

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (“HKSA”). They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, certain properties are stated at fair value.

In the current year, the Group adopted the Hong Kong Statement of Standard Accounting Practice (“SSAP”) 12 (revised) “Income Taxes” issued by the HKSA which is effective for accounting periods commencing on or after 1 January 2003.

The change to the Group’s accounting policy and the effect of adopting the revised policy are set out below.

(b) Group accounting

(i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31 March. Subsidiaries are those entities in which the Company, directly or indirectly, controls the composition of the board of directors, controls more than half of the voting power or holds more than half of the issued share capital.

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

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group’s share of its net assets together with any unamortised goodwill or negative goodwill or goodwill or negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES (continued)**(b) Group accounting (continued)***(i) Consolidation (continued)*

In the Company's balance sheet, the interests in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies and also goodwill (net of accumulated amortisation) on acquisition.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

(iii) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheet of subsidiaries and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

(c) Fixed assets*(i) Leasehold land and buildings*

Leasehold land and buildings are stated at cost less accumulated amortisation and depreciation and accumulated impairment losses. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(c) Fixed assets (continued)

(ii) Amortisation of leasehold land

Amortisation of leasehold land is calculated to write off their cost less accumulated impairment losses on a straight-line basis over the unexpired periods of the leases. The principal annual rate for this purpose is 2%.

(iii) Depreciation of leasehold buildings

Depreciation of leasehold buildings is calculated to write off their cost on a straight-line basis over the unexpired periods of the leases or their estimated useful lives to the Group, whichever is shorter. The principal annual rate used for this purpose is 2.5%.

(iv) Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. They are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates used are as follows:

| | |
|--------------------------------------------------------------|------------|
| Leasehold improvements, furniture, fixtures and equipment | 10% to 20% |
| Motor vehicles | 20% |
| Computer systems | 30% |

(v) Impairment of fixed assets

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

(vi) Gain or loss on disposal of fixed assets

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

(vii) Cost of restoring and improving fixed assets

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES (continued)**(d) Operating leases**

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on the straight-line basis over the lease periods.

(e) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of an acquired associated company at the date of acquisition. Goodwill is amortised by equal annual installments over its estimated useful economic life of 20 years.

Goodwill on acquisitions that occurred prior to 1 January 2001 was written off against reserves. Any impairment arising on such goodwill is accounted for in the consolidated profit and loss account.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of or, for pre 1 January 2001 acquisitions, the related goodwill written off against reserves to the extent it has not previously been realised in the consolidated profit and loss account.

Where an indication of impairment exists, the carrying amount of any goodwill, including goodwill previously written off against reserves, is assessed and written down immediately to its recoverable amount.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, calculated on a first-in first-out basis, comprises invoiced price plus any freight and insurance charges. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(g) Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(j) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

(k) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior year, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES (continued)**(k) Deferred taxation (continued)**

As a result of adoption of SSAP 12 (revised), the opening retained earnings at 1 April 2002 and 2003 have been increased by HK\$503,000 and HK\$211,000 respectively, and share of reserves of associated companies at 1 April 2002 and 2003 have been decreased by HK\$10,000 and HK\$19,000 respectively and deferred tax liabilities at 31 March 2002 and 2003 have been decreased by HK\$340,000 and HK\$309,000 respectively.

(l) Revenue recognition

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Operating lease rental income is recognised on a straight-line basis.

(m) Employee benefits*(i) Employee leave entitlements*

Employee entitlements to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group makes contribution to the mandatory provident fund scheme (the "MPF Scheme") in Hong Kong, the assets of which are generally held in separate trustee-administered funds. The pension plan is funded by payments from employees and by the Group.

The Group's contributions to the MPF Scheme are expensed as incurred and are reduced by contributions forfeited by those employees who leave the MPF scheme prior to vesting fully in the contributions.

(iii) Equity compensation benefits

Share options are granted to full time directors and employees of the Group. No compensation cost is recognised on the date of grant of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(n) **Borrowing costs**

All borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(o) **Segment reporting**

In accordance with the Group's internal financial reporting the Group has determined that geographical segments be presented as the primary reporting format. Business segments are not presented as the secondary reporting format because the Group's turnover and operating profit are solely contributed by food trading business. In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to fixed assets (note 11).

