143)**	(31,143)
Impairments of interests in associates	**–**	5,683
Impairment of interest in a jointly-controlled entity	**–**	1,178
Provisions for doubtful debts and other receivables	**23,952**	9,287
Deficit/(surplus) on revaluation of investment properties	**(4,828)**	4,650
Operating profit before working capital changes	**49,448**	51,388
Decrease/(increase) in properties held for sale	**6,418**	(40,844)
Decrease in debtors, deposits and prepayments	**56,727**	100,716
Decrease/(increase) in inventories	**12,049**	(2,439)
Increase/(decrease) in trade creditors	**1,385**	(11,628)
Decrease in sundry creditors, accruals and deposits received	**(58,770)**	(47,623)
Cash generated from operations	**67,257**	49,570
Mainland China tax paid	**(280)**	(353)
Overseas taxes paid	**(5,527)**	(2,960)
Dividend paid	**(7,326)**	(7,326)
Dividend paid to minority shareholders	**(3,817)**	(1,779)
Net cash inflow from operating activities	**50,307**	37,152

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Acquisitions of subsidiaries

	2004 HK$'000	2003 HK$'000
Net assets acquired:		
Fixed assets	**241**	512
Cash and bank balances	**254**	26
Debtors, deposits and prepayments	**687**	393
Inventories	**466**	314
Trade creditors	**(34)**	(154)
Sundry creditors and accruals	**(130)**	(638)
Minority interests	**(729)**	–
	755	453
Satisfied by:		
Cash	**755**	–
Interest in a subsidiary	**–**	453
	755	453

Analysis of net inflow/(outflow) of cash and cash equivalents in respect of acquisition of subsidiaries:

	2004 HK$'000	2003 HK$'000
Cash consideration	**755**	–
Cash and bank balances acquired	**(254)**	(26)
Net inflow/(outflow) of cash and cash equivalents in respect of acquisition of subsidiaries	**(501)**	26

During the year, on 16 April 2003, the Group acquired a 51% interest in 深圳市達成燃氣汽車技術有限公司 ("Ranqi") at a cash consideration of HK$755,000. Ranqi is engaged in the supply of LPG gas to motor vehicles in Mainland China.

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Acquisitions of subsidiaries (continued)

In the prior year, on 2 December 2002, the Group acquired a 60% interest in Everbright Textile, S.A. ("Everbright"). Everbright is engaged in the laundry operations in the Republic of Guatemala. The acquisition was settled by the transfer of 20,000 shares of an existing wholly-owned subsidiary of the Group, representing 40% equity interest therein.

(c) Disposal of subsidiaries

	2004 HK$'000	2003 HK$'000
Net assets disposed of:		
Fixed assets	–	21
Cash and bank balances	–	185
Debtors, deposits and prepayments	–	35
Sundry creditors and accruals	–	(17)
	–	224
Exchange equalisation reserve realised on disposal	–	(1,476)
Gain on disposal of subsidiaries	–	1,326
	–	74
Satisfied by:		
Cash consideration	–	74

Analysis of net outflow of cash and cash equivalents in respect of disposal of subsidiaries:

	2004 HK$'000	2003 HK$'000
Cash consideration	–	74
Cash and bank balances disposed of	–	(185)
Net outflow of cash and cash equivalents in respect of disposal of subsidiaries	–	(111)

The results of the subsidiaries disposed of in the prior year had no significant impact on the Group's consolidated turnover or profit after tax for that year.

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(d) Major non-cash transactions

During the year, the Group entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of the leases of HK$230,000 (2003: HK$1,680,000).

32. CONTINGENT LIABILITIES

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

	Group		Company	
	2004	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bills discounted with recourse	**836**	2,516	**–**	–
Guarantees given for mortgage loan facilities granted to purchasers of properties	**110,772**	139,346	**14,685**	17,648
Guarantees given for banking facilities utilised by subsidiaries	**–**	–	**283,165**	320,726
	111,608	141,862	**297,850**	338,374

(b) The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$4,811,000 (2003: HK$ 4,753,000) as at 31 March 2004, as further explained under the heading "Employee benefits" in note 3 to the financial statements. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved 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 if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

33. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 10 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2004, 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	**40,813**	26,028
In the second to fifth years, inclusive	**105,930**	84,665
After five years	**29,499**	32,045
	176,242	142,738

(b) As lessee

The Group leases certain of its properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 10 years and rentals are normally fixed in accordance with the respective tenancy agreements. No arrangements have been entered into for contingent rental payments.

At 31 March 2004, 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	**14,863**	14,869
In the second to fifth years, inclusive	**20,828**	31,838
After five years	**–**	1,149
	35,691	47,856

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33(b) above, the Group had the following commitments at the balance sheet date:

	Group	
	2004	2003
	HK$'000	HK$'000
Capital commitments:		
Authorised and contracted for	**58**	1,779
Foreign currency forward contracts:		
Commitments to purchase/sell	**5,844**	–

The Company did not have any material commitments as at the balance sheet date (2003: Nil).

35. PLEDGE OF ASSETS

As at the balance sheet date, certain of the Group's fixed assets, investment properties, time deposits, other financial assets and inventories with a total carrying value of approximately HK$699,403,000 (2003: HK$703,583,000) were pledged to secure general banking, trade finance and other facilities granted to the Group. In addition, rental income generated in respect of certain investment properties of the Group were assigned to bankers to secure loan facilities granted to the Group.

36. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances set out elsewhere in the financial statements, the Company had significant transactions with parties in which Ma Kai Cheung and/or Ma Kai Yum, directors of the Company, have beneficial equity interests as follows:

	Notes	**2004** **HK$'000**	2003 HK$'000
Sale of goods to related companies	(i)	**21,521**	12,575
Purchase of goods from related companies	(ii)	**(75,349)**	(60,583)

Notes:

(i) The directors consider that sales to related companies were made according to the published prices and conditions offered to the major customers of the Group.

(ii) The directors consider that purchase prices were determined according to the published prices and conditions similar to those offered to other customers of the related companies.

In the opinion of the directors, the above transactions were entered into by the Group in the normal course of business.

37. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the adoption of the revised SSAP 12 during the year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been restated to conform with the current year's presentation.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 July 2004.