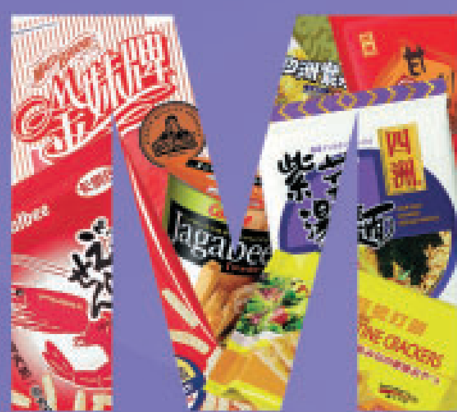
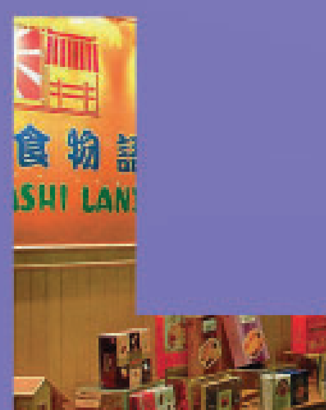
Four Seas Mercantile Holdings Limited
四洲集團有限公司

Stock Code 股份代號：374

09

ANNUAL REPORT





Corporate Information

Board of Directors	*Executive Directors* TAI Tak Fung, Stephen *(Chairman)* WU Mei Yung, Quinly *(Managing Director)* MAN Wing Cheung, Ellis YIP Wai Keung WU Wing Biu
	Independent non-executive Directors LEUNG Mei Han CHAN Yuk Sang, Peter Hiroshi ZAIZEN
Company Secretary	NAM Chi Ming, Gibson
Auditors	Ernst & Young
Place of Incorporation	Cayman Islands
Principal Share Registrars and Transfer Office	Caledonian Bank & Trust Limited Caledonian House 69 Dr. Roy's Drive P.O. Box 1043 KY1-1102 George Town Grand Cayman Cayman Islands British West Indies
Hong Kong Branch Share Registrars and Transfer Office	Tricor Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
Registered Office	The offices of Caledonian Bank & Trust Limited Caledonian House 69 Dr. Roy's Drive P.O. Box 1043 KY1-1102 George Town Grand Cayman Cayman Islands British West Indies

Principal Place of Business in Hong Kong	Four Seas Group Building No. 1 Hong Ting Road Sai Kung Hong Kong
Principal Bankers	The Bank of Tokyo-Mitsubishi UFJ, Limited Sumitomo Mitsui Banking Corporation Mizuho Corporate Bank Limited China Construction Bank Corporation Bank of China (Hong Kong) Limited The Hongkong and Shanghai Banking Corporation Limited Calyon Standard Chartered Bank (Hong Kong) Limited Hang Seng Bank Limited The Bank of East Asia, Limited
Website	http://www.fourseasgroup.com.hk

Dr. TAI Tak Fung, Stephen, SBS, JP, ***Chairman***

RESULTS

I, on behalf of the board of directors, announce that the turnover of the Group for the financial year ended 31 March 2009 was HK$2,290,626,000 (2008: HK$2,096,535,000) representing a 9% increase as compared with the previous financial year. The net profit attributable to equity holders of the Company increased to HK$105,048,000 (2008: HK$81,172,000) representing a 29% increase.

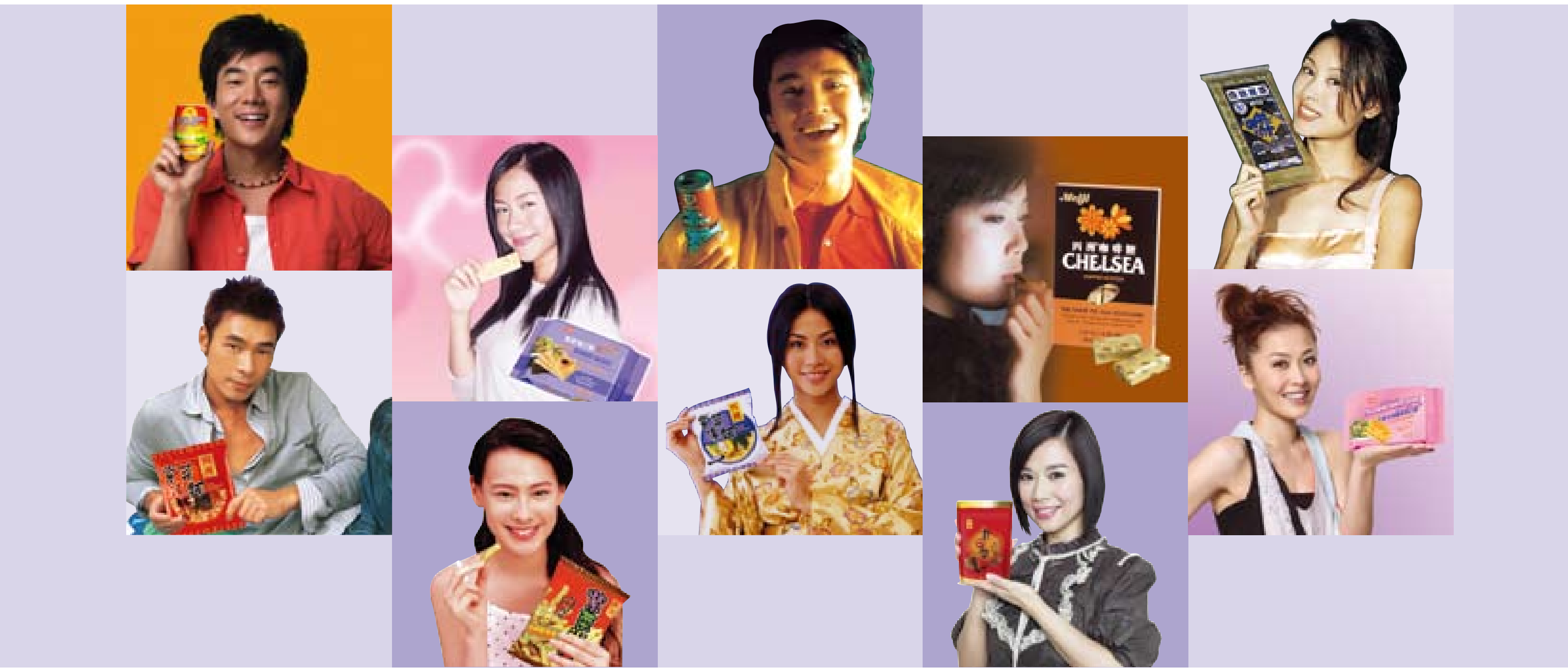
DIVIDEND

The board of directors has recommended the payment of a final dividend of HK5.0 cents (2008: HK5.0 cents) per share in respect of the financial year ended 31 March 2009. Subject to shareholders' approval at the annual general meeting to be held on 9 September 2009, the final dividend will be payable on 23 September 2009. Together with the interim dividend of HK2.0 cents per share, the total distribution for the financial year ended 31 March 2009 is HK7.0 cents (2008: HK7.0 cents).

BUSINESS REVIEW AND PROSPECTS

Business Review

During the year, the Group's maintained a steady sales growth. The sales and profit contribution derived from Hong Kong segment reached HK$1,497,048,000 and HK$114,964,000 respectively, representing an increase of 13% and 23% respectively over the previous year. Sales in Mainland China had also seen a steady growth, increasing from HK$771,302,000 to HK$793,578,000, representing an increase of 3% over the previous year, amid some upward adjustments of product selling prices to combat the inflationary pressures on various factors of production. However, due to the time lag in selling price adjustments and the continuous soaring production costs in Mainland China during the year had more than offset the sales growth, resulting in a loss in this segment. Furthermore, the start-up costs of certain new manufacturing plants in Mainland China also adversely affected this segmental result.



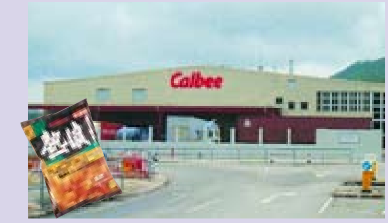
During the year, the Group sold its 49% equity interest in Pokka Corporation (HK) Limited, a café chain operation, at a consideration of approximately HK$137,539,000. The disposal contributed a satisfactory return to the shareholders of the Group.

To enhance its leading position and market share in the beverage market, the Group acquired the remaining 70% registered capital of Pokka Four Seas (Suzhou) Food Co., Ltd. ("Pokka Suzhou") in Mainland China at a consideration of approximately HK$30,561,000 during the year. Since then Pokka Suzhou has become a wholly-owned subsidiary of the Group to manufacture a range of leisure beverages. This acquisition not only enriches the development of more beverage categories, attracting a wider target customer group, but also enhances the flexibility of the Group's production strategy and product positioning, and enlarges market share for the Group.

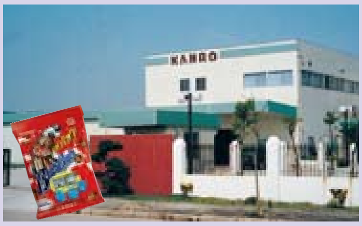
During the year, the global financial tsunami had led to fluctuations in the foreign exchange market and downward movements in the equity market resulting in exchange losses of the Group's foreign currency deposits, and impairment of available-for-sale investments.

Food Distribution

Food distribution has all along been the Group's core business. Riding on the renowned and reliable reputation built on its 38 years of history and through enhancing the longstanding partnership with distributors, the Group endeavours to strengthen its extensive distribution network and drive continued growth of business. Adding to the many prestigious awards earned in previous years, during the year, I was honored by the Japanese government with the "Award of the Ministry of Agriculture, Forestry and Fisheries of Japan" as well as "Certificate of Appreciation" by the Meiji Seika Kaisha, Ltd. These two accolades recognise success in the leadership of promoting Japanese food products by the Group over the past 30 years, and achievement of impressive results through close relationship with Japanese partners.



The Calbee Four Seas Factory in Tseung Kwan O



Kanro Four Seas Foods (Shantou) Co., Ltd.

Nico Four Seas (Shantou) Co., Ltd.

Li Fook (Qingdao) Foods Co., Ltd.

Tsun Fat (Huizhou) Biscuit Factory Ltd.

The product marketed under the Group, Calbee Jagabee, received the "2008 Leading Brand" award from 7-Eleven Convenience Store and the "2008 Wellcome Top 10 Favorite Brands" from Wellcome Supermarket during the year, respectively.

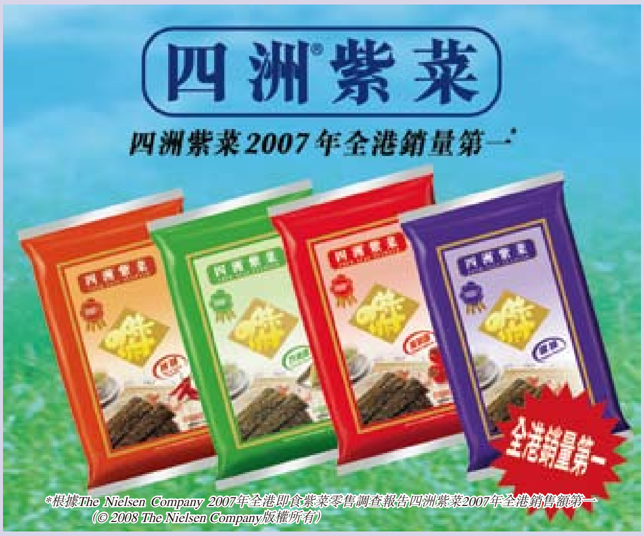
The Group's Okashi Land continued to strengthen its platform for new product distribution and brand name awareness. During the period, Okashi Land was again awarded by Metro Broadcast Corporation Limited as "U! Choice University Students' Most Favorite Brand".

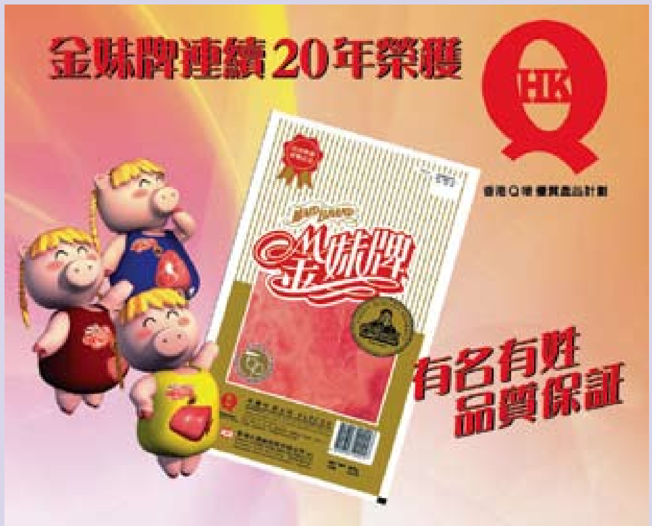
Food Manufacturing

To date, the Group has 20 manufacturing plants in Mainland China and Hong Kong producing a wide range of high value-added products including seaweed, candies, snacks and confectioneries, peanuts, potato chips, instant noodles, ice-cream, beverages, biscuits, cake, chestnuts, ham, sausage and frozen dim sums.

During the year, the Group acquired all the remaining equity interest in Pokka Suzhou which became a wholly-owned subsidiary of the Group, and renamed it as Four Seas (Suzhou) Food Co., Ltd. ("Four Seas Suzhou"). This not only greatly enhances the Group's production capacity in Mainland China but also augments a new beverage category with a series of specialty drinks including "Tsubu Tsubu Orange", coffee, milk tea, lemon tea, green tea, Oolong tea and fruit juice.

Featuring with high product quality and production capacity, Four Seas Seaweed products have gained widespread market recognition. The Group has once again successfully launched a new favorite "Seaweed Tempura" following the well-received Crispy Seaweed series to cater for different consumer preferences.



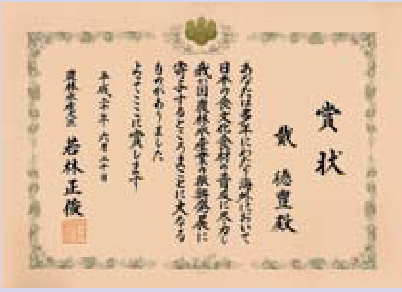


The Group continued in making remarkable progress with its quality management during the recent years. Following the accolades of "Creditable-Quality Food Products in Nation", "Creditable-Quality Enterprises", "Certified for the Q-Mark Scheme over ten years" and "Fresh Check Food Safety Certificate Grade A Award", "Asia Management Innovation Award", "China Food Industry Outstanding Contribution Award" and "China Independent Innovation and Brand Building Award", the Group was awarded the honorary certificates of "Model Enterprise of Food Safety" and "Distinguished Management Entrepreneur" in September last year.

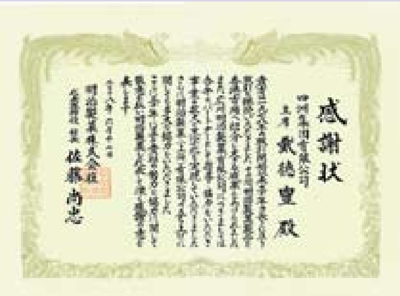
Four Seas Brand

Recently, the Group has engaged actress Ms. Niki Chow as the image ambassador of "Four Seas Crackers", for its healthy, vigorous and trendy product image with the objective of furthering our leadership position in the youth market. As part of the initial activities to promote the renowned drink products of Four Seas Suzhou, there will be a new TV commercials with celebrity endorsement by popular star Mr. Richie Yam to revitalise the unique attribute of Four Seas' "Tsubu Tsubu Orange".

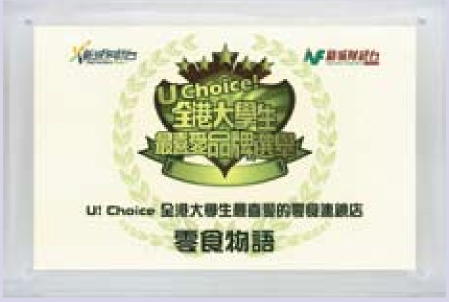
As a renowned trusted brand name with a wide variety of products, Four Seas Brand has become a quality brand in Hong Kong people's daily life. A survey conducted by the HK Design Centre and The Hong Kong Polytechnic University about the best-loved brands among consumers, Four Seas Brand was named the "Best Loved Local Brand in Daily Life", fully demonstrating that Four Seas Brand as a truly indigenous local brand well received and recognised among local consumers. Four Seas Brand was also voted by "Three Weekly" as "Non-Stop Eating Snack" of "Smart Living 2008". In addition, the Group was awarded "The Hong Kong's 100 Most Influential Brands" by The World Brand Laboratory.



Our Chairman was honored by the Japanese Government with the "Award of the Ministry of Agriculture, Forestry and Fisheries of Japan".