2 TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in trading of frozen meat, seafood and vegetables. Revenues recognised during the year are as follows:

| | Group | |
|-------------------------------------------------------|-----------------|-----------------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| Turnover | | |
| Sales of goods | 532,679 | 474,422 |
| Other revenues | | |
| Interest income | 7,607 | 3,302 |
| Gross rental income from leasehold land and buildings | 1,300 | 809 |
| | 8,907 | 4,111 |
| Total revenues | 541,586 | 478,533 |

NOTES TO THE ACCOUNTS

2 TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

Primary reporting format – geographical segments

| | 2004 | | |
|-----------------------------------------|------------------------------------|-------------------------------|-------------------|
| | Hong Kong and Macau HK\$'000 | Mainland China HK\$'000 | Total HK\$'000 |
| Turnover | 384,672 | 148,007 | 532,679 |
| Segment results | 28,569 | 16,236 | 44,805 |
| Unallocated costs | | | (3,976) |
| Operating profit before finance costs | | | 40,829 |
| Finance costs | | | (2,407) |
| Operating profit | | | 38,422 |
| Share of profit of associated companies | | | 20,877 |
| Profit before taxation | | | 59,299 |
| Taxation | | | (10,966) |
| Profit attributable to shareholders | | | 48,333 |
| Segment assets | 337,406 | 17,546 | 354,952 |
| Interests in associated companies | 161,267 | – | 161,267 |
| Unallocated assets | | | 619 |
| Total assets | | | 516,838 |
| Segment liabilities | 137,178 | 42,318 | 179,496 |
| Unallocated liabilities | | | 14,728 |
| Total liabilities | | | 194,224 |
| Capital expenditure | 914 | – | 914 |
| Depreciation of fixed assets | 3,302 | – | 3,302 |
| Amortisation of goodwill | 382 | – | 382 |
| Provision for slow moving inventories | 860 | 7,140 | 8,000 |

NOTES TO THE ACCOUNTS

2 TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

Primary reporting format – geographical segments (continued)

| | 2003 | | |
|----------------------------------------------------|--------------------------------------------------|-------------------------------|---------------------------------|
| | (Restated) Hong Kong and Macau HK\$'000 | Mainland China HK\$'000 | (Restated) Total HK\$'000 |
| Turnover | 360,973 | 113,449 | 474,422 |
| Segment results | 14,700 | 13,297 | 27,997 |
| Unallocated costs | | | (5,085) |
| Operating profit before finance costs | | | 22,912 |
| Finance costs | | | (3,569) |
| Operating profit | | | 19,343 |
| Share of profit of associated companies | | | 20,759 |
| Profit before taxation | | | 40,102 |
| Taxation | | | (7,564) |
| Profit attributable to shareholders | | | 32,538 |
| Segment assets | 262,219 | 9,113 | 271,332 |
| Interests in associated companies | 147,885 | – | 147,885 |
| Unallocated assets | | | 230 |
| Total assets | | | 419,447 |
| Segment liabilities | 109,466 | 20,795 | 130,261 |
| Unallocated liabilities | | | 6,143 |
| Total liabilities | | | 136,404 |
| Capital expenditure | 2,144 | – | 2,144 |
| Depreciation of fixed assets | 3,000 | – | 3,000 |
| Amortisation of goodwill | 322 | – | 322 |
| Impairment loss of leasehold land and buildings | 1,055 | – | 1,055 |

NOTES TO THE ACCOUNTS

3 OPERATING PROFIT BEFORE FINANCE COSTS

| | Group | |
|---------------------------------------------------------------------------------------------|-----------------|-----------------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| Operating profit before finance costs is stated after crediting and charging the following: | | |
| Crediting: | | |
| Reversal of write-down of inventories | 382 | 2,100 |
| Net exchange gains | 1,256 | – |
| Charging: | | |
| Auditors' remuneration | 408 | 400 |
| Depreciation of fixed assets | 3,302 | 3,000 |
| Operating leases of land and buildings | 11,517 | 10,642 |
| Staff costs, including directors' emoluments (<i>note 9</i>) | 25,294 | 22,101 |
| Provision for doubtful debts | 3,139 | 3,685 |
| Provision for slow moving inventories | 8,000 | 382 |
| Amortisation of goodwill | 382 | 322 |
| Net exchange losses | – | 202 |

4 FINANCE COSTS

| | Group | |
|--------------------------------------------------|-----------------|-----------------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| Interest expense on bank and trust receipt loans | 2,407 | 3,569 |

NOTES TO THE ACCOUNTS

5 TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profit for the year. In 2003, the government enacted a change in the profits tax from 16% to 17.5% for the fiscal year 2003/2004.

The amount of taxation charged to the consolidated profit and loss account represents:

| | Group | |
|----------------------------------------------------------------------------------------------------------|-----------------|--------------------|
| | 2004 | (Restated) 2003 |
| | HK\$'000 | HK\$'000 |
| Current taxation: | | |
| – Hong Kong profits tax | 8,921 | 3,931 |
| – Over provision in prior year | (1,009) | (314) |
| Deferred taxation relating to the origination and reversal of temporary difference (<i>note 22</i>) | (448) | (32) |
| Deferred taxation resulting from an increase in tax rate (<i>note 22</i>) | 3 | – |
| | 7,467 | 3,585 |
| Share of taxation attributable to associated companies | 3,499 | 3,979 |
| | 10,966 | 7,564 |

