

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

## 1. GENERAL

The Company is a limited company incorporated in Bermuda on 15 April 2003 as an exempted company.

The Company is principally engaged in investments in listed or unlisted enterprises established in Hong Kong and in the People's Republic of China.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 2 April 2004.

## 2. PRINCIPAL ACCOUNTING POLICIES

In 2004, the Hong Kong Institute of Certified Public Accountants ("HKICPA") issued a number of new or revised Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards (collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Company has not chosen for early adoption of these new HKFRSs in the financial statements for the year ended 31 March 2005.

The Company has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its result of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. The financial statements are prepared under the historical cost convention as modified for the revaluation of investment in trading securities.

### (a) Investments in securities

#### *Investment securities*

Investment securities are stated at cost less any impairment loss that is other than temporary.

The carrying amount of individual investment is reviewed at each balance sheet date to assess whether the fair value has declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities should be reduced to its fair value. The amount of the reduction is recognised as an expenses in the income statement.

#### *Trading securities*

Trading securities are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of trading securities are recognised in the income statement. Profits or losses on disposal of trading securities, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the income statement as they arise.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

### 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

#### (b) Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which are within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

#### (c) Impairment

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

#### (d) Taxation

Income tax for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences. Deferred tax assets also arise from unused tax losses and are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### (e) Foreign currencies

Transactions in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Profits and losses resulting from the above translation policy are included in the income statement for the year.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

### 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

#### (f) Revenue recognition

Profits on disposal of securities is recognised upon the completion of securities sale contract.

Interest income is recognised on a time proportion basis.

Dividend income from listed and unlisted investments is recognised when the shareholders' right to receive payment has been established.

#### (g) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Annual rentals applicable to such operating leases are charged to the income statement on a straight line basis over the lease term.

#### (h) Retirement benefit costs

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

### 3. REVENUES

	<b>Year ended 31/3/2005</b>	<b>Period from 15/4/2003 (Date of incorporation) to 31/3/2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE		
Net unrealised holding gain on trading securities	1,917	–
Net realised gain on disposal of trading securities	2,313	–
Dividend income from listed securities	507	–
Interest received from notes receivable	710	–
	<u>5,447</u>	<u>–</u>
OTHER REVENUE		
Bank interest income	47	–
Other interest income	20	–
	<u>5,514</u>	<u>–</u>

During the year, all the Company's activities, assets and liabilities are of an investment nature carried out and located in Hong Kong, therefore no analysis of the Company's revenue and contribution to operating profit/(loss) for the year/period set out by principal activities and geographical market is provided.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

#### 4. PROFIT/(LOSS) BEFORE TAXATION

The profit/(loss) before taxation is arrived at after charging:–

	<b>Year ended 31/3/2005</b>	<b>Period from 15/4/2003 (Date of incorporation) to 31/3/2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditors' remuneration	180	30
Investment manager fee	400	–
Staff costs (excluding directors' remuneration)	–	–
Operating lease payments	157	–
Preliminary expenses	–	44
	<u>          </u>	<u>          </u>

#### 5. TAXATION

(a) Taxation in the income statement represents:–

	<b>Year ended 31/3/2005</b>	<b>Period from 15/4/2003 (Date of incorporation) to 31/3/2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax		
Provision for the year	496	–
	<u>          </u>	<u>          </u>

Provision for Hong Kong profits tax is provided at the rate of 17.5% on the estimated assessable profits for the year (2004: Nil).