Our Chairman was honored by Meiji Seika Kaisha, Ltd. with "Certificate of Appreciation".



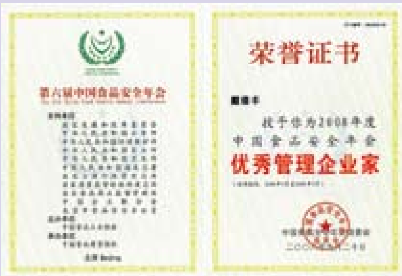
Okashi Land was honored by Metro Broadcast Corporation Limited as "U! Choice University Students' Most Favorite Brand".

Catering Business

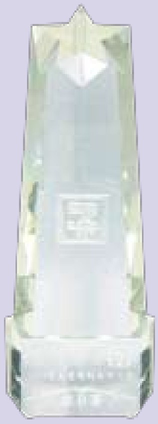
The Group's catering business in Hong Kong includes Japanese chain restaurants, Japanese specialty restaurant, and high-end vegetarian cuisine restaurant. The Group's catering business was able to achieve steady growth during the year. In the meantime, the Group's catering business in Mainland China recorded further growth attributable to local consumers' rising sophistication and spending powers.

Kung Tak Lam Shanghai Vegetarian Cuisine Limited ("Kung Tak Lam") maintained its leadership position in the vegetarian restaurant sector. With its premium healthy vegetarian cuisine and pleasant décor, Kung Tak Lam has not only maintained a strong demand among the health-conscious young consumers, but also attracted many celebrities and luminaries. Early in the year, Kung Tak Lam was voted as "The Emerging Service Brand 2008" of the "Hong Kong Top Service Brand Award" competition. Recognising the enormous brand equity of Kung Tak Lam, the Group is planning to open its third outlet by the end of this year to further expand the business and better serve the vegetarian food lovers in Hong Kong. On the business front of the Japanese restaurants, business has been stable for the Group's Restaurant Shiki in Admiralty, Hong Kong as well as with our sushi chain outlets in Mainland China.

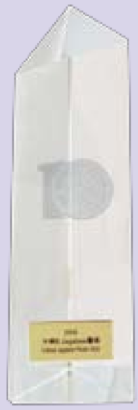
In Mainland China, the longstanding renowned Panxi Restaurant, which has 61 years of history and located in Liwan District in Guangzhou, is one of the largest scale garden restaurants in the Mainland with leading cuisines and strong business. Among its world-renowned patrons were international heads of state, like former British Prime Minister Heath, former Australian Prime Minister Fraser, former Vietnam President Ho Chi Minh, former Singapore Prime Minister Lee Kuan Yew, former US President George H.W. Bush, and former German Chancellor Helmut Kohl. Through the Group's distribution network in Hong Kong and Mainland China, the sales of the restaurant's high quality frozen dim sums is set to bring in a new source of revenue to the Group.



The Group and our Chairman was awarded the "Food Safety Honorary Certificate" and "Distinguished Management Entrepreneur Honorary Certificate" respectively.



Calbee Jagabee received "2008 Leading Brand Award" from 7-11 Convenience Store.



Calbee Jagabee was honored by Wellcome Supermarket as "2008 Wellcome Top 10 Favorite Brands".

The Group was honored as "The Hong Kong's 100 Most Influential Brands".

Prospects

Despite facing various challenges in the economy of Hong Kong, I'm fully confident that China's vibrant economy carries strong momentum and potential to lead Hong Kong out of the doldrums. Capitalising on 38 years of food industrial experience, strong competitive edges, corporate strengths and sound financial base, the Group seeks to maintain a steady business growth, strengthen its core businesses, enhance its food manufacturing capacity and further develop market in Mainland China. We are optimistic about the Group's growth in the future.

ACKNOWLEDGEMENT

I would like to express my gratitude to our shareholders for their trust and support over the past year. At the same time, I offer my utmost appreciation to all directors, the management and every member of staff for their loyalty and diligence.

Dr. TAI Tak Fung, Stephen, SBS, JP
Chairman

Hong Kong, 27 July 2009

The directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries and associates are set out in notes 19 and 20 to the financial statements, respectively. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2009 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 36 to 115.

An interim dividend of HK2.0 cents per share was paid by the Company on 21 January 2009. The directors recommend the payment of a final dividend of HK5.0 cents per share in respect of the reporting year to shareholders on the register of members on 9 September 2009. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the balance sheet.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
REVENUE	**2,290,626**	2,096,535	1,875,515	1,747,716	1,561,785
PROFIT FOR THE YEAR	**90,537**	86,176	110,760	88,701	92,046
Attributable to:					
Equity holders of the Company	**105,048**	81,172	106,419	94,561	80,720
Minority interests	**(14,511)**	5,004	4,341	(5,860)	11,326
	90,537	86,176	110,760	88,701	92,046

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
TOTAL ASSETS	**2,086,086**	1,940,142	1,617,308	1,530,107	1,363,363
TOTAL LIABILITIES	**(1,092,247)**	(1,035,846)	(788,424)	(799,647)	(701,855)
	993,839	904,296	828,884	730,460	661,508

The information set out above does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of movements in the property, plant and equipment, and an investment property of the Group during the year are set out in notes 14 and 15 to the financial statements, respectively. Further details of the Group's investment property are set out on page 116.

SHARE CAPITAL

There were no movements in either the Company's authorised or issued share capital during the year.

PRE-EMPTIVE RIGHTS

There are no provisions of pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2009, the Company's reserves available for cash distribution and/or distribution in specie amounted to HK$309,652,000, of which HK$19,978,000 has been proposed as a final dividend for the year.

BORROWINGS

Details of the Group's bank borrowings at the balance sheet date are set out in note 28 to the financial statements.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

TAI Tak Fung, Stephen *(Chairman)*
WU Mei Yung, Quinly *(Managing Director)*
MAN Wing Cheung, Ellis
YIP Wai Keung
WU Wing Biu

Independent non-executive directors:

LEUNG Mei Han
CHAN Yuk Sang, Peter
Hiroshi ZAIZEN

In accordance with article 119 of the Company's articles of association, Mr. Yip Wai Keung, Mr. Chan Yuk Sang, Peter, and Mr. Hiroshi Zaizen will retire and being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Ms. Leung Mei Han, Mr. Chan Yuk Sang, Peter and Mr. Hiroshi Zaizen pursuant to rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the director who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' remuneration is determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group, and the remuneration committee of the Group. Details of remuneration of the directors and senior management are set out in note 8 to the financial statements. Particulars of the duties and responsibilities of the remuneration committee are set out in "Corporate Governance Report" of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2009, the interests and short positions of the directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange which were required to be notified pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules were as follows:

Long positions in ordinary shares of the Company:

	Number of ordinary shares held, capacity and nature of interest					
Name of director	Directly beneficially owned	Through controlled corporation	Beneficiary of a trust	Through controlled corporation and other interests	Total interests	Percentage of the Company's issued share capital
Tai Tak Fung, Stephen	–	81,250,000 (i)	82,000,000 (ii)	113,846,000 (iii)	277,096,000	69.35%
Wu Mei Yung, Quinly	–	81,250,000 (i)	82,000,000 (ii)	113,846,000 (iii)	277,096,000	69.35%
Yip Wai Keung	680,000	–	–	–	680,000	0.17%

Notes:

(i) The 81,250,000 shares are owned by Special Access Limited ("SAL"), a company wholly-owned by Dr. Tai Tak Fung, Stephen, and his spouse Dr. Wu Mei Yung, Quinly.

(ii) The 82,000,000 shares are owned by Careful Guide Limited ("CGL") whose shares are owned by a discretionary trust, the Tai Family Trust, the eligible beneficiaries of which include members of the family of Dr. Tai Tak Fung, Stephen, and his spouse Dr. Wu Mei Yung, Quinly.

(iii) The 113,846,000 shares are owned by Capital Season Investments Limited ("CSI"). CSI is wholly-owned by Advance Finance Investments Limited ("AFI"), which is a wholly-owned subsidiary of Four Seas Food Investment Holdings Limited ("FSFH"). Accordingly, FSFH is deemed to be interested in 113,846,000 shares in the Company. FSFH is owned as to 0.07% by the Company, 2.59% by Dr. Tai Tak Fung, Stephen, 20.38% by SAL, and as to 11.91% by CGL. As Dr. Wu Mei Yung, Quinly is the spouse of Dr. Tai Tak Fung, Stephen, Dr. Wu Mei Yung, Quinly is deemed to be interested in the shares of Dr. Tai Tak Fung, Stephen, and vice versa. Therefore, Dr. Tai Tak Fung, Stephen, and his spouse Dr. Wu Mei Yung, Quinly are considered to have deemed interests in 113,846,000 shares of the Company.

DIRECTORS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

All the interests stated above represent long positions in the shares of the Company. Save as disclosed above, as at 31 March 2009, none of the directors nor any of their associates had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations required to be disclosed pursuant to the SFO.

During the year ended 31 March 2009, none of the directors of the Company nor any of their respective spouses or minor children was granted or held options to subscribe for shares in the Company (within the meaning of Part XV of the SFO), or had exercised such rights.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that, as at 31 March 2009, the following parties, other than the directors of the Company as disclosed above, had notified the Company of the following substantial shareholders' interests or short positions, being 5% or more of the total issued share capital of the Company:

Name of substantial shareholder	*Notes*	Capacity	Long/short position	Number of ordinary shares held	Percentage of the Company's issued share capital
SAL		Direct	Long	81,250,000	20.34%
CGL		Direct	Long	82,000,000	20.52%
HSBC International Trustee Limited	*(i)*	Deemed	Long	82,000,000	20.52%
CSI		Direct	Long	113,846,000	28.49%
AFI	*(ii)*	Deemed	Long	113,846,000	28.49%
FSFH	*(iii)*	Deemed	Long	113,846,000	28.49%
Arisaig Greater China Fund ("Arisaig Fund")		Direct	Long	28,334,000	7.09%
Arisaig Partners (Mauritius) Limited ("Arisaig Mauritius")	*(iv)*	Deemed	Long	28,334,000	7.09%
Lindsay William Ernest Cooper	*(v)*	Deemed	Long	28,334,000	7.09%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Notes:

(i) The interest of HSBC International Trustee Limited is held as trustee via CGL for a discretionary trust, the Tai Family Trust, the eligible beneficiaries of which include members of the family of Dr. Tai Tak Fung, Stephen, and his spouse Dr. Wu Mei Yung, Quinly. These interests are also included as beneficiary of a trust of Dr. Tai Tak Fung, Stephen, and his spouse Dr. Wu Mei Yung, Quinly in the above section headed "Directors' interests and/or short positions in shares and underlying shares" above.

(ii) AFI is deemed by virtue of its holding of the entire issued share capital of CSI to be interested in the shares of the Company held by CSI.

(iii) FSFH is deemed to be interested in the shares of the Company held by CSI by virtue of its holding in the entire issued share capital of AFI, which in turn wholly owns CSI.

(iv) The figure refers to the same holding of 28,334,000 shares of the Company held by Arisaig Fund. Arisaig Mauritius is the investment manager of Arisaig Fund and is thereby deemed to have an interest in the shares in which Arisaig Fund is interested.

(v) Mr. Lindsay William Ernest Cooper has only an indirect beneficial interest in Arisaig Mauritius (the investment manager of Arisaig Fund), but is thereby deemed to have an interest in the shares in which Arisaig Mauritius is interested.

Save as disclosed above, as at 31 March 2009, no persons, other than the directors of the Company, whose interests are set out in the above section headed "Directors' interests and/or short positions in shares and underlying shares", had registered an interest and/or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company did not have any outstanding option at the beginning and at the end of the year. During the year, no options have been granted under the share option scheme adopted by the Company on 2 September 2002. Details of the share option scheme are set out in note 31 to the financial statements.

CONNECTED TRANSACTION

During the year, the Group had the following connected transaction, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

Connected transaction

On 30 October 2008, Kwong Cheung Development Limited, an indirectly wholly-owned subsidiary of the Company, entered into a share transfer agreement with Mr. Law King Wan, a minority shareholder of Abundant Capital Inc., an indirectly non-wholly-owned subsidiary, to acquire a 49% equity interest (the "Transaction") in Abundant Capital Inc., at a cash consideration of HK$4,536,000. Further details of the Transaction are included in note 19 to the financial statements.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Dr. TAI Tak Fung, Stephen, SBS, JP, PhD (honoris causa), aged 61, has been an executive director of the Company since June 1993. Dr. Tai is the founder and chairman of the Group, responsible for corporate and policy planning. He holds Honorary Professor of Canadian Chartered Institute of Business Administration in Canada, Visiting Professor of South China Normal University, Honorary Doctorate of Philosophy of Morrison University in the United States and Doctor of Philosophy in Business Administration (honoris causa) of the Southern California University for Professional Studies in the United States. He is a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference and a Standing Committee Member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference. Dr. Tai holds several public positions, including the president of Hong Kong Foodstuffs Association, the president of Hong Kong Japan Confectionery, Biscuit & Foodstuffs Association, the chairman of Guangdong Chamber of Foreign Investors, the consultant of China National Food Industry Association, Economic Adviser of Jilin City, a member of the Greater Pearl River Delta Business Council of HKSAR, and a member of the Commission on Strategic Development of HKSAR. He received a number of awards and accolades, including the World Outstanding Chinese Award, the 30th Food Industry Distinguished Service Award, Award of the Ministry of Agriculture, Forestry and Fisheries of Japan for the Overseas Promotion of Japanese Food, the Outstanding Contribution Award of China National Food Industry, China Food Safety Annual Conference Award of Distinguished Management Entrepreneur, the Top 10 Outstanding People of Asia Management Innovation Award, the Top 10 Famous People of China Innovative Branding Award, Social Responsibility Contribution Award, "Honourable Citizen of Shantou City", "Honourable Citizen of Guangzhou City" and "Honourable Citizen of Jilin City" in Mainland China. He is also the chairman of Four Seas Food Investment Holdings Limited ("FSFH"), a substantial shareholder of the Company and the shares of which are listed on the Main Board of the Stock Exchange, and a director of Careful Guide Limited and Special Access Limited, the substantial shareholders of the Company.

Dr. WU Mei Yung, Quinly, PhD (honoris causa), aged 56, has been an executive director of the Company since June 1993. Dr. Wu is a co-founder and the managing director of the Group, responsible for the Group's strategic planning, human resources, merchandising and purchasing policies; leading the Group's core business in congruence with its corporate development. She has more than 30 years' experience in the food and confectionery business. Dr. Wu is also a director of Careful Guide Limited and Special Access Limited, the substantial shareholders of the Company. She is the spouse of Dr. Tai Tak Fung, Stephen.

Mr. MAN Wing Cheung, Ellis, aged 53, has been an executive director of the Company since August 1999. Mr. Man is the finance director of the Group, responsible for corporate finance, accounting, information technology and project investments of the Group. Mr. Man has a Master of Commerce degree from the University of New South Wales in Australia. He is also a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants. He gained extensive experience in finance and accounting from overseas multinational corporations. Mr. Man joined the Group in 1992. He is also a director of FSFH.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Executive Directors (continued)

Mr. YIP Wai Keung, aged 59, has been an executive director of the Company since June 1993. Mr. Yip is responsible for the project development of the Group and liaising with the joint venture partners. Prior to joining the Group, Mr. Yip was responsible for marketing and promotion activities in a Japanese food company in Hong Kong. He has more than 30 years' experience in sales and marketing. Mr. Yip joined the Group in 1979. He is also a director of FSFH.

Mr. WU Wing Biu, aged 50, has been an executive director of the Company since June 1993. Mr. Wu is responsible for product purchasing and merchandising as well as brand name development; assisting in the establishment of close relationship with suppliers. He has more than 20 years' experience in the food and confectionery industry. Mr. Wu joined the Group in 1978. He is a brother of Dr. Wu Mei Yung, Quinly, an executive director of the Company.

Independent Non-executive Directors

Ms. LEUNG Mei Han, aged 50, has been an independent non-executive director of the Company since December 1998. Ms. Leung holds a Bachelor of Commerce degree from the University of Queensland in Australia and is a fellow member of CPA Australia. Ms. Leung has more than 20 years' experience in corporate finance and related areas. Ms. Leung is also an independent non-executive director of Bossini International Holdings Limited and Yue Da Mining Holdings Limited, both companies are listed on the Main Board of the Stock Exchange.

Mr. CHAN Yuk Sang, Peter, aged 63, has been an independent non-executive director of the Company since July 2000. Mr. Chan was the chairman of a company listed on the Stock Exchange until July 2002. He was a senior general manager of a local bank until November 1998. Mr. Chan was also a director of a listed company in Hong Kong from 1993 to 1995 and an executive director of a joint Chinese-foreign bank in Shenzhen until 1995. He has more than 30 years' experience in the banking and finance industry. Mr. Chan is currently an independent non-executive director of Gome Electrical Appliances Holding Limited, a company listed on the Main Board of the Stock Exchange.