NOTES TO THE ACCOUNTS

5 TAXATION (continued)

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

| | 2004 | (Restated) 2003 |
|----------------------------------------------------------------------------------------|-----------------|---------------------------|
| | HK\$'000 | HK\$'000 |
| Profit before taxation | 59,299 | 40,102 |
| Calculated at a taxation rate of 17.5% (2003: 16%) | 10,377 | 6,416 |
| Effect of different taxation rates in other countries | (89) | (164) |
| Income not subject to taxation | (1,403) | (1,213) |
| Expenses not deductible for taxation purposes | 2,201 | 1,493 |
| Utilisation of previously unrecognised tax losses | (218) | (333) |
| Over provision in prior year | (1,451) | (250) |
| Increase in opening deferred tax liabilities resulting from an increase in tax rate | (90) | – |
| Deferred tax assets not recognised | 1,130 | 1,068 |
| Others | 509 | 547 |
| Taxation charge | 10,966 | 7,564 |

6 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$56,000 (2003: HK\$2,000).

NOTES TO THE ACCOUNTS

7 DIVIDENDS

| | Group | |
|---------------------------------------------------------------------------|-----------------|----------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| Interim, paid, of HK1.0 cent (2003: HK1.0 cent) per ordinary share | 2,478 | 2,478 |
| Final, proposed, of HK3.0 cents (2003: HK3.0 cents) per ordinary share | 7,435 | 7,435 |
| | 9,913 | 9,913 |

Note: At a meeting held on 20 July 2004 the directors declared a final dividend of HK3.0 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2004.

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$48,333,000 (2003 Restated: HK\$32,538,000) and the weighted average number of 247,820,000 (2003: 247,820,000) ordinary shares in issue during the year.

The diluted earnings per share is based on 247,820,000 ordinary shares which is the weighted average number of ordinary shares in issue during the year plus the weighted average number of 6,195,349 ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised. (2003: Fully diluted earnings per share is not presented as there is no dilution effect had all the share options been exercised in full.)

NOTES TO THE ACCOUNTS

9 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

| | Group | |
|-----------------------------------------------------------|-----------------|----------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| Wages and salaries | 23,820 | 20,613 |
| Unutilised annual leave | 300 | 300 |
| Pension costs – defined contribution plan (<i>Note</i>) | 771 | 765 |
| Other staff benefits | 403 | 423 |
| | 25,294 | 22,101 |

Note: Pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of The Laws of Hong Kong) (the “MPF Ordinance”), companies within the Group have enrolled all employees in Hong Kong aged between 18 and 65 into the MPF Scheme.

The MPF Scheme is a master trust scheme established under trust arrangement and governed by laws in Hong Kong. The assets of the MPF Scheme are held separately from the assets of the Group, the trustees and other service providers. The Group made contributions to the MPF Scheme at 5% of the employees' relevant income as defined in the MPF Ordinance up to a maximum of HK\$1,000 per employee per month or at any rate above 5% of the employees' relevant income as determined by the Group. The employees also contribute 5% of their relevant income to the MPF Scheme if their relevant income is more than HK\$5,000 per month.

The Group's contribution to the MPF Scheme are expensed as incurred and are reduced by contributions forfeited by those employees who leave the MPF Scheme prior to vesting fully in the contributions. There were no forfeited contributions utilised during the year (2003: forfeited contributions of HK\$19,000 were utilised).

NOTES TO THE ACCOUNTS

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

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

| | Group | |
|-------------------------------------------------------|-----------------|----------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| Fees | 120 | 120 |
| Other emoluments: | | |
| Basic salaries, allowances and other benefits in kind | 7,487 | 7,441 |
| Directors' pensions | 231 | 215 |
| | 7,838 | 7,776 |

Directors' fees were paid to the two independent non-executive directors.

The emoluments of the directors fell within the following bands:

| | Number of directors | |
|-------------------------------|----------------------------|------|
| | 2004 | 2003 |
| Nil – HK\$1,000,000 | 6 | 5 |
| HK\$1,000,001 – HK\$1,500,000 | 1 | 1 |
| HK\$1,500,001 – HK\$2,000,000 | 1 | 1 |
| HK\$2,500,001 – HK\$3,000,000 | 1 | 1 |
| | 9 | 8 |

No directors waived their emoluments in respect of the years ended 31 March 2004 and 2003.

During the year, 8,000,000 (2003: Nil) options were granted to the directors under the Share Option Scheme (the "Scheme") adopted by the Company on 2 September 2002. The market value per share at the date of grant is HK\$0.93. Details of options granted during the year are presented in note 20.