(b) The Company did not have any material unprovided deferred taxation as at 31 March 2005.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

### 5. TAXATION (continued)

(c) Reconciliation between tax expenses and accounting profit/(loss) is as follows:–

	<b>Year ended 31/3/2005</b>	<b>Period from 15/4/2003 (Date of incorporation) to 31/3/2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profits/(loss) before taxation	3,386	(74)
Notional tax on profit/(loss) before taxation	593	(13)
Tax effect of non-deductible expenses	–	13
Tax effect of non-taxable income	(97)	–
Total income tax expenses	496	–

### 6. DIRECTORS' EMOLUMENTS

The aggregate amounts of emoluments of the Directors disclosed pursuant to section 161 of the Hong Kong Companies Ordinance are as follows:

	<b>Year ended 31/3/2005</b>	<b>Period from 15/4/2003 (Date of incorporation) to 31/3/2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees to independent non-executive Directors	30	–
Other emoluments to executive Directors		
– Salaries, allowances and benefits in kind	579	–
– Retirement benefit scheme contributions	29	–
	638	–

The number of Directors whose emoluments fall within the following band are as follows:

Nil to HK\$1,000,000	7	–
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The five highest paid individuals in the Company for the year were all paid to Directors included in the analysis presented above.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

### 7. INVESTMENT SECURITIES

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment securities, at cost:		
Convertible notes receivable, unlisted ( <i>Note a</i> )	9,838	–
Convertible redeemable preference shares, unlisted shares ( <i>Note b</i> )	9,987	–
	<u>19,825</u>	<u>–</u>
Classified under:–		
Current assets	9,838	–
Non-current assets	9,987	–
	<u>19,825</u>	<u>–</u>

#### (a) Convertible notes receivable

The convertible notes receivable are dated debt securities that provide the holders with the right to convert the outstanding principal amount of the debt securities into shares of the issuers at the specified dates. The intention of the Directors is to exercise the option to convert the notes receivable into shares in the invested companies.

The convertible notes receivable are interest bearing on the principal amount at the rates of 0.8% and 1.5% per month.

The Directors consider that the unlisted convertible notes receivable are worth at least their book cost.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

**7. INVESTMENT SECURITIES** (continued)**(a) Convertible notes receivable** (continued)

Particulars of the convertible notes receivable are as follows:-

Name of Issuer	Place of incorporation	Nature of business	Principal amount		Maturity date	% of total	% of total
			2005	2004		assets of the company 2005	assets of the company 2004
			HK\$'000	HK\$'000			
Vertigo China Limited	Hong Kong	Outdoor media provider	4,838	-	6 June 2005	8.4%	N/A
Fanwo Electronic (BVI) Company Limited	The British Virgin Islands	Computer networking system provider	5,000	-	30 Dec 2005	8.6%	N/A
			9,838	-			

A brief description of the business information of the notes receivable is as follows:-

*Vertigo China Limited ("Vertigo")*

Vertigo is a global leader in outdoor media and offering products and services throughout Asia and the Pacific Region. By 1997 the Hong Kong headquarter was established and full-service production capabilities were in place. Vertigo became the first comprehensive signage solutions provider in the region and is currently active in 13 cities throughout the world.

*Fanwo Electronic (BVI) Company Limited ("Fanwo (BVI)")*

Fanwo (BVI) is an investment holding company which is currently under group restructuring. Upon completion of restructuring, Fanwo (BVI) will acquire a wholly foreign-owned-enterprise of the Peoples' Republic of China, namely Shenzhen Fanwo Electronic Co., Ltd. ("Shenzhen Fanwo"). Shenzhen Fanwo is a specialist in (i) development of communication hardware/software and computer networking system integration and (ii) manufacturing and selling of networking equipment system, communication command and dispatch system. In Year 2002, HSBC Private Equity has invested HK\$3M into Shenzhen Fanwo to fund its business development.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

### 7. INVESTMENT SECURITIES (continued)

#### (b) Convertible redeemable preference shares ("CRPS")

The CRPS are dated debt securities that provide the holders with the right to convert the outstanding principal amount of the debt securities into shares of the issuers at the specified dates. The intention of the Directors is to exercise the option to convert and the CRPS into shares in the invested company. The CRPS is non-interest bearing.

The Directors consider that the unlisted CRPS are worth at least their book cost.