Mr. Hiroshi ZAIZEN, aged 75, has been appointed as an independent non-executive director of the Company since July 2006. He is a graduate of Waseda University. He was decorated for the Knight of the Order of the Dannebrog from The Queen of Royal Denmark. Between the years 1988 and 1991, Mr. Zaizen was the chairman and managing director of Mitsubishi Corporation (Hong Kong) Limited. He was the director of Mitsubishi Corporation, Tokyo from 1989 to 1998 and retired as executive vice president and representing director in 1998. Mr. Zaizen holds several public positions including the president of Japan-Hong Kong Business Association, Counsellor of Japan/Denmark Association, a member of Executive Committee of Federation of Hong Kong Business Associations Worldwide, a member of Japan/Canada Forum and a member of Japan Hong Kong Business Committee. He has an extensive business and management experience in food industry.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Senior management

Mr. TSE Siu Wan, aged 48, is a director and the general manager of Hong Kong Ham Holdings Limited ("HK Ham"), a wholly-owned subsidiary of the Group, responsible for the management of the Group's ham manufacturing operations. He has extensive experience in the manufacturing of ham and ham related products. Mr. Tse joined HK Ham in 1980. He is also a director of FSFH.

Mr. LO Ka Sing, Kassim, aged 55, is the director of the Group's China sales department, responsible for sales activities in Mainland China. Mr. Lo holds a Master of Business Administration degree from the Southern California University for Professional Studies in the United States. Prior to joining the Group, he was the assistant general manager of a listed company in Hong Kong. He has more than 30 years' experience in sales and marketing. Mr. Lo joined the Group in 1996.

Mr. NAM Chi Ming, Gibson, aged 48, is the director of the internal audit department and company secretary of the Group, responsible for managerial controls, internal audit and company secretarial affairs. He holds a Master of Business Administration degree from The Chinese University of Hong Kong. Mr. Nam is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. He has extensive financial and managerial experience. Mr. Nam worked in the Group from 1996 to 1999, and re-joined the Group in 2001.

Mr. LAI Yuk Fai, Patrick, aged 54, is the director of the Group's sales department, responsible for sales planning and management in Hong Kong and Macau. Mr. Lai has a Bachelor of Business Administration degree from The Chinese University of Hong Kong. Prior to joining the Group, he was the general manager of sales department of a multinational company. Mr. Lai joined the Group in 1998 and temporarily left in the latter part of 2007 and re-joined the Group in 2008.

Mr. TAI Chun Leung, aged 35, is a director of the Group's manufacturing operation department, responsible for the Group's snack food manufacturing operations management. Mr. Tai holds a Master of Business Administration degree from the Southern California University for Professional Studies in the United States. He has extensive experience in meat processing and snack food manufacturing operations. Mr. Tai joined the Group in 1998 and is also a director of FSFH since 2004. He is a son of Dr. Tai Tak Fung, Stephen.

Mr. FUNG Kwok Wing, Kenny, aged 48, is the financial controller, responsible for finance and accounting. Mr. Fung holds a Master of Business Administration degree, Master of Corporate Governance degree, Master of Finance degree and Master of Professional Accounting degree. He is also a member of various professional institutes, including the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Chartered Institute of Marketing in the United Kingdom. Mr. Fung has extensive experience in accounting and administration. He joined the Group in 1985 and temporarily left in the latter part of 2007 and re-joined the Group in 2008.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Senior management (continued)

Mr. WONG Hung Kin, aged 50, is the associate director of the merchandising and marketing department of the Group, responsible for product purchasing and marketing. Mr. Wong holds a Master of Business Administration degree from the Southern California University for Professional Studies in the United States. Prior to joining the Group, he was a senior merchandising manager of a local winery company and has over 20 years' experience in purchasing and marketing. Mr. Wong joined the Group in 1995.

Ms. LAM Mei Chi, Clara, aged 36, is the associate director of the Group's business development department, responsible for brand marketing and product development activities. Ms. Lam holds a Master of Business Administration degree from The Chinese University of Hong Kong. She gained extensive experience in merchandising and category management. Before joining the Group, she was a merchandising director of a leading chain store. Ms. Lam joined the Group in 2008.

Mr. CHENG Ngai Lim, Raymond, aged 45, is the associate director of the Group's Hong Kong and Macau sales department, responsible for the Group's sales activities and management in Hong Kong and Macau. Mr. Cheng holds a Bachelor's degree in Science from The University of Hong Kong. Before joining the Group, he was a commercial director of a multinational corporation. Mr. Cheng joined the Group in 2008.

Mr. HO Kwok Tong, Fred, aged 55, is the general manager of the Group's information technology department, responsible for information technology and systems development. He holds a Master of Business Administration degree from the Southern California University for Professional Studies in the United States. Mr. Ho has over 30 years' experience in the development of management information systems. He joined the Group in 1994.

Ms. WONG Yuen Shan, Susanna, aged 43, is the general manager of the Group's communications department, responsible for corporate communications and advertising activities. Before joining the Group, she worked for an international communications consultancy and a Hong Kong listed retail chain, responsible for corporate communications in Asia Pacific Region. Ms. Wong joined the Group in 2005.

Ms. TSUN Wai Chun, Alice, aged 40, is the general manager of the Group's human resources department, responsible for the Group's human resources planning and training management. Ms. Tsun holds a Master of Science degree in Human Resources Management from The Hong Kong Polytechnic University. She is also a member of Institute of Human Resources Management. Before joining the Group, she gained extensive experience in human resources management from publicly-listed and multinational corporations. Ms. Tsun joined the Group in 2008.

Ms. TING Hwee Yuan, Elizabeth, aged 43, is the general manager of the Group's catering department, responsible for the Group's catering operations. Ms. Ting gained over 20 years' experience in catering business. Prior to joining the Group, she was the vice president of a renowned catering corporation. Ms. Ting joined the Group in 2008.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the Group's total sales for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and facilities granted by its principal bankers. As at 31 March 2009, the Group had banking facilities of HK$1,406,939,000 of which 55% had been utilised. The Group had a gearing ratio of 80% as at 31 March 2009. This is expressed as the total bank borrowings to equity attributable to equity holders of the Company. Bank borrowings of the Group, denominated in Hong Kong dollars, Japanese yen and United States dollars, mainly comprise trust receipt loans and bank loans (the "Interest-Bearing Bank Borrowings") at prevailing market interest rates. The Interest-Bearing Bank Borrowings which are classified as current liabilities are repayable within one year and the Interest-Bearing Bank Borrowings in non-current liabilities are repayable in the second year. As at 31 March 2009, the Group held cash and cash equivalents of HK$482,903,000. During the year, the Group placed surplus short term funds in short term currency-linked deposits and foreign currency deposits with banks. As at 31 March 2009, no short term currency-linked deposits were placed with banks. As as 31 March 2009, the Group had no significant contingent liabilities and there were no significant charges on the Group's assets during the year under review.

STAFF EMPLOYMENT

The total number of employees of the Group as at 31 March 2009 was approximately 4,200. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. The Group operates a mandatory provident fund scheme which covers all the employees of the Group.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the reporting year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

Details of the Company's corporate governance are set out in "Corporate Governance Report" of this annual report.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the independent non-executive directors of the Company.

The summary of duties and works of the audit committee is set out in the "Corporate Governance Report" of this annual report.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Dr. TAI Tak Fung, Stephen, SBS, JP
Chairman

Hong Kong, 27 July 2009

The board of directors (the "Board") of the Company is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2009.

The Company's corporate governance policies and practices are applied and implemented in the manners as stated in the below Corporate Governance Report.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company and the management are committed to maintain a good corporate governance with an emphasis on the principles of transparency, accountability and independence to all shareholders. The Company believes that good corporate governance is an essence for a continual growth and enhancement of shareholders' value. Throughout the year under review, the Company has applied the principles of and complied with most of the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") except for the deviations from code provisions A.4.1 and A.4.2 which are explained below. The Company periodically reviews and improves its corporate governance practices with reference to the latest development of corporate governance.

The key corporate governance principles and practices of the Company are summarised as follows:

THE BOARD OF DIRECTORS

Board Responsibilities

The role of the Board is to set up strategic goals, performance objectives and operational policies; establish a framework of prudent and effective controls which enables risk to be assessed and managed; delegate authorities to the management to manage and supervise the business of the Group; and ensure the management monitor performance against objectives being set.

The Company has formalised a written guideline for the division of responsibilities between the Board and management. Certain responsibilities or functions have been delegated by the Board to the management which include the day-to-day business operation of the Group, execution of corporate strategies, business and financial plans and budgets approved by the Board and preparation of annual and interim financial statements. The Board has reserved for its decisions matters of the Group covering the approval of significant changes in accounting or capital structure; approval of public announcements and the financial statements; approval of major acquisitions, disposals and major capital projects; approval of material borrowings and any issuing or buying back of equity securities; approval of the annual budget and setting of the dividend policy.

THE BOARD OF DIRECTORS (continued)

Board Composition

The Board of the Company comprises 8 directors, of which 5 are executive directors and 3 are independent non-executive directors.

The following chart shows the structure and membership of the Board and Board's Committees:

Board of Directors

Executive directors
Tai Tak Fung, Stephen *(Chairman)*
Wu Mei Yung, Quinly *(Managing Director)*
Man Wing Cheung, Ellis
Yip Wai Keung
Wu Wing Biu

Independent non-executive directors
Leung Mei Han
Chan Yuk Sang, Peter
Hiroshi Zaizen

Company Secretary
Nam Chi Ming, Gibson

Executive Committee
Tai Tak Fung, Stephen *(Chairman)*
Wu Mei Yung, Quinly
Man Wing Cheung, Ellis
Yip Wai Keung

Audit Committee
Leung Mei Han *(Chairman)*
Chan Yuk Sang, Peter
Hiroshi Zaizen

Remuneration Committee
Wu Mei Yung, Quinly *(Chairman)*
Leung Mei Han
Chan Yuk Sang, Peter

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The relationship among some members of the Board are disclosed under "Profiles of Directors and Senior Management" in this Annual Report.

THE BOARD OF DIRECTORS (continued)

Board Meeting

Number of Meetings and Directors' Attendance

The Board meets regularly throughout the year to discuss and formulate overall strategies for the Company, monitor financial performance and discuss the interim and annual results, as well as other significant matters.

The Board has convened four regular meetings during the year ended 31 March 2009 and the attendance record of each director is set out below:

Name of directors	No. of Board Meetings	No. of attendance	Average attendance rate
Executive directors			
Tai Tak Fung, Stephen *(Chairman)*	4	4	100%
Wu Mei Yung, Quinly *(Managing Director)*	4	4	100%
Man Wing Cheung, Ellis	4	4	100%
Yip Wai Keung	4	4	100%
Wu Wing Biu	4	4	100%
Independent non-executive directors			
Leung Mei Han	4	4	100%
Chan Yuk Sang, Peter	4	4	100%
Hiroshi Zaizen	4	4	100%

Practices and Conduct of Meetings

Notice of regular Board meetings are served to all directors at least 14 days before the meetings while reasonable notice is generally given for other Board meetings. For committee meetings, notices are served in accordance with the required notice period stated in the relevant terms of reference.

An agenda and accompanying Board papers together with all appropriate, complete and reliable information are sent to all directors or committee members at least 3 days before each Board meeting and each committee meeting to enable all directors or committee members to have full and timely access to the information in relation to the Company's business and make further enquiries where necessary. All directors are encouraged to take independent professional advice, at the Company's expense, upon the performance of their duties as and when deemed necessary. The Board and each director have separate and independent access to the senior management.

Minutes of all Board meetings and committee meetings are kept by the Company Secretary. Draft minutes are normally circulated to directors for comment within a reasonable time frame after each meeting and the final version is open for directors' inspection.

If a substantial shareholder or a director has a conflict of interest in a matter to be considered material by the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.

THE BOARD OF DIRECTORS (continued)

Director's Independence and Relationship

During the year ended 31 March 2009, the Board at all times met the requirements of the Listing Rules relating to the appointment of 3 independent non-executive directors with at least one of them possesses appropriate accounting and financial management expertise as required under the Rules 3.10(1) and 3.10(2) of the Listing Rules. The Company has received written annual confirmation from each independent non-executive director of his/her independence and the Company considers the existing independent non-executive directors to be independent under the independence guidelines set out in Rule 3.13 of the Listing Rules up to the date of this Annual Report.

Biographical details and relevant relationships among the directors are set out in the "Profiles of Directors and Senior Management" section in the Report of the Directors of this Annual Report.

Directors' Appointment and Re-election

Appointment

Although the Company has not set up a nomination committee, the Board is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

The Board reviewed its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company.

Where vacancies on the Board exist, the Board will carry out the selection and recommendation of candidates for directorship of the Company by reference to the skills, experience, professional knowledge and personal integrity of the proposed candidates as well as other relevant statutory requirements.

Each newly appointed director receives a comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has a proper understanding of the operations and business of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to directors whenever necessary.

THE BOARD OF DIRECTORS (continued)

Directors' Appointment and Re-election (continued)

Re-election

In accordance with the Articles of Association of the Company (the "Articles of Association"), one-third of the directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation for re-election by shareholders at annual general meeting, such that every director is subject to retirement by rotation at least once every three years.

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Currently, all independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Under the code provision A.4.2, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In accordance with the Articles of Association of the Company, any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election. The Board considers that such a deviation is not material as casual vacancy seldom appears and interval between the appointment made to fill casual vacancy and the immediate following annual general meeting is short.

Roles of Chairman and Managing Director

Currently, Dr. Tai Tak Fung, Stephen and Dr. Wu Mei Yung, Quinly hold the positions of Chairman and Managing Director, respectively. Their respective responsibilities are clearly defined and set out in writing.

The Chairman provides leadership for the Board and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the executive directors and senior management, the Managing Director is responsible for managing the Group's business, including implementation of objectives, policies and major strategies and initiatives adopted by the Board. She is also in charge of the Company's day-to-day operation in accordance with the instructions from the Board.

THE BOARD OF DIRECTORS (continued)

Board Committees

The Board has established three committees, namely the Executive Committee, the Audit Committee and the Remuneration Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference. The terms of reference of the Board committees are available to shareholders upon request.

Executive Committee

The Executive Committee was established in July 2001 and all of its members are executive directors.

The main duties and responsibilities of the Executive Committee include approval and execution of the corporate guarantees to be provided by the Company to individual bankers in respect of the banking facilities granted to any member of the Group, including wholly-owned subsidiaries, non-wholly-owned subsidiaries and associated corporations within the meaning of the Hong Kong Companies Ordinance.

Audit Committee

The Audit Committee was established in July 2000 with specific written terms of reference which set out its role and function and all of its members are independent non-executive directors, one of them possesses the appropriate professional qualifications or accounting or related financial management expertise. As at the date of this Annual Report, the Audit Committee comprises three independent non-executive directors, namely Ms. Leung Mei Han *(Chairman of the Audit Committee)*, Mr. Chan Yuk Sang, Peter and Mr. Hiroshi Zaizen.

The Board has adopted the new terms of reference of the Audit Committee following the amendments to the Listing Rules effective from 1 January 2009. The Audit Committee will conduct, on behalf of the Board, an annual review of the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and training programmes and budget.

The duties and responsibilities of the Audit Committee include, inter alia, the following:

Relationship with the Company's auditors

(a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of that auditors;

(b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(c) to develop and implement policy on the engagement of external auditors to supply non-audit services;

(d) to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

THE BOARD OF DIRECTORS (continued)

Audit Committee (continued)

Review of financial information of the Company

(e) to monitor the integrity of the financial statements, review the annual and interim reports, and review significant financial reporting judgments contained in them before submission to the Board;

Oversight of the Company's financial reporting system and internal control procedures

(f) to review financial controls, internal control and risk management systems;

(g) to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;

(h) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;

(i) to ensure co-ordination between the internal and external auditors and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

(j) to review the Group's financial and accounting policies and practices;

(k) to review the external auditors' management letter, any material queries raised by the external auditors to the management in respect of the accounting records, financial statements or systems of control and management's response;

(l) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;

(m) to report to the Board on all matters set out in the code provisions in relation to the Audit Committee contained in Appendix 14 of the Listing Rules; and

(n) to consider any other topics, as defined by the Board.

The Audit Committee held two meetings during the year ended 31 March 2009 to review the accounting principles and practices adopted by the Group and discuss internal controls and financial reporting matters including a review of the interim financial statements for the six months ended 30 September 2008 and the annual financial statements for the year ended 31 March 2008 of the Company. The Audit Committee has also reviewed the annual results for the year ended 31 March 2009 of the Group.