NOTES TO THE ACCOUNTS

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

- (b) The five individuals whose emoluments were the highest in the Group for the year are also directors of the Group and their aggregate emoluments during the year are as follows:

| | 2004 HK\$'000 | 2003 HK\$'000 |
|-------------------------------------------------------|------------------|------------------|
| Basic salaries, allowances and other benefits in kind | 7,652 | 7,656 |

11 FIXED ASSETS – GROUP

| | Leasehold land and buildings | | Leasehold improvements, furniture and fixtures | Motor vehicles | Computer systems | Equipment | Total |
|---------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------|----------------|------------------|-----------|----------|
| | Held under leases of between 10 to 50 years in Hong Kong HK\$'000 | Held under leases of over 50 years in Hong Kong HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Cost | | | | | | | |
| At 1 April 2003 | 83,662 | 19,952 | 3,308 | 2,501 | 1,935 | 824 | 112,182 |
| Additions | – | – | – | – | 867 | 47 | 914 |
| Disposals | – | – | – | – | – | (51) | (51) |
| At 31 March 2004 | 83,662 | 19,952 | 3,308 | 2,501 | 2,802 | 820 | 113,045 |
| Accumulated depreciation | | | | | | | |
| At 1 April 2003 | 5,850 | 15,952 | 999 | 1,484 | 737 | 498 | 25,520 |
| Charge for the year | 1,951 | 165 | 328 | 267 | 467 | 124 | 3,302 |
| Disposals | – | – | – | – | – | (51) | (51) |
| At 31 March 2004 | 7,801 | 16,117 | 1,327 | 1,751 | 1,204 | 571 | 28,771 |
| Net book value | | | | | | | |
| At 31 March 2004 | 75,861 | 3,835 | 1,981 | 750 | 1,598 | 249 | 84,274 |
| At 31 March 2003 | 77,812 | 4,000 | 2,309 | 1,017 | 1,198 | 326 | 86,662 |

As at 31 March 2004, leasehold land and buildings with a carrying value of HK\$75,861,000 (2003: HK\$77,812,000) was pledged as security for a bank loan granted to the Group.

NOTES TO THE ACCOUNTS

12 INTERESTS IN SUBSIDIARIES

| | Company | |
|--------------------------------------------|----------------|----------------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| Unlisted shares, at cost (<i>note a</i>) | 39,004 | 39,004 |
| Advances to subsidiaries (<i>note b</i>) | 215,736 | 217,870 |
| Less: Provision for diminution in value | (9,049) | (9,049) |
| | <u>245,691</u> | <u>247,825</u> |

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

| Name | Place of incorporation | Principal activities and place of operation | Particulars of issued share capital | Interest held |
|------------------------------------|------------------------|-------------------------------------------------------------|-----------------------------------------|---------------|
| Interests held directly: | | | | |
| William Food Company Limited | Hong Kong | Trading of frozen meat, seafood and vegetables in Hong Kong | 100,000 ordinary shares of HK\$100 each | 100% |
| Capital Season Investments Limited | British Virgin Islands | Investment holding in Hong Kong | 1 ordinary share of US\$1 each | 100% |
| Interests held indirectly: | | | | |
| Hung King Development Limited | Hong Kong | Property holding in Hong Kong | 400,000 ordinary shares of HK\$1 each | 100% |

The above list contains particulars of principal subsidiaries of the Group which in the opinion of the directors, materially affect the results and assets of the Group. To give details of other subsidiaries would, in the opinion of directors, result in particulars of excessive length.

(b) **Advances to subsidiaries**

The advances to subsidiaries are unsecured, interest free and will not be demanded for repayment within the next twelve months from the balance sheet date.

NOTES TO THE ACCOUNTS

13 INTERESTS IN ASSOCIATED COMPANIES

| | Group | |
|-------------------------------------------------------------------|-----------------|---------------------------|
| | 2004 | (Restated) 2003 |
| | HK\$'000 | HK\$'000 |
| Share of net assets | 154,490 | 141,926 |
| Goodwill on acquisition of associated companies less amortisation | 6,777 | 5,959 |
| | 161,267 | 147,885 |
| Investments at cost: | | |
| Shares listed in Hong Kong | 168,819 | 166,505 |
| Market value of listed shares | 290,272 | 314,753 |

The following is a list of the principal associated companies at 31 March 2004:

| Name | Place of incorporation and business | Principal activities | Issued/registered and fully paid-up capital | Interest held |
|---------------------------------------|-------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------|---------------|
| Interests held indirectly: | | | | |
| Four Seas Mercantile Holdings Limited | Cayman Islands/ Hong Kong | Investment holding | HK\$39,956,564 | 26.91% |
| Cowboy Food Company Limited | Hong Kong | Manufacturing of peanut products | HK\$6,000,000 | 22.87% |
| Fancy Talent Limited | Hong Kong | Marketing of snack foods | HK\$100,000,000 | 26.91% |
| Four Seas Mercantile Limited | Hong Kong | Trading of snack foods, confectionery and beverages | (i) Ordinary shares of HK\$200 (ii) Non-voting deferred shares of HK\$20,000,000 | 26.91% |