THE BOARD OF DIRECTORS (continued)

Audit Committee (continued)

The attendance records of the Audit Committee during the year are set out below:

Name of the committee members	No. of Audit Committee Meetings	No. of attendance	Average attendance rate
Leung Mei Han *(Chairman of the Audit Committee)*	2	2	100%
Chan Yuk Sang, Peter	2	2	100%
Hiroshi Zaizen	2	2	100%

Remuneration Committee

The Remuneration Committee was established in September 2005 with specific written terms of reference which set out its role and function and is constituted by one executive director, namely Dr. Wu Mei Yung, Quinly *(Chairman of the Remuneration Committee)* and two independent non-executive directors, namely Ms. Leung Mei Han and Mr. Chan Yuk Sang, Peter.

The duties and responsibilities of the Remuneration Committee include, inter alia, the following:

(a) to review and consider the management recommendations and the Company's policy, procedures and structure for the remuneration and other remuneration related matters for directors and senior management to ensure there shall be a formal and transparent procedure for setting policy on executive directors' remuneration and for fixing the remuneration packages for all directors;

(b) to have the delegated responsibility to determine the specific remuneration package of all executive directors and senior management, and make recommendations to the Board on the remuneration of non-executive directors;

(c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(d) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment;

(e) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct;

(f) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration; and

(g) to advise shareholders on how to vote with respect to any service contracts of directors that requires shareholders' approval under the Listing Rules.

The Remuneration Committee had convened one meeting during the year to review, inter alia, the Group's remuneration policy and structure, and the remuneration of all directors for the year under review. Details of the emoluments of each director of the Company are set out in note 8 to the financial statements.

THE BOARD OF DIRECTORS (continued)

Remuneration Committee (continued)

The attendance records of the Remuneration Committee during the year are set out below:

Name of the committee members	No. of Remuneration Committee Meetings	No. of attendance	Average attendance rate
Executive directors			
Wu Mei Yung, Quinly *(Chairman of the Remuneration Committee)*	1	1	100%
Independent non-executive directors			
Leung Mei Han	1	1	100%
Chan Yuk Sang, Peter	1	1	100%

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding securities transactions by directors of the Company (the "Code of Conduct"). Having made specific enquiry of all directors of the Company, the directors have confirmed that they have complied with the required standard of dealings as set out in the Code of Conduct throughout the year ended 31 March 2009.

The Company has also established the Code for Securities Transactions by the Relevant Employees (the "Employees Code") on no less exacting terms than the Model Code for securities transactions by the employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Code by the employees was noted by the Company.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2009. In preparing the financial statements for the year ended 31 March 2009, appropriate accounting principles and policies are selected and applied consistently; judgments and estimates made are appropriate and reasonable; and these financial statements have been prepared on a going concern basis.

The senior management of the Company provides the Board with such information and explanations as necessary to enable the Board to make an informed assessment of the financial information and position of the Company put before the Board for approval.

The Board is also responsible for presenting a balanced, clear and understandable assessment extends to both annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules.

The responsibilities of the Company's external auditors, Messrs. Ernst & Young ("E&Y"), are set out in the Independent Auditors' Report on pages 34 to 35 of this Annual Report.

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

External Auditors' Remuneration

E&Y have been re-appointed as the Company's external auditors by shareholders at the 2008 annual general meeting until the conclusion of the next annual general meeting. They are primarily responsible for providing audit services in connection with the financial statements for the year ended 31 March 2009.

For the year ended 31 March 2009, E&Y received approximately HK$1,950,000 (2008: HK$1,950,000) for audit and related services and HK$479,000 (2008: HK$233,000) for other non-audit services which include the taxation services.

INTERNAL CONTROLS

The Board is responsible for the system of internal controls and reviewing its effectiveness. The system has been designed to manage the risk of failure to achieve corporate objectives rather than eliminate the risk of failure to achieve the business objective. Therefore, it can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. The Board has delegated to the management the implementation of the strategies and policies on internal controls and risk management adopted by the Board and the review of relevant financial, operational and compliance controls and risk management procedures.

During the year under review, the Board has reviewed the effectiveness of the internal controls of the Group including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget.

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars.

The Company maintains a website at www.fourseasgroup.com.hk as a communication platform with shareholders and investors, where information and updates on the Company's announcements, business developments/operations and other information are available for public access.

The Company's annual general meeting provides a forum for communication between the Board and the shareholders. The Chairman of the Board and Board committees actively participate in the annual general meeting and answer questions from the shareholders. Separate resolutions are proposed for each substantial issue at the annual general meeting. Notice of the annual general meeting together with related papers are sent to the shareholders at least 20 clear business days before the meeting, setting out details of each proposed resolution, voting procedures and other relevant information. The Listing Rules have been amended in 2009 to require all votes of shareholders at general meetings be taken by poll. The Chairman will therefore demand a poll for every resolution put to the vote at the annual general meeting. Such rights and procedures were detailed in the circular relating to the annual general meeting, and were explained by the Chairman of the Board during the annual general meeting before voting on the resolutions. An independent scrutineer is appointed to count the votes and the poll results will be posted on the websites of the Stock Exchange and of the Company after the annual general meeting.

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國際金融中心2期18樓

To the shareholders of Four Seas Mercantile Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Four Seas Mercantile Holdings Limited set out on pages 36 to 115, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

ERNST & YOUNG
安 永

To the shareholders of Four Seas Mercantile Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

AUDITORS' RESPONSIBILITY (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong, 27 July 2009

Consolidated Income Statement

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	5	2,290,626	2,096,535
Cost of sales		(1,692,244)	(1,536,773)
Gross profit		598,382	559,762
Other income and gains/(losses), net	5	(18,091)	57,496
Selling and distribution expenses		(357,615)	(318,899)
Administrative expenses		(200,165)	(173,656)
Other operating expenses		(8,193)	(6,964)
Impairment of available-for-sale investments		(36,342)	–
Gain on disposal of interest in an associate		87,144	–
Excess over the cost of business combinations		50,638	–
Finance costs	6	(20,504)	(23,690)
Share of profits and losses of associates		11,519	18,477
PROFIT BEFORE TAX	7	106,773	112,526
Tax	10	(16,236)	(26,350)
PROFIT FOR THE YEAR		90,537	86,176
Attributable to:			
Equity holders of the Company	11	105,048	81,172
Minority interests		(14,511)	5,004
		90,537	86,176
DIVIDENDS	12		
Interim		7,991	7,991
Proposed final		19,978	19,978
		27,969	27,969
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic		26.3 cents	20.3 cents

31 March 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**487,621**	413,092
Investment property	*15*	**15,310**	14,984
Prepaid land lease payments	*16*	**154,724**	126,833
Goodwill	*17*	**34,607**	26,809
Non-current livestock	*18*	**1,129**	1,896
Interests in associates	*20*	**139,304**	189,172
Available-for-sale investments	*21*	**52,619**	56,803
Deposits	*25*	**18,466**	17,498
Deferred tax assets	*29*	**1,299**	1,491
Total non-current assets		**905,079**	848,578
CURRENT ASSETS			
Due from associates	*20*	**296**	3,637
Current livestock	*22*	**4,528**	3,392
Inventories	*23*	**167,971**	139,377
Trade receivables	*24*	**429,687**	413,018
Prepayments, deposits and other receivables	*25*	**94,535**	83,989
Tax recoverable		**1,087**	4,450
Cash and cash equivalents	*26*	**482,903**	443,701
Total current assets		**1,181,007**	1,091,564
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*27*	**277,204**	258,349
Interest-bearing bank borrowings	*28*	**756,614**	667,511
Tax payable		**17,179**	18,079
Total current liabilities		**1,050,997**	943,939
NET CURRENT ASSETS		**130,010**	147,625
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,035,089**	996,203
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*28*	**22,763**	74,437
Deferred tax liabilities	*29*	**18,487**	17,470
Total non-current liabilities		**41,250**	91,907
Net assets		**993,839**	904,296

31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	*30*	**39,956**	39,956
Reserves	*32(a)*	**915,619**	812,014
Proposed final dividend	*12*	**19,978**	19,978
		975,553	871,948
Minority interests		**18,286**	32,348
Total equity		**993,839**	904,296

TAI Tak Fung, Stephen
Director

YIP Wai Keung
Director

		Attributable to equity holders of the Company											
	Note	Issued capital HK$'000	Share premium account HK$'000 (Note 32(a))	Reserve fund HK$'000 (Note 32(a))	Revaluation reserve HK$'000 (Note 32(a))	Capital reserve HK$'000 (Note 32(a))	Available-for-sale investment revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2007		39,956	240,190	4,153	25,601	750	3,384	20,074	444,455	19,978	798,541	30,343	828,884
Changes in fair value of available-for-sale investments		–	–	–	–	–	10,927	–	–	–	10,927	–	10,927
Revaluation on property, plant and equipment		–	–	–	407	–	–	–	–	–	407	–	407
Exchange realignment		–	–	–	–	–	–	37,572	–	–	37,572	2,748	40,320
Transfer to the income statement on disposals		–	–	–	–	–	(28,702)	–	–	–	(28,702)	–	(28,702)
Total income and expense for the year recognised directly in equity		–	–	–	407	–	(17,775)	37,572	–	–	20,204	2,748	22,952
Profit for the year		–	–	–	–	–	–	–	81,172	–	81,172	5,004	86,176
Total income and expense for the year		–	–	–	407	–	(17,775)	37,572	81,172	–	101,376	7,752	109,128
Dividends paid to minority shareholders		–	–	–	–	–	–	–	–	–	–	(5,747)	(5,747)
Final 2007 dividend declared		–	–	–	–	–	–	–	–	(19,978)	(19,978)	–	(19,978)
Interim 2008 dividend	12	–	–	–	–	–	–	–	(7,991)	–	(7,991)	–	(7,991)
Proposed final 2008 dividend	12	–	–	–	–	–	–	–	(19,978)	19,978	–	–	–
Transfer of reserve fund to retained profits		–	–	(268)	–	–	–	–	268	–	–	–	–
At 31 March 2008		39,956	240,190	3,885	26,008	750	(14,391)	57,646	497,926	19,978	871,948	32,348	904,296

Consolidated Statement of Changes in Equity (continued)

Year ended 31 March 2009

	Note	Issued capital HK$'000	Share premium account HK$'000 (Note 32(a))	Reserve fund HK$'000 (Note 32(a))	Revaluation reserve HK$'000 (Note 32(a))	Capital reserve HK$'000 (Note 32(a))	Available-for-sale investment revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
		Attributable to equity holders of the Company											
At 1 April 2008		39,956	240,190	3,885	26,008	750	(14,391)	57,646	497,926	19,978	871,948	32,348	904,296
Changes in fair value of available-for-sale investments		–	–	–	–	–	(20,730)	–	–	–	(20,730)	–	(20,730)
Exchange realignment		–	–	–	–	–	–	12,002	–	–	12,002	659	12,661
Transfer to the income statement on disposals		–	–	–	–	–	(1,041)	–	–	–	(1,041)	–	(1,041)
Total income and expense for the year recognised directly in equity		–	–	–	–	–	(21,771)	12,002	–	–	(9,769)	659	(9,110)
Impairment of available-for-sale investments		–	–	–	–	–	36,342	–	–	–	36,342	–	36,342
Profit/(loss) for the year		–	–	–	–	–	–	–	105,048	–	105,048	(14,511)	90,537
Total income and expense for the year		–	–	–	–	–	14,571	12,002	105,048	–	131,621	(13,852)	117,769
Contribution by a minority shareholder		–	–	–	–	–	–	–	–	–	–	490	490
Acquisition of additional interest in a non-wholly-owned subsidiary		–	–	–	–	–	–	–	–	–	–	(700)	(700)
Disposal of an associate		–	–	(47)	–	–	–	–	–	–	(47)	–	(47)
Final 2008 dividend declared		–	–	–	–	–	–	–	–	(19,978)	(19,978)	–	(19,978)
Interim 2009 dividend	12	–	–	–	–	–	–	–	(7,991)	–	(7,991)	–	(7,991)
Proposed final 2009 dividend	12	–	–	–	–	–	–	–	(19,978)	19,978	–	–	–
Transfer to reserve fund		–	–	967	–	–	–	–	(967)	–	–	–	–
At 31 March 2009		39,956	240,190*	4,805*	26,008*	750*	180*	69,648*	574,038*	19,978	975,553	18,286	993,839

* These reserve accounts comprise the consolidated reserves of HK$915,619,000 (2008: HK$812,014,000) in the consolidated balance sheet.

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**106,773**	112,526
Adjustments for:			
Share of profits and losses of associates		**(11,519)**	(18,477)
Bank interest income	*5*	**(5,165)**	(9,666)
Dividend income from listed investments	*5*	**(899)**	(506)
Fair value gains on available-for-sale investments	*5*	**(1,041)**	(28,702)
Fair value gains on equity investments at fair value through profit or loss	*5*	**–**	(244)
Finance costs	*6*	**20,504**	23,690
Loss on disposal of items of property, plant and equipment	*7*	**1,793**	1,365
Depreciation	*7*	**37,671**	33,130
Recognition of prepaid land lease payments	*16*	**3,612**	3,457
Amortisation of non-current livestock	*7*	**944**	1,454
Impairment of available-for-sale investments	*7*	**36,342**	–
Gain on disposal of interest in an associate	*7*	**(87,144)**	–
Excess over the cost of business combinations	*7*	**(50,638)**	–
Impairment of trade receivables	*7*	**1,525**	632
Impairment of slow-moving inventories	*7*	**6,556**	2,476
Change in fair value of an investment property	*7*	**–**	77
		59,314	121,212
Decrease/(increase) in non-current livestock		**(138)**	440
Decrease/(increase) in amounts due from associates		**3,341**	(3,444)
Increase in current livestock		**(1,136)**	(455)
Increase in inventories		**(30,536)**	(24,540)
Increase in trade receivables		**(12,905)**	(36,520)
Increase in prepayments, deposits and other receivables		**(10,115)**	(19,961)
Increase in trade payables, other payables and accruals		**14,079**	44,429
Cash generated from operations		**21,904**	81,161
Hong Kong profits tax paid		**(13,960)**	(8,464)
Other taxes paid		**(483)**	(5,029)
Net cash inflow from operating activities – page 42		**7,461**	67,668

Consolidated Cash Flow Statement (continued)

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Net cash inflow from operating activities – page 41		**7,461**	67,668
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		**5,165**	9,666
Dividends received from listed investments		**899**	506
Dividends received from associates		**3,994**	5,183
Purchases of items of property, plant and equipment		**(44,052)**	(130,861)
Proceeds from disposal of items of property, plant and equipment		**38**	42
Proceeds from disposal of available-for-sale investments		**4,829**	1,826
Proceeds from disposal of equity investments at fair value through profit or loss		**–**	47,920
Acquisition of subsidiaries	33	**(23,344)**	–
Acquisition of additional interest in a non-wholly-owned subsidiary		**(4,536)**	–
Disposal of an associate		**137,539**	–
Acquisition of available-for-sale investments		**(21,375)**	(1,582)
Acquisition of equity investments at fair value through profit or loss		**–**	(64,165)
Net cash inflow/(outflow) from investing activities		**59,157**	(131,465)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and trust receipt loans		**1,394,375**	1,425,226
Repayment of bank and trust receipt loans		**(1,376,173)**	(1,227,700)
Interest paid		**(20,504)**	(23,690)
Contribution by a minority shareholder		**490**	–
Dividends paid		**(27,969)**	(27,969)
Dividends paid to minority shareholders		**–**	(5,747)
Net cash inflow/(outflow) from financing activities		**(29,781)**	140,120
NET INCREASE IN CASH AND CASH EQUIVALENTS		**36,837**	76,323
Cash and cash equivalents at beginning of year		**443,701**	360,998
Effect of foreign exchange rate changes, net		**2,365**	6,380
CASH AND CASH EQUIVALENTS AT END OF YEAR		**482,903**	443,701
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	**190,127**	167,540
Time deposits with original maturity of less than three months when acquired	26	**292,776**	276,161
		482,903	443,701

31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	*19*	**93,098**	93,098
Available-for-sale investments	*21*	**120**	222
Total non-current assets		**93,218**	93,320
CURRENT ASSETS			
Due from subsidiaries	*19*	**521,195**	486,166
Prepayments	*25*	**133**	136
Cash and bank balances	*26*	**263**	1,020
Total current assets		**521,591**	487,322
CURRENT LIABILITIES			
Due to subsidiaries	*19*	**264,179**	235,452
Accruals	*27*	**1,036**	1,206
Total current liabilities		**265,215**	236,658
NET CURRENT ASSETS		**256,376**	250,664
Net assets		**349,594**	343,984
EQUITY			
Issued capital	*30*	**39,956**	39,956
Reserves	*32(b)*	**289,660**	284,050
Proposed final dividend	*12*	**19,978**	19,978
Total equity		**349,594**	343,984

TAI Tak Fung, Stephen
Director

YIP Wai Keung
Director

1. CORPORATE INFORMATION

Four Seas Mercantile Holdings Limited is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at the offices of Caledonian Bank & Trust Limited, Caledonian House, 69 Dr. Roy's Drive, P.O. Box 1043 KY1-1102, George Town, Grand Cayman, Cayman Islands, British West Indies.

During the year, the Group's principal activities consisted of manufacturing and trading of snack foods, confectionery, beverages, frozen food products, noodles, poultry products, ham and ham-related products, and the operations of restaurants.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain non-current livestock, an investment property, certain properties and certain equity investments, which have been measured at valuation or fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involved allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition was measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements. The adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing in the near term, if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held to maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(b) HK(IFRIC)-Int 12 *Service Concession Arrangements*

HK(IFRIC)-Int 12 applies to service concession operators and explains how to account for obligation undertaken and the rights received in service concession arrangements. No members of the Group is an operator and, therefore, this interpretation has had no impact on the financial position or results of the operations of the Group.

(c) HK(IFRIC)-Int 14 *HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation has had no effect on these financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments*: *Disclosure – Improving Disclosures about Financial Instruments*[1]
HKFRS 8	*Operating Segments*[1]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*[1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*[5]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*[1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*[4]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners*[2]
HK(IFRIC)-Int 18	*Transfer of Assets from Customers*[6]
Annual improvement project	*Improvements to HKFRSs*[7*]
Annual improvement project	*Improvements to HKFRSs 2009*[8**]

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008
[5] Effective for annual periods ending on or after 30 June 2009
[6] Effective for transfers of assets from customers received on or after 1 July 2009
[7] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
[8] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
* Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40, HKAS 41.
** Improvements to HKFRSs 2009 contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

The HKAS 27 Amendment requires all dividends from subsidiaries, associates or jointly-controlled entities to be recognised in the income statement in the separate financial statements. The amendment is applied prospectively only. The HKFRS 1 Amendment allows a first-time adopter of HKFRSs to measure its investment in subsidiaries, associates or jointly-controlled entities using a deemed cost of either fair value or the carrying amount under the previous accounting practice in the separate financial statements. The Group expects to adopt the HKAS 27 Amendment from 1 April 2009. The amendments have no impact on the consolidated financial statements. As the Group is not a first-time adopter of HKFRSs, the HKFRS 1 Amendment is not applicable to the Group.

HKFRS 1 (Revised) requires a first-time adopter to comply with each HKFRS effective at the end of its first HKFRS reporting period. In particular, the HKFRS requires an entity to restate the opening HKFRS statement of financial position that it prepares as a starting point for its accounting under HKFRSs. Furthermore, the revised standard requires disclosures that explain how the transition from previous GAAP to HKFRSs affected the entity's reported financial position, financial performance and cash flows. As the Group is not a first-time adopter of HKFRSs, HKFRS 1 (Revised) is not applicable to the Group.

The HKFRS 2 Amendments clarify that vesting conditions are service conditions and performance conditions only. Any other conditions are non-vesting conditions. Where an award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this is accounted for as a cancellation. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, the amendments are unlikely to have any significant implications on its accounting for share-based payments.

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Group expects to adopt HKFRS 3 (Revised) and HKAS 27 (Revised) from 1 April 2010. The changes introduced by these revised standards must be applied prospectively and will affect future acquisitions, loss of control and transactions with minority interests.

The main change for amendments to HKFRS 7 is to add disclosure of any change in the method for determining fair value and the reasons for the change. It also adds disclosure for a three-level hierarchy for fair value measurements.

HKFRS 8, which will replace HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 April 2009.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group expects to adopt HKAS 1 (Revised) from 1 April 2009.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

The HKAS 32 Amendments provide a limited scope exception for puttable financial instruments and instruments that impose specified obligations arising on liquidation to be classified as equity if they fulfil a number of specified features. HKAS 1 Amendments require disclosure of certain information relating to these puttable financial instruments and obligations classified as equity. As the Group currently has no such financial instruments or obligations, the amendments are unlikely to have any financial impact on the Group.

The amendment to HKAS 39 addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. As the Group has not entered into any such hedges, the amendment is unlikely to have any financial impact on the Group.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The amendments to HKAS 39 and HK(IFRIC)-Int 9 require an entity to assess whether to separate an embedded derivative from a host contract in the case where the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. Such assessment shall be made either when the entity first became a party to the contract or when a change in the terms of the contract significantly modifies expected cash flows.

HK(IFRIC)-Int 13 requires that customer loyalty award credits granted to customers as part of a sales transaction are to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. The Group is in the process of making an assessment of the impact of this interpretation upon initial application.

HK(IFRIC)-Int 15 will replace HK Interpretation 3 Revenue – *Pre-completion Contracts for the Sale of Development Properties*. It clarifies when and how an agreement for the construction of real estate should be accounted for as a construction contract in accordance with HKAS 11 *Construction Contracts* or an agreement for the sale of goods or services in accordance with HKAS 18 *Revenue*. As the Group currently is not involved in any construction of real estate, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 16 provides guidance on the accounting for a hedge of a net investment in a foreign operation. This includes clarification that (i) hedge accounting may be applied only to the foreign exchange differences arising between the functional currencies of the foreign operation and the parent entity; (ii) a hedging instrument may be held by any entities within a group; and (iii) on disposal of a foreign operation, the cumulative gain or loss relating to both the net investment and the hedging instrument that was determined to be an effective hedge should be reclassified to the income statement as a reclassification adjustment. As the Group currently has no hedge of a net investment in a foreign operation, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 17 standardises practice in the accounting for non-reciprocal distributions of non-cash assets to owners. The Group expects to apply the interpretation from 1 April 2010 prospectively. The interpretation clarifies that (i) a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; (ii) an entity should measure the dividend payable at the fair value of the net assets to be distributed; and (iii) an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. Other consequential amendments were made to HKAS 10 *Events after the Balance Sheet Date* and HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. While the adoption of the interpretation may result in changes in certain accounting policies, the interpretation is unlikely to have any material financial impact on the Group.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HK(IFRIC)-Int 18 clarifies the requirements of HKFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The interpretation is issued to provide additional guidance on the accounting for those transfers of assets from customers. It clarifies:

(i) the circumstances in which the definition of an asset is met;
(ii) the recognition of the asset and the measurement of its cost on initial recognition;
(iii) the identification of the separately identifiable services (one or more services in exchange for the transferred asset);
(iv) the recognition of revenue; and
(v) the accounting for transfers of cash from customers.

The interpretation is unlikely to have any material financial impact on the Group.

In October 2008 and May 2009, the HKICPA issued its *Improvements to HKFRSs* and *Improvements to HKFRSs 2009* which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. The Group is in the process of making an assessment of the impact of these amendments upon initial application. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity 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 income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary, 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 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. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's interests in associates.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is on or after 1 January 2005

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries, after reassessment, is recognised immediately in the income statement.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, biological assets, financial assets, an investment property and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but 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 such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment 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 items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement 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 an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	2% – 10%
Leasehold improvements	10% – 20%
Furniture, fixtures and equipment	10% – 25%
Plant and machinery	10% – 20%
Motor vehicles	15% – 30%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment property when completed and ready for use.

Investment property

An investment property is an interest in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment property is stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair value of the investment property are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of the investment property are recognised in the income statement in the year of the retirement or disposal.

For a transfer from investment property to owner-occupied properties, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include the financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities and club debenture that are designated as available-for-sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as "Other income" in accordance with the policies set out for "Revenue recognition" below. Losses arising from the impairment of such investments are recognised in the income statement as "Impairment of available-for-sale investments" and are transferred from the available-for-sale investment revaluation reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, the fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables and amounts due from associates, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. A provision for impairment is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement. In addition, the Group evaluates other factors, such as the share price volatility. Impairment losses on equity instruments classified as available-for-sale are not reversed through the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing bank borrowings)

Financial liabilities including trade and other payables, amounts due to subsidiaries and interest-bearing bank borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Derivative financial instruments

The Group invests in certain derivative financial instruments such as currency-linked deposits to enhance its investment return. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. They are classified as financial assets at fair value through profit or loss. Any gains or losses arising from changes in fair value are taken directly to the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Livestock

Livestock are stated at fair value less estimated point-of-sale costs, except where the fair value cannot be measured reliably, in which case they are stated at cost less accumulated amortisation and any impairment losses. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit.

Net increments or decrements in the fair value of livestock are included in the income statement, and are determined as:

(a) the difference between the total fair value of the livestock recognised at the beginning of the financial year and the total fair value of the livestock recognised at the end of the financial year; and

(b) the costs incurred, during the financial year the livestock are acquired and bred.

Non-current livestock, which are stated at cost less accumulated amortisation and any impairment losses, represent breeder peafowl and are amortised over ten years using the sum-of-digits method.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. In the case of work in progress and self-produced finished goods, cost comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

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 that 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 sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

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

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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 and associates, 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 credits 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 credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from 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 and associates, 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.

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 reassessed at each balance sheet date and 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 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, 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 sold;

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;

(c) dividend income, when the shareholders' right to receive payment has been established;

(d) management fee income, in the period in which services are rendered; and

(e) rental income, on a time proportion basis over the lease terms.

Employee benefits

Pension 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 income statement 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 a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 8% to 22% of the payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Share-based payment transactions

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. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Share-based payment transactions (continued)

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model or the Black-Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity 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.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in a separate component of the equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by the management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. For the purposes of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations or market valuations. The value-in-use calculations and market valuations primarily use cash flow projections based on financial budgets approved by management and estimated terminal value at the end of the budget period, by reference to prior years' performance, current business plans and market development expectations. There are also a number of estimates involved in the preparation of cash flow projections for the period covered by the approved budgets. Key estimates include expected growth in revenues and gross margin, timing of future capital expenditure, and selection of discount rates to reflect the risks and cost of capital involved. Changes to these key judgement and estimates could materially affect the determination of whether there is an impairment and the related amounts. If there are significant adverse changes in the aforementioned judgement and estimates, it may be necessary to record significant additional impairment charge in future periods. The carrying amount of goodwill at 31 March 2009 was HK$34,607,000 (2008: HK$26,809,000).

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 March 2009 was HK$415,000 (2008: HK$517,000). The amounts of unrecognised tax losses for subsidiaries situated in Hong Kong and Mainland China at 31 March 2009 were HK$91,258,000 (2008: HK$86,895,000) and HK$105,463,000 (2008: HK$71,244,000), respectively. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Further details are contained in note 29 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of available-for-sale investments

The Group classifies certain assets as available-for-sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the income statement. At 31 March 2009, impairment losses of HK$36,342,000 (2008: Nil) have been recognised for available-for-sale investments. The carrying amount of available-for-sale investments was HK$52,619,000 (2008: HK$56,803,000).

Impairment of trade receivables, deposits and other receivables

The Group conducts impairment reviews of financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected. At 31 March 2009, an aggregate impairment of trade receivables of HK$2,763,000 (2008: HK$1,457,000) has been made and the carrying amounts of trade receivables were HK$429,687,000 (2008: HK$413,018,000). At 31 March 2009, the carrying amounts of deposits and other receivables were HK$39,476,000 (2008: HK$32,498,000) and no impairment loss was made.

4. SEGMENT INFORMATION

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

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

(i) the Hong Kong segment is engaged in the manufacturing and trading of snack foods, confectionery, beverages, frozen food products, ham and ham-related products, noodles and the retailing of snack foods, confectionery and beverages, and the operations of restaurants; and

(ii) the Mainland China segment is engaged in the manufacturing and trading of snack foods, confectionery, beverages, frozen food products, poultry products, and ham and ham-related products, noodles and the operations of restaurants.

In determining the Group's business segments, revenue and results are attributed to the segments based on the nature of their operations.

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) Geographical segments

The following tables present revenue, profit/(loss) and certain assets, liabilities and expenditure information for the Group's geographical segments for the years ended 31 March 2009 and 2008.

Group

	Hong Kong		Mainland China		Eliminations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	1,497,048	1,325,233	793,578	771,302	–	–	2,290,626	2,096,535
Intersegment sales	1,969	2,957	109,327	92,757	(111,296)	(95,714)	–	–
Other revenue	6,103	5,212	3,295	3,357	(9)	(571)	9,389	7,998
Total	1,505,120	1,333,402	906,200	867,416	(111,305)	(96,285)	2,300,015	2,104,533
Segment results	114,964	93,364	(59,309)	(13,948)	–	–	55,655	79,416
Interest and dividend income and unallocated gains/(losses), net							(27,480)	49,498
Unallocated expenses							(13,857)	(11,175)
Impairment of available-for-sale investments	(36,342)	–	–	–	–	–	(36,342)	–
Gain on disposal of interest in an associate	87,144	–	–	–	–	–	87,144	–
Excess over the cost of business combinations	–	–	50,638	–	–	–	50,638	–
Finance costs							(20,504)	(23,690)
Share of profits and losses of associates	14,573	16,938	(3,054)	1,539	–	–	11,519	18,477
Profit before tax							106,773	112,526
Tax							(16,236)	(26,350)
Profit for the year							90,537	86,176

4. SEGMENT INFORMATION (continued)

(a) Geographical segments (continued)

Group

	Hong Kong		Mainland China		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities						
Segment assets	**845,545**	775,305	**615,948**	526,023	**1,461,493**	1,301,328
Interests in associates	**86,648**	113,947	**52,656**	75,225	**139,304**	189,172
Unallocated assets					**485,289**	449,642
Total assets					**2,086,086**	1,940,142
Segment liabilities	**166,545**	148,475	**110,659**	109,874	**277,204**	258,349
Unallocated liabilities					**815,043**	777,497
Total liabilities					**1,092,247**	1,035,846
Other segment information:						
Capital expenditure	**9,742**	17,069	**34,310**	113,792	**44,052**	130,861
Depreciation	**13,927**	13,806	**23,744**	19,324	**37,671**	33,130
Impairment of trade receivables	**224**	352	**1,301**	280	**1,525**	632
Impairment of slow-moving inventories	**57**	(387)	**6,499**	2,863	**6,556**	2,476
Change in fair value of an investment property	**–**	–	**–**	77	**–**	77

(b) Business segments

The following table presents revenue and certain assets and expenditure information for the Group's business segments for the years ended 31 March 2009 and 2008.

Group

	Manufacturing and wholesaling		Retailing		Others		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**1,753,372**	1,616,606	**255,359**	202,185	**281,895**	277,744	**2,290,626**	2,096,535
Other segment information:								
Segment assets	**1,197,394**	1,058,112	**38,014**	33,660	**226,085**	209,556	**1,461,493**	1,301,328
Capital expenditure	**21,472**	37,081	**4,380**	3,934	**18,200**	89,846	**44,052**	130,861

5. REVENUE, OTHER INCOME AND GAINS/(LOSSES), NET

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold, net of discounts and returns. An analysis of revenue, other income and gains/(losses), net is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Revenue	**2,290,626**	2,096,535
Other income		
Bank interest income	**5,165**	9,666
Dividend income from listed available-for-sale investments	**899**	506
Management fee income	**554**	515
Rental income	**983**	1,037
Others	**7,852**	6,446
	15,453	18,170
Gains/(losses)		
Investment gains/(losses), net*	**(34,585)**	10,380
Fair value gains on available-for-sale investments (transfer from equity on disposal)	**1,041**	28,702
Fair value gains on equity investments at fair value through profit or loss	**–**	244
	(33,544)	39,326
	(18,091)	57,496

* Investment gains/(losses), net comprise net loss from currency-linked deposits of HK$16,895,000 (2008: net gain of HK$4,060,000) and net exchange losses on cash and cash equivalents of HK$17,690,000 (2008: net gain of HK$6,320,000).

6. FINANCE COSTS

	Group 2009 HK$'000	2008 HK$'000
Interest on bank and trust receipt loans wholly repayable within five years	**20,504**	23,690

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Group 2009 HK$'000	2008 HK$'000
Cost of inventories sold		**1,685,688**	1,534,297
Depreciation	*14*	**37,671**	33,130
Amortisation of non-current livestock	*18*	**944**	1,454
Minimum lease payments under operating leases in respect of land and buildings		**99,301**	86,626
Auditors' remuneration		**2,510**	2,334
Employee benefit expense (excluding directors' remuneration *(note 8)*):			
Wages, salaries, allowances and benefits in kind		**190,735**	186,544
Pension scheme contributions		**9,611**	8,374
Less: Forfeited contributions		**–**	(143)
Net pension scheme contributions**		**9,611**	8,231
		200,346	194,775
Change in fair value of an investment property	*15*	**–**	77
Loss on disposal of items of property, plant and equipment		**1,793**	1,365
Foreign exchange differences, net		**5,240**	16,835
Net rental income		**(983)**	(1,037)
Impairment of available-for-sale investments		**36,342**	–
Gain on disposal of interest in an associate		**(87,144)**	–
Excess over the cost of business combinations		**(50,638)**	–
Impairment of trade receivables*		**1,525**	632
Impairment of slow-moving inventories***		**6,556**	2,476

7. PROFIT BEFORE TAX (continued)

* The impairment of trade receivables is included in "Other operating expenses" on the face of the consolidated income statement.