NOTES TO THE ACCOUNTS

13 INTERESTS IN ASSOCIATED COMPANIES (continued)

| Name | Place of incorporation and business | Principal activities | Issued/ registered and fully paid-up capital | Interest held |
|----------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------|------------------|
| Interests held indirectly (continued): | | | | |
| Four Seas Yamauchi Company Limited | Hong Kong | Investment holding | HK\$7,000,000 | 26.91% |
| Four Seas Confectionary (Shantou) Company Limited ¹ | Mainland China | Manufacturing of cakes | HK\$11,320,000 | 26.91% |
| Four Seas Foods (Shantou) Company Limited ¹ | Mainland China | Trading of confectionery and food products | HK\$27,000,000 | 26.91% |
| Four Seas Catering Enterprises Company Limited | Hong Kong | Investment holding | HK\$10,000 | 26.91% |
| Guangdong Fourseas Frozen Food Products Company Limited ¹ | Mainland China | Operator of ice-cream and frozen food products | RMB6,300,000 | 26.91% |
| Hong Kong Ham Holdings Limited | Hong Kong | Manufacturing and packaging of ham and ham related products | HK\$20 | 26.91% |
| Hong Kong Biscuit (International) Limited | Hong Kong | Investment holding | HK\$25,000,000 | 23.68% |
| J.P. Inglis Company Limited | Hong Kong | Trading in food materials | HK\$1,000,000 | 26.91% |
| Kanro Four Seas Foods (Shantou) Company Limited ¹ | Mainland China | Manufacturing of candy | HK\$46,203,380 | 21.80% |

NOTES TO THE ACCOUNTS

13 INTERESTS IN ASSOCIATED COMPANIES (continued)

| Name | Place of incorporation and business | Principal activities | Issued/ registered and fully paid-up capital | Interest held |
|---------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------|------------------|
| Interests held indirectly (continued): | | | | |
| Kung Tak Lam Shanghai Vegetarian Cuisine Limited | Hong Kong | Operator of restaurants | HK\$3,660,000 | 26.64% |
| Li Fook (Qingdao) Foods Co. Ltd. ¹ | Mainland China | Manufacturing of noodles | US\$2,800,000 | 26.91% |
| Shenzhen Matchless Food Company Limited ¹ | Mainland China | Operator of bakery shops and a factory | RMB5,500,000 | 26.91% |
| Shenzhen Yaohan Zhonghao Food Co., Limited ² | Mainland China | Manufacturing and packaging of ham and ham related products | RMB32,100,000 | 16.15% |
| Tohato Four Seas Confectionery (Shenzhen) Company Limited ¹ | Mainland China | Manufacturing of snack foods | HK\$7,000,000 | 21.53% |
| Wide Success Holdings Limited | Hong Kong | Operator of a restaurant | HK\$10,000 | 26.91% |

The above list contains particulars of principal associated companies of the Group which in the opinion of the directors, materially affect the results and assets of the Group. To give details of other associated companies would, in the opinion of directors, result in particulars of excessive length.

All associated companies were not audited by PricewaterhouseCoopers.

¹ Wholly foreign owned enterprise

² Equity joint venture

NOTES TO THE ACCOUNTS

13 INTERESTS IN ASSOCIATED COMPANIES (continued)

Details of information, as extracted from the annual report of Four Seas Mercantile Holdings Limited, a material associated company, for the year ended 31 March 2004, are as follows:

| | 2004 HK\$'000 | (Restated) 2003 HK\$'000 |
|---------------------------------------------------------------------|------------------|--------------------------------|
| Consolidated profit and loss account | | |
| Turnover | 1,389,343 | 1,249,639 |
| Net profit from ordinary activities attributable to shareholders | 64,763 | 63,519 |
| Consolidated balance sheet | | |
| Fixed assets | 299,977 | 236,908 |
| Goodwill | 4,566 | 4,593 |
| Negative goodwill | (2,176) | (2,098) |
| Deferred tax assets | 5,664 | 6,145 |
| Interests in associates | 128,810 | 112,487 |
| Long term investments | 12,898 | 21,519 |
| Rental deposits | 8,219 | 7,869 |
| Current assets | 799,990 | 685,464 |
| Current liabilities | (616,747) | (435,797) |
| Net current assets | 183,243 | 249,667 |
| | 641,201 | 637,090 |
| Financed by: | | |
| Share capital | 39,956 | 39,956 |
| Reserves | 515,846 | 472,794 |
| Proposed final dividend | 18,380 | 18,380 |
| Shareholders' funds | 574,182 | 531,130 |
| Long-term liabilities | 41,204 | 71,266 |
| Minority interests | 25,815 | 34,694 |
| | 641,201 | 637,090 |
| Contingent liabilities | 37,679 | 39,994 |

NOTES TO THE ACCOUNTS

14 INVENTORIES

| | Group | |
|------------------|-----------------|-----------------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| Finished goods | 30,591 | 12,858 |
| Goods in transit | 26,363 | 19,435 |
| | 56,954 | 32,293 |

At 31 March 2004, the carrying amount of inventories that are carried at net realisable value amounted to HK\$18,058,000 (2003: HK\$382,000).

15 DUE FROM/(TO) SUBSIDIARIES – COMPANY

The amounts due from/(to) subsidiaries were unsecured, interest free and repayable on demand.

16 DUE FROM ASSOCIATED COMPANIES – GROUP

The amounts due from associated companies were unsecured, interest free and repayable on demand.

17 TRADE RECEIVABLES

At 31 March 2004, the ageing analysis of the trade receivables was as follows:

| | Group | |
|--------------|-----------------|-----------------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| 0–30 days | 41,358 | 29,274 |
| 31–60 days | 9,040 | 10,138 |
| Over 60 days | 5,842 | 4,806 |
| | 56,240 | 44,218 |

The Group has a credit policy with general credit terms ranging from 30 days to 90 days.

NOTES TO THE ACCOUNTS

18 TRADE AND BILLS PAYABLES

At 31 March 2004, the ageing analysis of the trade and bills payables was as follows:

| | Group | |
|--------------|-----------------|-----------------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| 0–30 days | 14,256 | 7,228 |
| 31–60 days | 4 | 28 |
| Over 60 days | 1,178 | 1,159 |
| | 15,438 | 8,415 |

19 BANK LOANS – SECURED

| | Group | |
|-------------------------------------------------|-----------------|-----------------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| Bank loans – wholly repayable within five years | 21,210 | 24,922 |
| Less: current portion of bank loans | (15,712) | (13,712) |
| | 5,498 | 11,210 |

NOTES TO THE ACCOUNTS

19 BANK LOANS – SECURED (continued)

As at 31 March 2004, the Group's bank loans were repayable as follows:

| | Group | |
|----------------------------|-----------------|-----------------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| Within one year | 15,712 | 13,712 |
| In the second year | 5,498 | 5,712 |
| In the third to fifth year | – | 5,498 |
| | 21,210 | 24,922 |

A bank loan of HK\$11,210,000 (2003: HK\$16,922,000) is secured by the assets (including land and buildings) and issued shares of a subsidiary and cross guarantees of the Company and a subsidiary. The loan is repayable by instalments up to 2006.

The other bank loans of the Group are secured by corporate guarantees of the Company.

20 SHARE CAPITAL

| | Authorised | |
|---------------------------------|-----------------------------------------|-----------------|
| | Ordinary shares of HK\$0.10 each | |
| | <i>No. of shares</i> | <i>HK\$'000</i> |
| At 31 March 2002, 2003 and 2004 | <u>400,000,000</u> | <u>40,000</u> |
| | Issued and fully paid | |
| | Ordinary shares of HK\$0.10 each | |
| | <i>No. of shares</i> | <i>HK\$'000</i> |
| At 31 March 2002, 2003 and 2004 | <u>247,820,000</u> | <u>24,782</u> |

NOTES TO THE ACCOUNTS

20 SHARE CAPITAL (continued)

(a) Share options

Share options are granted to the directors and executives under the Scheme adopted by the Company on 2 September 2002. The directors of the Company are authorised to grant options to any qualifying participant of the Company and any subsidiary of the Company to subscribe for shares in the Company at prices according to the terms of the Scheme. The total number of shares subject to the Scheme must not when aggregated with shares under any other share option schemes exceed 30% of the shares in issue from time to time.

(b) Movements in the number of share options outstanding under the Scheme during the year are as follows:

| | Number of options | |
|---------------------------|-------------------|------------------|
| | 2004 HK\$'000 | 2003 HK\$'000 |
| At 1 April | – | – |
| Granted (<i>note i</i>) | 22,200 | – |
| At 31 March | 22,200 | – |

Notes:

- (i) Share options were granted on 11 November 2003 at the exercise price of HK\$0.93 per share. The exercisable period would be from 1 May 2004 to 31 October 2005.
- (ii) No options were exercised, lapsed or cancelled during the year.

NOTES TO THE ACCOUNTS

21 RESERVES

Group

| | Share premium <i>HK\$'000</i> | Capital redemption reserve <i>HK\$'000</i> | Share of reserves of associated companies <i>HK\$'000</i> | Retained earnings <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|----------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------|--------------------------|
| At 1 April 2002, as previously reported | 77,874 | 228 | (1,184) | 156,636 | 233,554 |
| Change in accounting policy – adoption of SSAP 12 (revised) (note 1(k)) | – | – | (10) | 503 | 493 |
| At 1 April 2002, as restated | 77,874 | 228 | (1,194) | 157,139 | 234,047 |
| Deficit on revaluation of investment securities | – | – | (378) | – | (378) |
| Surplus on revaluation of investment securities released upon disposal | – | – | (506) | – | (506) |
| Exchange reserve | – | – | (6) | – | (6) |
| Profit for the year | – | – | – | 32,538 | 32,538 |
| 2002 Final dividend | – | – | – | (4,956) | (4,956) |
| 2003 Interim dividend | – | – | – | (2,478) | (2,478) |
| At 31 March 2003, as restated | <u>77,874</u> | <u>228</u> | <u>(2,084)</u> | <u>182,243</u> | <u>258,261</u> |
| Representing: | | | | | |
| Reserves | 77,874 | 228 | (2,084) | 174,808 | 250,826 |
| 2003 proposed final dividend | – | – | – | 7,435 | 7,435 |
| At 31 March 2003 | <u>77,874</u> | <u>228</u> | <u>(2,084)</u> | <u>182,243</u> | <u>258,261</u> |
| Company and subsidiaries | 77,874 | 228 | – | 146,134 | 224,236 |
| Associated companies | – | – | (2,084) | 36,109 | 34,025 |
| At 31 March 2003 | <u>77,874</u> | <u>228</u> | <u>(2,084)</u> | <u>182,243</u> | <u>258,261</u> |