** At 31 March 2009, the Group had no forfeited contributions (2008: Nil) available to reduce its contributions to the pension scheme in future years.

*** The impairment of slow-moving inventories is included in "Cost of sales" on the face of the consolidated income statement.

8. DIRECTORS' REMUNERATION

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Fees	**640**	707
Other emoluments:		
Salaries, allowances and benefits in kind	**5,785**	8,099
Pension scheme contributions	**133**	189
	5,918	8,288
	6,558	8,995

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2009	2008
	HK$'000	*HK$'000*
Leung Mei Han	**80**	80
Chan Yuk Sang, Peter	**80**	80
Hiroshi Zaizen	**80**	80
	240	240

There were no other emoluments payable to the independent non-executive directors during the year (2008: Nil).

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
2009				
Tai Tak Fung, Stephen	**80**	**3,480**	**4**	**3,564**
Wu Mei Yung, Quinly	**80**	**1,090**	**59**	**1,229**
Man Wing Cheung, Ellis	**80**	**–**	**4**	**84**
Yip Wai Keung	**80**	**679**	**36**	**795**
Wu Wing Biu	**80**	**536**	**30**	**646**
	400	**5,785**	**133**	**6,318**

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
2008				
Tai Tak Fung, Stephen	80	3,960	4	4,044
Wu Mei Yung, Quinly	80	1,090	58	1,228
Man Wing Cheung, Ellis	80	–	4	84
Yip Wai Keung	80	679	36	795
Wu Wing Biu	80	648	35	763
Chan Siu Ling, Doris	67	1,722	52	1,841
	467	8,099	189	8,755

Included in the executive directors' remuneration is an estimated rental of HK$3,480,000 (2008: HK$3,960,000) for a director's quarter owned by the Group.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2008: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2008: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2008: two) non-director, highest paid employees for the year are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**3,205**	2,402
Pension scheme contributions	**87**	12
	3,292	2,414

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

	Number of employees	
	2009	2008
Nil to HK$1,000,000	**2**	1
HK$1,000,001 to HK$1,500,000	**1**	1
	3	2

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**17,446**	19,985
Overprovision in prior years	**(2,438)**	(116)
Current – Elsewhere		
Charge for the year	**1,622**	5,179
Deferred *(note 29)*	**(394)**	1,302
Total tax charge for the year	**16,236**	26,350

10. TAX (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Group			
	2009		2008	
	HK$'000	**%**	*HK$'000*	%
Profit before tax	**106,773**		112,526	
Tax at applicable tax rates	**19,378**	**18.1**	19,704	17.5
Effect on opening deferred tax of decrease in rates	**(913)**	**(0.9)**	–	–
Adjustments in respect of current tax of previous periods	**(2,438)**	**(2.3)**	(116)	(0.1)
Profits and losses attributable to associates	**(2,194)**	**(2.0)**	(3,233)	(2.9)
Income not subject to tax	**(25,335)**	**(23.7)**	(4,691)	(4.2)
Expenses not deductible for tax	**8,354**	**7.8**	1,593	1.4
Effect of withholding tax at 5% on the distributable profits of the Group's Mainland China subsidiaries	**368**	**0.3**	–	–
Tax losses utilised from previous periods	**(1,000)**	**(0.9)**	(500)	(0.4)
Deferred tax assets not recognised	**19,821**	**18.6**	13,801	12.3
Others	**195**	**0.2**	(208)	(0.2)
Tax charge at the Group's effective rate	**16,236**	**15.2**	26,350	23.4

The share of tax attributable to associates amounting to HK$3,176,000 (2008: HK$3,555,000) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

Certain subsidiaries of the Group in Mainland China are entitled to tax holidays and preferential tax rates granted by relevant authorities to these subsidiaries.

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 March 2009 includes a profit of HK$33,680,000 (2008: HK$27,644,000) which has been dealt with in the financial statements of the Company (note 32(b)).

12. DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Interim – HK2.0 cents (2008: HK2.0 cents) per ordinary share	**7,991**	7,991
Proposed final – HK5.0 cents (2008: HK5.0 cents) per ordinary share	**19,978**	19,978
	27,969	27,969

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 ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$105,048,000 (2008: HK$81,172,000), and on the 399,565,640 (2008: 399,565,640) ordinary shares in issue during the year.

Diluted earnings per share amounts for the years ended 31 March 2009 and 2008 have not been disclosed as no diluting events existed during these years.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Plant and machinery *HK$'000*	Motor vehicles *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
31 March 2009							
At 1 April 2008:							
Cost or valuation	305,533	59,312	70,871	133,617	36,201	29,551	635,085
Accumulated depreciation	(52,022)	(21,622)	(47,701)	(76,513)	(24,135)	–	(221,993)
Net carrying amount	253,511	37,690	23,170	57,104	12,066	29,551	413,092
At 1 April 2008, net of accumulated depreciation	253,511	37,690	23,170	57,104	12,066	29,551	413,092
Additions	9,557	6,677	19,943	1,938	1,750	4,187	44,052
Acquisition of subsidiaries *(note 33)*	41,727	–	63	22,398	480	–	64,668
Disposals	–	(971)	(665)	–	(195)	–	(1,831)
Depreciation provided during the year	(11,164)	(8,651)	(6,934)	(7,565)	(3,357)	–	(37,671)
Transfers	–	8,564	–	10,921	–	(19,485)	–
Exchange realignment	2,409	595	343	1,180	139	645	5,311
At 31 March 2009, net of accumulated depreciation	296,040	43,904	35,920	85,976	10,883	14,898	487,621
At 31 March 2009:							
Cost or valuation	376,084	70,514	88,792	196,251	37,649	14,898	784,188
Accumulated depreciation	(80,044)	(26,610)	(52,872)	(110,275)	(26,766)	–	(296,567)
Net carrying amount	296,040	43,904	35,920	85,976	10,883	14,898	487,621
Analysis of cost or valuation:							
At cost	291,084	70,514	88,792	196,251	37,649	14,898	699,188
At 31 March 1994 valuation	85,000	–	–	–	–	–	85,000
	376,084	70,514	88,792	196,251	37,649	14,898	784,188

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Leasehold land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Plant and machinery *HK$'000*	Motor vehicles *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
31 March 2008							
At 1 April 2007:							
Cost or valuation	236,884	42,492	60,303	119,591	32,689	2,827	494,786
Accumulated depreciation	(41,465)	(16,281)	(48,071)	(63,183)	(22,463)	–	(191,463)
Net carrying amount	195,419	26,211	12,232	56,408	10,226	2,827	303,323
At 1 April 2007, net of accumulated depreciation	195,419	26,211	12,232	56,408	10,226	2,827	303,323
Additions	35,324	18,425	15,174	4,715	4,391	52,832	130,861
Disposals	(166)	(667)	(334)	(78)	(71)	(91)	(1,407)
Depreciation provided during the year	(9,048)	(7,744)	(4,412)	(8,810)	(3,116)	–	(33,130)
Transfers	26,294	–	–	–	–	(26,294)	–
Transfer to investment property	(1,850)	–	–	–	–	–	(1,850)
Exchange realignment	7,538	1,465	510	4,869	636	277	15,295
At 31 March 2008, net of accumulated depreciation	253,511	37,690	23,170	57,104	12,066	29,551	413,092
At 31 March 2008:							
Cost or valuation	305,533	59,312	70,871	133,617	36,201	29,551	635,085
Accumulated depreciation	(52,022)	(21,622)	(47,701)	(76,513)	(24,135)	–	(221,993)
Net carrying amount	253,511	37,690	23,170	57,104	12,066	29,551	413,092
Analysis of cost or valuation:							
At cost	220,533	59,312	70,871	133,617	36,201	29,551	550,085
At 31 March 1994 valuation	85,000	–	–	–	–	–	85,000
	305,533	59,312	70,871	133,617	36,201	29,551	635,085

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's leasehold land and buildings included above are held under medium term leases and are situated in:

	At cost *HK$'000*	At valuation *HK$'000*	Total *HK$'000*
Hong Kong	76,952	85,000	161,952
Mainland China	214,132	–	214,132
	291,084	85,000	376,084

Certain of the Group's buildings, which are situated in Hong Kong, were revalued at 15 July 1993, by C.Y. Leung & Company Limited, independent professionally qualified valuers. The leasehold land and buildings were revalued at open market value, based on their existing use. Since the year ended 31 March 1994, 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 in paragraph 80A of HKAS 16 from the requirement to carry out future revaluations of its property, plant and equipment which were stated at valuation at that time.

Had the whole class of leasehold land and buildings been carried at historical cost less accumulated depreciation, their carrying amount would have been approximately HK$272,399,000 (2008: HK$229,244,000).

At 31 March 2009, certain buildings of a non-wholly-owned subsidiary with a net book value of approximately HK$5,009,000 were pledged to secure general banking facilities granted to that non-wholly-owned subsidiary (note 28).

15. INVESTMENT PROPERTY

	Group	
	2009 *HK$'000*	2008 *HK$'000*
Carrying amount at beginning of year	**14,984**	11,633
Transfer from owner-occupied property	**–**	2,257
Transfer from prepaid land lease payments *(note 16)*	**–**	44
Net loss from change in fair value adjustment *(note 7)*	**–**	(77)
Exchange realignment	**326**	1,127
Carrying amount at end of year	**15,310**	14,984

15. INVESTMENT PROPERTY (continued)

The Group's investment property is situated in Mainland China and is held under a medium term lease.

The Group's investment property was revalued on 31 March 2009 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers, at RMB13,500,000 (equivalent to HK$15,310,000) on an open market, existing use basis. The investment property is leased to an associate of the Group under an operating lease, further summary details of which are included in notes 35(a) and 37(a)(iv) to the financial statements.

Further particulars of the Group's investment property are included on page 116.

16. PREPAID LAND LEASE PAYMENTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Carrying amount at 1 April	**130,427**	126,443
Acquisition of a subsidiary *(note 33)*	**29,505**	–
Recognised during the year	**(3,612)**	(3,457)
Transfer to investment property *(note 15)*	**–**	(44)
Exchange realignment	**2,300**	7,485
Carrying amount at 31 March	**158,620**	130,427
Current portion included in prepayments, deposits and other receivables	**(3,896)**	(3,594)
Non-current portion	**154,724**	126,833

The Group's prepaid land lease payments included above relate to leasehold land which are held under medium term leases and are situated in:

	2009
	HK$'000
Hong Kong	**45,676**
Mainland China	**112,944**
	158,620

16. PREPAID LAND LEASE PAYMENTS (continued)

During the year ended 31 March 2007, the Group acquired 廣州市泮溪酒家有限公司 ("GZ Panxi"). GZ Panxi operates restaurants on a piece of land (the "Land") in Liwan District, Guangzhou, the People's Republic of China (the "PRC"), with a carrying value of HK$47,418,000 (2008: HK$47,641,000) at 31 March 2009. In the opinion of the directors, based on the advice from the Group's external legal advisors, GZ Panxi has the right to use the Land and occupy the buildings for its restaurant operation, and upon the payment of the land premium for the Land, the Group can obtain the land use right certificate for the Land.

At 31 March 2009, certain leasehold land of a non-wholly-owned subsidiary with a net book value of approximately HK$1,840,000 were pledged to secure general banking facilities granted to that non-wholly-owned subsidiary (note 28).

17. GOODWILL

	Group *HK$'000*
At 1 April 2007, 31 March 2008 and 1 April 2008:	
Cost	28,159
Accumulated impairment	(1,350)
Net carrying amount	26,809
Cost at 1 April 2007, 31 March 2008 and 1 April 2008, net of accumulated impairment	26,809
Acquisition of additional interest in a non-wholly-owned subsidiary	3,836
Exchange realignment	3,962
At 31 March 2009	34,607
At 31 March 2009:	
Cost	35,957
Accumulated impairment	(1,350)
Net carrying amount	34,607

18. NON-CURRENT LIVESTOCK

	Group 2009 HK$'000	2008 HK$'000
Livestock:		
At fair value	**652**	504
At cost less accumulated amortisation and any impairment losses	**477**	1,392
	1,129	1,896
Physical quantity of peafowls:		
Number of day-old peafowls	**5,328**	4,203
Number of breeder peafowls	**6,988**	6,988
	12,316	11,191

The Group's non-current livestock comprises breeder and day-old peafowls owned by a subsidiary. The day-old peafowls are raised for sale. The breeder peafowls are held to produce further day-old peafowls. Breeder peafowls are stated at cost less accumulated amortisation and any impairment losses as no active or ready markets exist for these breeder peafowls and their fair values cannot be measured reliably. Day-old peafowls are valued at fair value less estimated point-of-sale costs.

	Group HK$'000
Reconciliation of changes in the carrying amount:	
Balance at 1 April 2007, net of accumulated amortisation and impairment losses	3,527
Amortisation of non-current livestock	(1,454)
Decrease due to harvest	(440)
Exchange realignment	263
Balance at 31 March 2008 and 1 April 2008, net of accumulated amortisation and impairment losses	1,896
Amortisation of non-current livestock	(944)
Increase due to raising	138
Exchange realignment	39
Balance at 31 March 2009, net of accumulated amortisation and impairment losses	1,129

18. NON-CURRENT LIVESTOCK (continued)

Particulars of the gross carrying amount and the accumulated amortisation of breeder peafowls, which are stated at cost less accumulated amortisation and any impairment losses, are as follows:

	Group
	HK$'000
At 31 March 2009:	
Cost	5,843
Accumulated amortisation and impairment losses	(5,366)
Net carrying amount	477
At 31 March 2008:	
Cost	5,718
Accumulated amortisation and impairment losses	(4,326)
Net carrying amount	1,392

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	*HK$'000*
Unlisted shares, at cost	**93,098**	93,098

The amounts due from/to subsidiaries included in the Company's current assets and current liabilities respectively are unsecured, interest-free and repayable on demand.

19. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Abundant Capital Inc.	British Virgin Islands	US$100	–	100.0 (2008: 51.0)	Investment holding
Cowboy Food Company Limited	Hong Kong	HK$6,000,000	–	85.0	Manufacturing of peanut products
Crowne Profits Limited	British Virgin Islands	US$1	–	100.0	Investment holding
E-Options Technology Limited	British Virgin Islands	US$1	–	100.0	Property holding
Fancy Talent Limited*	Hong Kong	HK$100,000,000	–	100.0	Marketing of snack foods
Four Seas Enterprises (BVI) Limited	British Virgin Islands	US$20,000	100.0	–	Investment holding
Four Seas China Holdings Limited	British Virgin Islands	US$1,000,000	–	100.0	Investment holding
Four Seas Confectionery Company Limited (formerly known as Four Seas & Jintan Co., Limited)	Hong Kong	HK$1,400,000	–	100.0 (2008: 50.0)	Marketing of health foods
Four Seas Mercantile Limited	Hong Kong	(i) Ordinary HK$200 (ii) Non-voting deferred HK$20,000,000	–	100.0	Trading in snack foods, confectionery and beverages

19. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Four Seas Property Holdings Limited	Hong Kong	HK$50,000,000	–	100.0	Investment holding
Four Seas Confectionery (Shantou) Company Limited* ^	PRC/ Mainland China	HK$14,320,000	–	100.0	Manufacturing of cakes
Four Seas (Suzhou) Food Co., Ltd.* ^ (formerly known as Pokka Four Seas (Suzhou) Food Co., Ltd.)	PRC/ Mainland China	US$11,000,000	–	100.0 (2008: 30.0)	Manufacturing of canned beverages
Four Seas (Shantou) Foods Industrial Park Management Co., Ltd.* ^	PRC/ Mainland China	HK$30,500,000	–	100.0	Property holding
Four Seas Foods (Shantou) Co., Ltd.* ^	PRC/ Mainland China	HK$71,000,000	–	100.0	Trading in confectionery and food products
Four Seas (Hebei) Food Company Limited * ^	PRC/ Mainland China	HK$24,000,000	–	100.0	Processing of chestnuts
Four Seas Logistics Company Limited	Hong Kong	HK$200,000	–	100.0	Provision of transportation services
Four Seas Trading (Shanghai) Co., Ltd.* ^	PRC/ Mainland China	US$200,000	–	100.0	Trading in confectionery and food products

19. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Four Seas Catering Enterprises Company Limited	Hong Kong	HK$10,000	–	100.0	Investment holding
Four Seas Confectionery (Shenzhen) Co., Ltd.* ^	PRC/ Mainland China	HK$7,000,000	–	80.0	Manufacturing of snack foods
Gainfaith Investments Limited	British Virgin Islands	US$1	–	100.0	Investment holding
Guang Dong Fourseas Frozen Food Products Co., Ltd.* ^	PRC/ Mainland China	RMB10,300,000	–	100.0	Frozen food product business
High Joy Investments Limited	Hong Kong	HK$1,000,000	–	100.0	Restaurant operations
Hong Kong Confectionery Company Limited	Hong Kong	HK$7,000,000	–	100.0	Investment holding
Hong Kong Ham Holdings Limited	Hong Kong	HK$20	–	100.0	Manufacturing and packaging of ham and ham-related products
Hong Kong Biscuit (International) Limited*	Hong Kong	HK$40,000,000	–	99.3	Investment holding
Homeright Properties Limited	British Virgin Islands	US$1	–	100.0	Holding of trademarks
IFSCO Hong Kong Limited	Hong Kong	HK$57,200,000	100.0	–	Investment holding

19. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered and fully paid-up capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
J.P. Inglis Company Limited	Hong Kong	HK$1,000,000	–	100.0	Trading in food materials
KTC Corporation*	Japan	JPY10,000,000	–	100.0	Trading in cakes
Kanro Four Seas Foods Company Limited	Hong Kong	HK$50,550,000	–	82.5	Investment holding
Kanro Four Seas Foods (Shantou) Co., Ltd.* ^	PRC/ Mainland China	HK$50,203,380	–	82.5	Manufacturing of candies
Kwong Cheung Development Limited	British Virgin Islands	US$1	–	100.0	Investment holding
Kung Tak Lam Shanghai Vegetarian Cuisine Limited	Hong Kong	HK$3,660,000	–	99.0	Restaurant operations
Li Fook (Qingdao) Foods Co., Ltd.* ^	PRC/ Mainland China	US$3,320,000	–	100.0	Manufacturing of noodles
Luck Healthy Limited	Hong Kong	HK$1	–	100.0	Property holding
Matchless Bakery Company Limited	British Virgin Islands	HK$20,000,000	–	100.0	Investment holding
Mass Joy Investments Limited	Hong Kong	HK$1	–	51.0	Investment holding
More Ways Industrial Limited	Hong Kong	HK$10,000	–	66.7 (2008: 34.0**)	Investment holding

19. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Namtien Noodle Limited*	Hong Kong	HK$1,000	–	51.0 (2008: Nil)	Manufacturing of noodles
New Kondo Trading Company Limited	Hong Kong	HK$1,000,000	–	100.0	Trading in Japanese food materials
Papochou Holdings Limited	British Virgin Islands	HK$15,000,000	–	100.0	Investment holding
Restaurant Shiki Limited	Hong Kong	HK$3,200,000	–	100.0	Restaurant operations
Royalstar Technology Limited	Hong Kong	HK$2	–	100.0	Car park operations
Shenzhen Matchless Food Co., Ltd.* ^	PRC/ Mainland China	RMB12,300,000	–	100.0	Bakery and factory operations
Somerset Technology Limited	British Virgin Islands	US$1	–	100.0	Investment holding
Sushi Pro Limited	Hong Kong	HK$9,000,000	–	#50.0	Investment holding
Shousihuang Restaurant (Shenzhen) Company Limited* ^	PRC/ Mainland China	HK$7,300,000	–	#50.0	Restaurant operations
Tohato Four Seas Company Limited	Hong Kong	HK$7,000,000	–	80.0	Investment holding
Tsun Fat (Huizhou) Biscuit Factory Limited* ^	PRC/ Mainland China	HK$13,000,000	–	99.3	Manufacturing of biscuits

19. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
T & M Advertising Company Limited	Hong Kong	HK$20	–	100.0	Advertising agency
Wide Success Holdings Limited	Hong Kong	HK$10,000	–	100.0	Restaurant operations
Yaohan (Yanwin) Food Co., Limited	Hong Kong	HK$10,000	–	100.0	Investment holding
新興縣多威實業有限公司* ^	PRC/ Mainland	HK$8,000,000	–	66.7 (2008: 34.0**)	Poultry business
GZ Panxi* ^^	PRC/ Mainland China	RMB32,208,680	–	##99.0	Restaurant operations
廣州市英吉利孔雀有限公司* ^	PRC/ Mainland China	RMB6,500,000	–	100.0	Raising and sale of peafowls
佛山市順德區唯德紙品實業有限公司* ^	PRC/ Mainland China	HK$1,000,000	–	51.0	Manufacturing of packing materials
Four Seas (Yang Shan) Development Company Limited* ^	PRC/ Mainland China	HK$14,000,000	–	100.0	Property holding
陽山四洲愛心果子有限公司*	PRC/ Mainland China	RMB200,000	–	100.0 (2008: Nil)	Retailers of snack foods

19. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
上海升誠貿易有限公司* ^	PRC/ Mainland China	RMB500,000	–	100.0	Trading in confectionery and food products
東莞四洲肉類製品有限公司* ^	PRC/ Mainland China	HK$37,000,000	–	100.0	Manufacturing and packaging of ham and ham-related products
恭道貿易(深圳)有限公司* ^	PRC/ Mainland China	HK$2,000,000	–	100.0 (2008: Nil)	Trading in food materials

* Not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

** These subsidiaries are indirectly held by the Company and the Group has control over them.

^ These subsidiaries are registered as wholly-foreign-owned enterprises under the PRC law.

^^ This subsidiary is registered as a Sino-foreign co-operative joint venture under the PRC law.

\# The Group has a casting vote in these subsidiaries and accordingly the Group has control over them.

\## Pursuant to the stock purchase agreement entered into by the Group and 廣州市荔灣區人民政府國有資產監督管理局(the "Vendor") for the acquisition of GZ Panxi, the Vendor retains 1% shareholding in GZ Panxi and is not entitled to any share of the profit or loss in GZ Panxi nor has the right to participate in the operation or management of GZ Panxi but has the veto right in the following:

- the alteration of the tax registration of GZ Panxi in Liwan District, Guangzhou, the PRC;
- the alteration of the use of the building occupied by GZ Panxi other than the Cantonese style restaurant operation; and
- the use of the trademark of GZ Panxi.

19. INVESTMENTS IN SUBSIDIARIES (continued)

During the year ended 31 March 2009, the Group:

(a) acquired an additional 49% equity interest in Abundant Capital Inc. at a cash consideration of HK$4,536,000;

(b) acquired an additional 70% equity interest in Four Seas (Suzhou) Food Co., Ltd. ("FS Suzhou"), a then associate of the Group, at a cash consideration of JPY380,000,000 (equivalent to HK$30,561,000). Since then, FS Suzhou became a wholly-owned subsidiary of the Group;

(c) acquired a 51% equity interest in Namtien Noodle Limited ("Namtien") at a cash consideration of HK$1; and

(d) acquired an additional 50% equity interest in Four Seas Confectionery Company Limited ("FS Confectionery"), a then associate of the Group, at a cash consideration of HK$7,000. Since then, FS Confectionery became a wholly-owned subsidiary of the Group.

Further details of the acquisitions set out in notes (b) to (d) above are included in note 33 to the financial statements.

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.

20. INTERESTS IN ASSOCIATES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Goodwill on acquisition	**477**	477
Share of net assets	**138,827**	188,695
	139,304	189,172

The amounts due from the associates included in the Group's current assets are unsecured, interest-free and repayable on demand.

The Group's trade receivable and payable balances with the associates are disclosed in notes 24 and 27 to the financial statements, respectively.

20. INTERESTS IN ASSOCIATES (continued)

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration	Percentage of equity attributable to the Group	Principal activities
Calbee Four Seas Company Limited	Ordinary shares of HK$1 each	Hong Kong	50.0	Manufacturing of snack foods
Calbee Four Seas (Shantou) Company Limited *(i)*	Paid-up capital	PRC/ Mainland China	50.0	Manufacturing of snack foods
Cadbury Four Seas Company Limited *(i)(ii)*	Ordinary shares of HK$1 each	Hong Kong	30.0	Trading in confectionery
Guangzhou Meiji Confectionery Company Limited *(i)(ii)*	Paid-up capital	PRC/ Mainland China	30.0	Manufacturing of snack foods and confectionery
Guangdong M&F-Yantang Dairy Products Company Limited *(i)(ii)*	Paid-up capital	PRC/ Mainland China	21.0	Manufacturing of ice-cream and dairy products
Meiji-Four Seas Company Limited *(ii)*	Ordinary shares of HK$1 each	Hong Kong	30.0	Investment holding
MFD Holding Company Limited *(i)*	Ordinary shares of HK$1 each	Hong Kong	30.0	Investment holding
Nico-Nico Four Seas Company Limited *(ii)*	Ordinary shares of HK$1 each	Hong Kong	35.0	Investment holding
Nico Four Seas (Shantou) Co., Ltd. *(i)(ii)*	Paid-up capital	PRC/ Mainland China	35.0	Manufacturing of seaweed products
Want Want Four Seas Company Limited *(i)(ii)*	Ordinary shares of HK$1 each	Hong Kong	30.0	Trading of snack foods

20. INTERESTS IN ASSOCIATES (continued)

Notes:

(i) Not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

(ii) The financial statements of these associates are not coterminous with that of the Group and have financial year ending 31 December. These associates use 31 December as their reporting date to conform with their holding companies' reporting date or statutory requirements.

The financial statements of above associates are coterminous with those of the Group, except for associates as mentioned in (ii) above, for which the consolidated financial statements are adjusted for the material transactions between their financial year end date and the Group's year end date.

The Group has discontinued the recognition of its share of losses of Cadbury Four Seas Company Limited during the year because the share of losses of the associate exceeded the Group's interest in this associate. The Group's unrecognised share of losses of this associate for the current year and cumulatively was HK$6,274,000 (2008: Nil) and HK$6,274,000 (2008: Nil), respectively.

The following table illustrates the summarised financial information of the Group's associates extracted from their management accounts:

	2009	2008
	HK$'000	*HK$'000*
Assets	**461,758**	714,013
Liabilities	**122,238**	182,871
Revenue	**523,028**	739,134
Profit/(loss)	**(14,178)**	44,541

21. AVAILABLE-FOR-SALE INVESTMENTS

	Group		**Company**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed equity investments, at fair value:				
Hong Kong	**43,494**	46,550	**120**	222
Elsewhere	**–**	1,128	**–**	–
	43,494	47,678	**120**	222
Club debenture, at fair value	**327**	327	**–**	–
Unlisted equity investments, at cost	**8,798**	8,798	**–**	–
	52,619	56,803	**120**	222

21. AVAILABLE-FOR-SALE INVESTMENTS (continued)

During the year, the gross loss of the Group's available-for-sale investments recognised directly in equity amounted to HK$20,730,000 (2008: gross gain of HK$10,927,000), of which net gain of HK$1,041,000 (2008: HK$28,702,000) was removed from equity and recognised in the income statement for the year.

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

The fair values of listed equity investments are based on quoted market prices. The unlisted available-for-sale equity investments were stated at cost because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

There has been a significant decline in the market value of the listed equity investments during the year. The directors consider that such a decline indicates that the listed equity investments have been impaired and an impairment loss of HK$36,342,000 (2008: Nil), which included a transfer from the available-for-sale investment revaluation reserve of HK$36,342,000 (2008: Nil), has been recognised in the income statement for the year.

22. CURRENT LIVESTOCK

	Group	
	2009	2008
	HK$'000	*HK$'000*
Breeder chicks	**2,207**	1,885
Hatchable eggs	**905**	482
Day-old chicks	**1,416**	1,025
	4,528	3,392

Due to the generally short breeding and raising cycle of the chicks and because an active market does not exist, these livestock are classified as current assets and are stated at cost less any impairment and a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current financial year is not presented.

23. INVENTORIES

	Group 2009 HK$'000	2008 HK$'000
Raw materials	**42,534**	33,685
Work in progress	**6,069**	10,015
Finished goods	**119,368**	95,677
	167,971	139,377

24. TRADE RECEIVABLES

	Group 2009 HK$'000	2008 HK$'000
Trade receivables	**432,450**	414,475
Impairment	**(2,763)**	(1,457)
	429,687	413,018

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one to three months, extending up to four to five months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	Group 2009 HK$'000	2008 HK$'000
Within 1 month	**157,960**	131,704
1 to 2 months	**72,816**	78,176
2 to 3 months	**69,449**	82,724
Over 3 months	**129,462**	120,414
	429,687	413,018

24. TRADE RECEIVABLES (continued)

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
At beginning of year	**1,457**	3,565
Impairment losses recognised *(note 7)*	**1,525**	632
Amount written off as uncollectible	**(219)**	(2,740)
At end of year	**2,763**	1,457

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$2,763,000 (2008: HK$1,457,000) with a gross carrying amount of HK$2,763,000 (2008: HK$1,457,000). The individually impaired trade receivables relate to customers that were in default or delinquency in payments and are not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**415,705**	402,652
Less than 1 month past due	**5,484**	4,253
1 to 3 months past due	**8,498**	6,113
	429,687	413,018

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Included in trade receivables is an aggregate amount due from the Group's associates of HK$1,870,000 (2008: HK$1,600,000), which is repayable on similar credit terms to those offered to the major customers of the Group.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**69,009**	64,880	**133**	136
Deposits and other receivables	**43,992**	36,607	**–**	–
	113,001	101,487	**133**	136
Less: Deposits classified as non-current assets	**(18,466)**	(17,498)	**–**	–
Current portion	**94,535**	83,989	**133**	136

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**190,127**	167,540	**263**	1,020
Time deposits	**292,776**	276,161	**–**	–
Cash and cash equivalents	**482,903**	443,701	**263**	1,020

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$108,449,000 (2008: HK$92,585,000). The RMB is not freely 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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

27. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**140,882**	135,557	**–**	–
Other payables	**42,041**	39,029	**–**	–
Accruals	**94,281**	83,763	**1,036**	1,206
	277,204	258,349	**1,036**	1,206

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 1 month	**81,821**	88,647
1 to 2 months	**35,529**	21,521
2 to 3 months	**13,242**	12,974
Over 3 months	**10,290**	12,415
	140,882	135,557

Included in the trade payables is an aggregate amount of HK$52,174,000 (2008: HK$45,776,000) due to associates, which is normally settled on 30-day to 60-day terms.

The trade payables are non-interest-bearing and are normally settled on 30-day to 60-day terms. Other payables are non-interest-bearing and have an average term of three months.

28. INTEREST-BEARING BANK BORROWINGS

Group	2009 Effective interest rate	2009 Maturity	2009 HK$'000	2008 Effective interest rate	2008 Maturity	2008 HK$'000
Current						
Trust receipt loans – unsecured	1.4% – 4.6%	Within 12 months	127,418	1.4% – 4.6%	1 – 4 months	71,409
Bank loans – unsecured	1.2% – 6.9%	Within 12 months	618,082	1.2% – 6.6%	Within 12 months	591,107
Bank loans – secured	6.4% – 6.8%	Within 12 months	11,114	6.7%	Within 12 months	4,995
			756,614			667,511
Non-current						
Bank loans – unsecured	1.3%	2010 – 2011	22,763	1.4% – 6.8%	2009 – 2011	69,442
Bank loans – secured			–	6.8%	2009	4,995
			22,763			74,437
			779,377			741,948

	Group 2009 HK$'000	Group 2008 HK$'000
Analysed into:		
Bank loans:		
Within one year	756,614	667,511
In the second year	22,763	51,795
In the third to fifth years, inclusive	–	22,642
	779,377	741,948

28. INTEREST-BEARING BANK BORROWINGS (continued)

Notes:

(a) Certain bank loans of a non-wholly-owned subsidiary are secured by the pledge of certain buildings of that non-wholly-owned subsidiary amounting to HK$5,009,000.

(b) Certain bank loans of a non-wholly-owned subsidiary are secured by the pledge of certain leasehold land of that non-wholly-owned subsidiary amounting to HK$1,840,000.

(c) All the bank and trust receipt loans bear interest at floating interest rates. Their carrying amounts approximate to their fair values.

(d) Except for the bank loans denominated in Japanese Yen equivalent to HK$76,083,000 (2008: HK$222,399,000), the bank loans denominated in RMB equivalent to HK$129,174,000 (2008: HK$81,578,000) and the bank loan denominated in United States dollars equivalent to HK$3,101,000 (2008: Nil), all other bank borrowings at the balance sheet date were in Hong Kong dollars.