NOTES TO THE ACCOUNTS

21 RESERVES (continued)

Group

| | Share premium <i>HK\$'000</i> | Capital redemption reserve <i>HK\$'000</i> | Share of reserves of associated companies <i>HK\$'000</i> | Retained earnings <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|----------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------|--------------------------|
| At 1 April 2003, as previously reported | 77,874 | 228 | (2,065) | 182,032 | 258,069 |
| Change in accounting policy – adoption of SSAP 12 (revised) (note 1(k)) | – | – | (19) | 211 | 192 |
| At 1 April 2003, as restated | 77,874 | 228 | (2,084) | 182,243 | 258,261 |
| Surplus on revaluation of investment securities | – | – | 103 | – | 103 |
| Deficit on revaluation of investment securities released upon disposal | – | – | 1,023 | – | 1,023 |
| Exchange and other reserves | – | – | (25) | – | (25) |
| Surplus on revaluation of investment properties | – | – | 50 | – | 50 |
| Profit for the year | – | – | – | 48,333 | 48,333 |
| 2003 Final dividend | – | – | – | (7,435) | (7,435) |
| 2004 Interim dividend | – | – | – | (2,478) | (2,478) |
| At 31 March 2004 | <u>77,874</u> | <u>228</u> | <u>(933)</u> | <u>220,663</u> | <u>297,832</u> |
| Representing: | | | | | |
| Reserves | 77,874 | 228 | (933) | 213,228 | 290,397 |
| 2004 proposed final dividend | – | – | – | 7,435 | 7,435 |
| At 31 March 2004 | <u>77,874</u> | <u>228</u> | <u>(933)</u> | <u>220,663</u> | <u>297,832</u> |
| Company and subsidiaries | 77,874 | 228 | – | 174,255 | 252,357 |
| Associated companies | – | – | (933) | 46,408 | 45,475 |
| At 31 March 2004 | <u>77,874</u> | <u>228</u> | <u>(933)</u> | <u>220,663</u> | <u>297,832</u> |

NOTES TO THE ACCOUNTS

21 RESERVES (continued)

Company

| | Share premium HK\$'000 | Capital redemption reserve HK\$'000 | Retained earnings HK\$'000 | Total HK\$'000 |
|---------------------------------|------------------------------|----------------------------------------------|----------------------------------|-------------------|
| At 1 April 2002 | 77,874 | 228 | 156,754 | 234,856 |
| Profit for the year | — | — | 2 | 2 |
| 2002 Final dividend | — | — | (4,956) | (4,956) |
| 2003 Interim dividend | — | — | (2,478) | (2,478) |
| At 31 March 2003 | <u>77,874</u> | <u>228</u> | <u>149,322</u> | <u>227,424</u> |
| Representing: | | | | |
| Reserves | 77,874 | 228 | 141,887 | 219,989 |
| 2003 Final dividend proposed | — | — | 7,435 | 7,435 |
| At 31 March 2003 | <u>77,874</u> | <u>228</u> | <u>149,322</u> | <u>227,424</u> |
| At 1 April 2003 | 77,874 | 228 | 149,322 | 227,424 |
| Profit for the year | — | — | 56 | 56 |
| 2003 Final dividend | — | — | (7,435) | (7,435) |
| 2004 Interim dividend | — | — | (2,478) | (2,478) |
| At 31 March 2004 | <u>77,874</u> | <u>228</u> | <u>139,465</u> | <u>217,567</u> |
| Representing: | | | | |
| Reserves | 77,874 | 228 | 132,030 | 210,132 |
| 2004 Final dividend proposed | — | — | 7,435 | 7,435 |
| At 31 March 2004 | <u>77,874</u> | <u>228</u> | <u>139,465</u> | <u>217,567</u> |

At 31 March 2004, the reserves of the Company that are available for distribution as dividends amounted to HK\$139,465,000 (2003: HK\$149,322,000).

NOTES TO THE ACCOUNTS

22 DEFERRED TAXATION

Deferred taxation are calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2003: 16%)

The movement on the deferred tax (assets)/liabilities is as follows:

| | Group | |
|----------------------------------------------------------------------------|-----------------|---------------------------|
| | 2004 | (Restated) 2003 |
| | HK\$'000 | HK\$'000 |
| At 1 April | 215 | 247 |
| Deferred taxation credited to profit and loss account (<i>Note 5</i>) | (445) | (32) |
| At 31 March | (230) | 215 |

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$13,252,000 (2003: HK\$13,757,000) to carry forward against future taxable income, these tax losses have no expiry date.

NOTES TO THE ACCOUNTS

22 DEFERRED TAXATION (continued)

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax liabilities

| | Accelerated tax depreciation | |
|-----------------------------------------------|-------------------------------------|-----------------|
| | (Restated) | |
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| At 1 April | 813 | 677 |
| (Credited)/charged to profit and loss account | (813) | 136 |
| At 31 March | — | 813 |

Deferred tax assets

| | Provisions | | Accelerated tax depreciation | | Total | |
|-----------------------------------------------|-------------------|-----------------|-------------------------------------|-----------------|-----------------|-----------------|
| | (Restated) | | (Restated) | | (Restated) | |
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April | 527 | 154 | 71 | 276 | 598 | 430 |
| (Charged)/credited to profit and loss account | (324) | 373 | (44) | (205) | (368) | 168 |
| At 31 March | 203 | 527 | 27 | 71 | 230 | 598 |

NOTES TO THE ACCOUNTS

22 DEFERRED TAXATION (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet.

| | 2004 HK\$'000 | (Restated) 2003 HK\$'000 |
|--------------------------|------------------|--------------------------------|
| Deferred tax assets | (230) | (598) |
| Deferred tax liabilities | — | 813 |
| | <u>(230)</u> | <u>215</u> |

The deferred tax assets and liabilities are to be recovered and settled after more than 12 months.

23 CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow generated from operations

| | 2004 HK\$'000 | 2003 HK\$'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Operating profit | 38,422 | 19,343 |
| Interest expenses | 2,407 | 3,569 |
| Interest income | (7,607) | (3,302) |
| Depreciation of fixed assets | 3,302 | 3,000 |
| Amortisation of goodwill | 382 | 322 |
| Impairment loss of leasehold land and buildings | — | 1,055 |
| Operating profit before working capital changes | 36,906 | 23,987 |
| Increase in inventories | (24,661) | (2,957) |
| Net (increase)/decrease in trade receivables, prepayments and deposits, other receivables and amount due from associated companies | (11,866) | 17,732 |
| Net increase in trade and bills payable, other payables and accrued charges | 13,489 | 3,451 |
| Net cash inflow generated from operations | <u>13,868</u> | <u>42,213</u> |

NOTES TO THE ACCOUNTS

23 CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing during the year

| | Dividend payable | | Bank loans and trust receipt loans | |
|------------------------------------------|------------------|----------|------------------------------------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April | 7,435 | 4,956 | 116,725 | 146,633 |
| Dividends | 2,478 | 2,478 | — | — |
| Net cash (outflow)/inflow from financing | (9,913) | (7,434) | 41,340 | (29,908) |
| At 31 March | — | — | 158,065 | 116,725 |

24 BANKING FACILITIES

At 31 March 2004, trade finance facilities and bank overdraft facilities totalling HK\$441 million (2003: HK\$411 million) were granted to the Company and a subsidiary. These facilities were secured by corporate guarantees of HK\$355.7 million (2003: HK\$333.7 million) from the Company and cross guarantees of HK\$80 million (2003: HK\$80 million) of the Company and a subsidiary.

These facilities were utilised to the extent of approximately HK\$158 million as at 31 March 2004 (2003: HK\$117 million).

25 CONTINGENT LIABILITIES

At 31 March 2004, the Group had irrevocable letters of credit issued to suppliers amounting to HK\$738,000 (2003: HK\$380,000).

NOTES TO THE ACCOUNTS

26 OPERATING LEASE COMMITMENTS

At 31 March 2004, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

| | Group | | Company | |
|-----------------|------------|------------|------------|------------|
| | 2004 | 2003 | 2004 | 2003 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Within one year | <u>284</u> | <u>309</u> | <u>284</u> | <u>309</u> |

27 RELATED PARTY TRANSACTIONS

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

| | Group | |
|--------------------------------------------------------------------|------------|------------|
| | 2004 | 2003 |
| | HK\$'000 | HK\$'000 |
| Rental and building management fee received from related companies | <u>336</u> | <u>336</u> |

Tenancy agreement was entered into with a related party to lease office for a period of 2 years. Terms of the agreement was entered into in accordance with recommendations provided by a firm of professional valuers.

28 SUBSEQUENT EVENTS

From 11 to 18 June 2004, the Company repurchased a total of 3,514,000 shares on The Stock Exchange of Hong Kong Limited, all of which were cancelled on 18 June 2004, 23 June 2004 and 29 June 2004. An aggregate consideration of HK\$4,145,000 was paid.

29 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 20 July 2004.