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group – 2009

	Accelerated tax depreciation *HK$'000*	Fair value adjustment arising from acquisition of subsidiaries *HK$'000*	Revaluation of properties *HK$'000*	Withholding taxes *HK$'000*	Total *HK$'000*
At 1 April 2008	853	12,102	4,515	–	17,470
Deferred tax charged/(credited) to the income statement during the year *(note 10)*	41	(733)	(262)	368	(586)
Exchange realignment	–	1,603	–	–	1,603
At 31 March 2009	894	12,972	4,253	368	18,487

29. DEFERRED TAX (continued)

Deferred tax assets

Group – 2009

	Decelerated tax depreciation *HK$'000*	**Losses available for offsetting against future taxable profits** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
At 1 April 2008	**8**	**517**	**966**	**1,491**
Deferred tax charged to the income statement during the year *(note 10)*	**(4)**	**(102)**	**(86)**	**(192)**
At 31 March 2009	**4**	**415**	**880**	**1,299**

Deferred tax liabilities

Group – 2008

	Accelerated tax depreciation *HK$'000*	Fair value adjustment arising from acquisition of subsidiaries *HK$'000*	Revaluation of properties *HK$'000*	Total *HK$'000*
At 1 April 2007	667	12,102	4,625	17,394
Deferred tax charged/(credited) to the income statement during the year *(note 10)*	186	–	(110)	76
At 31 March 2008	853	12,102	4,515	17,470

29. DEFERRED TAX (continued)

Deferred tax assets

Group – 2008

	Decelerated tax depreciation *HK$'000*	Losses available for offsetting against future taxable profits *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1 April 2007	11	1,794	912	2,717
Deferred tax credited/(charged) to the income statement during the year *(note 10)*	(3)	(1,277)	54	(1,226)
At 31 March 2008	8	517	966	1,491

At the balance sheet date, the Group has tax losses arising in Hong Kong of approximately HK$91,258,000 (2008: HK$86,895,000) 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 approximately HK$105,463,000 (2008: HK$71,244,000) that will expire in one to five years for offsetting against future taxable profit. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

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

30. SHARE CAPITAL

Shares

	2009 HK$'000	2008 HK$'000
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	100,000	100,000
Issued and fully paid:		
399,565,640 ordinary shares of HK$0.10 each	39,956	39,956

Share options

Details of the Company's share option scheme are included in note 31 to the financial statements.

31. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Company, and any executive director or employee of any of the Company's subsidiaries and any entity in which the Group holds any equity interest.

The Scheme is valid and effective for a period of 10 years up to 16 September 2012, after which no further share options will be granted but the provisions of the Scheme shall remain in full force and effect in all other respects. Share options complying with the provisions of the Listing Rules which are granted during the duration of the Scheme and those remain unexercised immediately prior to the end of the 10-year period shall continue to be exercisable in accordance with their terms of grant as within the share option period for which such share options are granted, notwithstanding the expiry of the Scheme.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 39,956,564 ordinary shares, being 10% of the shares of the Company in issue on 2 September 2002. As at the date of this report, the total number of shares available for issue under the Scheme is 39,956,564 ordinary shares, representing 10% of the existing issued share capital of the Company. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company (excluding an independent non-executive director who is a grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

31. SHARE OPTION SCHEME (continued)

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon receipt of the duplicate offer letter comprising acceptance of the offer duly signed by the grantee with the number of shares in respect of which the offer is accepted clearly stated therein, together with payment of a nominal consideration of HK$1 by the grantee to the Company provided that no offer shall be open for acceptance after the expiry of the Scheme or after the Scheme has been terminated. The terms and conditions of the share options granted are determinable by the directors on a case-by-case basis. Such terms and conditions may include, but are not limited to (i) the subscription price; (ii) the period within which the Company's shares must be taken up under the share option, which must not be more than 10 years from the offer date; (iii) the minimum period, if any, for which a share option must be held before it can be exercised; and (iv) the performance target, if any, that must be achieved before the share option can be exercised.

The exercise price of the share options is determinable by the directors in their absolute discretion at the time of the making of the offer which shall be stated in the letter containing the offer, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the offer date which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the offer date; and (iii) the nominal value of the Company's shares.

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

During the year, no share option (2008: Nil) was granted to directors and other employees of the Company or employees of any of the Company's subsidiaries and any entities in which the Group holds any equity interests.

At the balance sheet date, the Company had no share options outstanding under the Scheme (2008: Nil).

32. 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 39 to 40 of the financial statements.

Included in the share premium account of the Group is an amount of HK$19,900,000 which represents the difference between the nominal value of the share capital issued by the Company and the aggregate nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 1993.

Pursuant to the relevant laws and regulations for Foreign Investment Enterprises, a portion of the profits of the Group's subsidiaries and the Group's associates operating as Foreign Investment Enterprises in Mainland China has been transferred to the reserve fund. The reserve fund is non-distributable in nature and can be utilised to offset the losses incurred.

The capital reserve represents the Group's share of capitalisation of retained profits by an associate.

32. RESERVES (continued)

(b) Company

	Notes	Share premium account HK$'000	Available-for-sale investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 April 2007		274,009	57	10,279	284,345
Profit for the year		–	–	27,644	27,644
Change in fair value		–	30	–	30
Interim 2008 dividend	*12*	–	–	(7,991)	(7,991)
Proposed final 2008 dividend	*12*	–	–	(19,978)	(19,978)
At 31 March 2008		274,009	87	9,954	284,050
Profit for the year		–	–	33,680	33,680
Change in fair value		–	(101)	–	(101)
Interim 2009 dividend	*12*	–	–	(7,991)	(7,991)
Proposed final 2009 dividend	*12*	–	–	(19,978)	(19,978)
At 31 March 2009		274,009	(14)	15,665	289,660

Included in the share premium account of the Company is an amount of HK$53,719,000 which represents 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 in 1993. Under the Company Law (Revised) of the Cayman Islands, a distribution may be made from the share premium account in certain circumstances.

The difference between the share premium account of the Company and that of the Group represents the difference between the aggregate nominal value of the share capital of the subsidiaries and their combined net assets acquired, pursuant to the group reorganisation in 1993, as detailed above.

33. BUSINESS COMBINATIONS

During the year ended 31 March 2009, the Group:

(a) acquired an additional 70% equity interest in FS Suzhou, a then 30%-owned associate and a shareholder's loan of JPY772,640,000 (equivalent to HK$62,138,000), at a cash consideration of JPY380,000,000 (equivalent to HK$30,561,000). FS Suzhou is engaged in the manufacturing of canned beverages;

(b) acquired an additional 50% equity interest in FS Confectionery, a then 50%-owned associate, at a cash consideration of HK$7,000. FS Confectionery is engaged in the marketing of health foods; and

(c) acquired a 51% equity interest in Namtien at a cash consideration of HK$1. Namtien is engaged in the manufacturing of noodles.

The fair values of the identifiable assets and liabilities of the acquired subsidiaries as at the dates of acquisitions and the corresponding carrying amounts immediately before the acquisitions were as follows:

	Notes	**Fair value recognised on acquisition** *HK$'000*	**Previous carrying amount** *HK$'000*
Property, plant and equipment	*14*	64,668	76,466
Prepaid land lease payments	*16*	29,505	20,083
Inventories		3,859	3,859
Trade receivables		5,289	5,289
Prepayments and other receivables		1,097	1,097
Cash and bank balances		7,224	7,224
Trade payables		(4,302)	(4,302)
Accruals and other payables		(718)	(718)
Interest-bearing bank and other borrowings		(79,386)	(79,386)
		27,236	29,612
Shareholder's loan acquired		62,138	
Excess over the cost of business combinations	*7*	(50,638)	
		38,736	
Satisfied by:			
Cash		30,568	
Reclassification of interests in associates		8,168	
		38,736	

33. BUSINESS COMBINATIONS (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the acquisitions of subsidiaries is as follows:

	HK$'000
Cash consideration	(30,568)
Cash and bank balances acquired	7,224
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(23,344)

The contributions by the above subsidiaries to the Group's revenue and consolidated profit for the year ended 31 March 2009 since their acquisitions by the Group were insignificant.

Had the combinations taken place at the beginning of the year, the revenue of the Group and the profit for the year of the Group would have been HK$2,308,488,000 and HK$91,340,000, respectively.

34. CONTINGENT LIABILITIES

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

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank guarantees given in lieu of utility and property rental deposits	**500**	542	**–**	–
Guarantees given to banks in connection with facilities granted to:				
Subsidiaries	**–**	–	**1,420,510**	1,396,274
Associates	**–**	23,400	**–**	23,400
Guarantees given to third parties in connection with lease payments for lease agreements entered into by a subsidiary	**–**	–	**37,924**	21,781
	500	23,942	**1,458,434**	1,441,455

As at 31 March 2009, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK$679,991,000 (2008: HK$693,869,000). As at 31 March 2008, the banking facilities guaranteed by the Company and the Group to associates were utilised to the extent of approximately HK$13,769,000 in aggregate.

35. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment property (note 15) to an associate under an operating lease arrangement, with a lease negotiated for a term of two years.

At 31 March 2009, the Group had total future minimum lease receivables under a non-cancellable operating lease with its associate falling due as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within one year	**230**	902
In the second to fifth years, inclusive	**–**	222
	230	1,124

(b) As lessee

The Group leases certain land and buildings under operating lease arrangements. Leases are negotiated for terms ranging from one to fifty years. The Group has the option of extending the leases by up to three years in certain operating lease arrangements.

At 31 March 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within one year	**78,541**	77,261
In the second to fifth years, inclusive	**70,007**	48,646
After five years	**17,935**	5,676
	166,483	131,583

The operating lease rentals of certain retails shops are based on the sales of those shops. In the opinion of the directors, as the future sales of those retails shops could not be accurately estimated, the relevant rental commitments have not been included above.

At the balance sheet date, the Company did not have any future minimum lease receivables or payments under non-cancellable operating leases (2008: Nil).

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35(b) above, the Group had capital commitments in respect of property, plant and equipment as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Authorised, but not contracted for	**–**	1,014
Contracted, but not provided for	**3,282**	10,208
	3,282	11,222

At the balance sheet date, the Company had no significant commitments (2008: Nil).

37. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with its related parties during the year:

		2009	2008
	Notes	***HK$'000***	*HK$'000*
Purchases of goods from associates	*(i)*	**401,212**	400,022
Sales of goods to associates	*(ii)*	**14,467**	15,576
Promotion expenses reimbursed by associates	*(iii)*	**14,026**	15,740
Rental income from an associate	*(iv)*	**965**	855

Notes:

(i) The cost of purchases from associates was made at pre-determined prices agreed between the parties.

(ii) The selling prices of the goods sold to associates were determined by reference to prices and conditions similar to those offered to other major customers.

(iii) The promotion expenses reimbursed by associates were determined by reference to the costs incurred by the Group.

(iv) The rental income from an associate was determined between the Group and the associate.

37. RELATED PARTY TRANSACTIONS (continued)

(b) Other transactions with related parties:

As at 31 March 2008, the Group has executed guarantees in favour of certain banks for banking facilities granted to its associates to the extent of HK$23,400,000, as further detailed in note 34 to the financial statements.

(c) Outstanding balances with related parties:

(i) Details of the amounts due from associates to the Group at the balance sheet date are included in note 20 to the financial statements.

(ii) Details of the Group's trade balances with its associates as at the balance sheet date are disclosed in notes 24 and 27 to the financial statements, respectively.

(d) Compensation of key management personnel of the Group:

	2009	2008
	HK$'000	*HK$'000*
Short term employee benefits	**14,176**	13,624
Pension scheme contributions	**548**	465
	14,724	14,089

Further details of directors' emoluments are included in note 8 to the financial statements.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

Financial assets

	Group					
	2009			2008		
	Loans and receivables	**Available-for-sale financial assets**	**Total**	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments	**–**	**52,619**	**52,619**	–	56,803	56,803
Due from associates	**296**	**–**	**296**	3,637	–	3,637
Trade receivables	**429,687**	**–**	**429,687**	413,018	–	413,018
Financial assets included in prepayments, deposits and other receivables	**39,476**	**–**	**39,476**	32,498	–	32,498
Cash and cash equivalents	**482,903**	**–**	**482,903**	443,701	–	443,701
	952,362	**52,619**	**1,004,981**	892,854	56,803	949,657

Financial liabilities

	Group	
	2009	2008
	Financial liabilities at amortised cost	Financial liabilities at amortised cost
	HK$'000	*HK$'000*
Financial liabilities included in trade payables, other payables and accruals *(note 27)*	**182,923**	174,586
Interest-bearing bank borrowings	**779,377**	741,948
	962,300	916,534

38. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial assets

	Company					
	2009			2008		
	Loans and receivables	**Available-for-sale financial assets**	**Total**	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments	**–**	**120**	**120**	–	222	222
Due from subsidiaries	**521,195**	**–**	**521,195**	486,166	–	486,166
Cash and bank balances	**263**	**–**	**263**	1,020	–	1,020
	521,458	**120**	**521,578**	487,186	222	487,408

Financial liabilities

	Company	
	2009	2008
	Financial liabilities at amortised cost	Financial liabilities at amortised cost
	HK$'000	*HK$'000*
Due to subsidiaries	**264,179**	235,452

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short and long term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts, which is regularly reviewed by senior management.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity. There is no impact on the Company's equity.

		Group	
	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax** *HK$'000*	**Increase/ (decrease) in equity*** *HK$'000*
2009			
Hong Kong dollar	25	(1,435)	–
Japanese Yen	25	(176)	–
Renminbi	25	(256)	–
Hong Kong dollar	(25)	1,435	–
Japanese Yen	(25)	176	–
Renminbi	(25)	256	–
2008			
Hong Kong dollar	25	(1,119)	–
Japanese Yen	25	(307)	–
Renminbi	25	(118)	–
Hong Kong dollar	(25)	1,119	–
Japanese Yen	(25)	307	–
Renminbi	(25)	118	–

* Excluding retained profits

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the Japanese Yen and RMB exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity. There is no impact on the Company's equity.

		Group	
	Increase/ (decrease) in Japanese Yen rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity***
	%	*HK$'000*	*HK$'000*
2009			
If Hong Kong dollar weakens against Japanese Yen	1	(69)	–
If Hong Kong dollar weakens against RMB	1	770	–
If Hong Kong dollar strengthens against Japanese Yen	(1)	69	–
If Hong Kong dollar strengthens against RMB	(1)	(770)	–
2008			
If Hong Kong dollar weakens against Japanese Yen	1	(1,789)	–
If Hong Kong dollar weakens against RMB	1	949	–
If Hong Kong dollar strengthens against Japanese Yen	(1)	1,789	–
If Hong Kong dollar strengthens against RMB	(1)	(949)	–

* Excluding retained profits

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale investments, amounts due from associates and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 34 to the financial statements.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Since the Group trades only with recognised and creditworthy customers, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 24 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contractual undiscounted payments, was as follows:

	Group			
	2009			
	On demand	**Less than 12 months**	**1 to 5 years**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Trade payables and other payables	**10,290**	**172,633**	**–**	**182,923**
Interest-bearing bank borrowings	**–**	**758,075**	**23,232**	**781,307**
	10,290	**930,708**	**23,232**	**964,230**

	2008			
	On demand	Less than 12 months	1 to 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables and other payables	18,309	156,277	–	174,586
Interest-bearing bank borrowings	–	667,511	74,437	741,948
	18,309	823,788	74,437	916,534

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Company

At the balance sheet date, the amounts due to subsidiaries of HK$264,179,000 (2008: HK$235,452,000) are repayable on demand.

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as available-for-sale investments (note 21) as at 31 March 2009.

The following table demonstrates the sensitivity to every 3% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the balance sheet date. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact on the income statement.

		Group		Company
	Increase/ (decrease) in fair value	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity***	**Increase/ (decrease) in equity***
	%	*HK$'000*	*HK$'000*	*HK$'000*
2009				
Investments listed in Hong Kong:				
– Available-for-sale	**3**	**–**	**1,305**	**4**
	(3)	**–**	**(1,305)**	**(4)**
2008				
Investments listed in Hong Kong:				
– Available-for-sale	3	–	1,397	7
	(3)	–	(1,397)	(7)

* Excluding retained profits

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2009 and 31 March 2008.

The Group monitors capital using a gearing ratio, which is interest-bearing bank borrowings divided by equity attributable to the equity holders of the Company. The gearing ratio is regularly reviewed by senior management. The gearing ratios as at the balance sheet dates were as follows:

Group

	2009	2008
	HK$'000	*HK$'000*
Interest-bearing bank borrowings	**779,377**	741,948
Equity attributable to equity holders of the Company	**975,553**	871,948
Gearing ratio	**80%**	85%

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 July 2009.

31 March 2009

INVESTMENT PROPERTY

Location	Use	Tenure	Percentage of attributable interest of the Group
Levels 1 and 2 (west portion) of Four Seas Group Guangdong Headquarter Building Complex, Yuepu South Industrial Zone, Shantou, Guangdong Province, The People's Republic of China	Industrial	Medium term lease	100

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