Particulars of the CRPS are as follows:-

Name of Issuer	Place of incorporation	Nature of business	Principal amount		Maturity date	% of total	% of total
			2005	2004		assets of the company 2005	assets of the company 2004
			HK\$'000	HK\$'000			
Huishan Dairy Holdings Limited	The Cayman Islands	Production of dairy products	9,987	-	5 Feb 2008	17.3%	N/A

A brief description of the business information of Huishan Dairy Holdings Limited is as follows:-

The invested company is an investment holding company which invests in a dairy production company, Shenyang Dairy Company Limited ("Shenyang Dairy"), in the People's Republic of China ("PRC"). Shenyang Dairy is one of the leading dairy product manufacturers in the PRC. It is principally engaged in the business of cattle raising, cattle breeding, dairy products processing and sales of dairy products through its well-established selling and distribution channels. The dairy products of Shenyang Dairy are traded under the brand name "Sunny Hills". According to a survey conducted by AC Nielsen, Shenyang Dairy ranks in the top 5 position in the PRC in terms of sales revenue of liquid milk and dairy products.



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

### 8. TRADING SECURITIES

	2005 HK\$'000	2004 HK\$'000
Equity securities listed in Hong Kong, at fair value	11,542	–

Particulars of the trading securities are as follows:–

Name of invested company	Place of incorporation	Number of shares held as at 31/3/2005	% of interest held	Addition during the year HK\$'000	Market value as at 31/3/2005 HK\$'000	Unrealised gain/(loss) arising on revaluation HK\$'000	% of total assets of the company	Net assets attributable to the company HK\$'000
Chevalier International Holdings Limited	Bermuda	500,000	0.2%	2,505	4,550	2,045	7.8%	4,558
China Life Insurance Company Limited	The People's Republic of China	243,000	Less than 0.1%	1,388	1,264	(124)	2.2%	604
Qin Jia Yuan Media Services Company Limited	Cayman Islands	2,450,000	0.8%	3,215	3,748	533	6.4%	1,588
Van Shung Chong Holdings Limited	Bermuda	2,000,000	0.5%	2,517	1,980	(537)	3.4%	3,748
				9,625	11,542	1,917		

A brief description of the business information of the invested companies, based on their latest published annual or interim reports, is as follows:–

#### **Chevalier International Holdings Limited (“Chevalier International”)**

Chevalier International is primarily engaged in the investment holding of the businesses of construction and engineering, insurance and investment, property and hotel, along with other activities such as automobile dealership and international trading.

The profit attributable to shareholders for Chevalier International for the six months ended on 30 September 2004 was approximately HK\$125,111,000. As of 30 September 2004, the net asset value of Chevalier International was approximately HK\$2,589,819,000.

During the year, the Company received cash dividend of HK\$298,468 from Chevalier International.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

### 8. TRADING SECURITIES (continued)

#### **China Life International Holdings Limited ("China Life")**

China Life is principally engaged in providing insurance products and services including individual life insurance, group life insurance, accident and health insurance.

The profit attributable to shareholders for China Life for the year ended 31 December 2004 was approximately RMB7,171,000,000. As at 31 December 2004, the net asset value of China Life was approximately RMB66,530,000,000.

During the year, China Life did not declare a dividend.

#### **Qin Jia Yuan Media Services Company Limited ("Qin Jia Yuan")**

Qin Jia Yuan is principally engaged in the provision of integrated and comprehensive television media services for TV drama investors, production houses, distributors, broadcasters, advertisement sponsors, advertising agents and audience.

The profit attributable to shareholders for Qin Jia Yuan for the year ended 30 September 2004 was approximately HK\$50,361,000. As at 30 September 2004, the net asset value of Qin Jia Yuan was approximately HK\$211,104,000.

During the year, the Company received cash dividend of HK\$143,986 from Qin Jia Yuan.

#### **Van Shung Chong Holdings Limited ("Van Shung Chong")**

Van Shung Chong is principally engaged in the business of trading advanced processing and construction materials in China.

The profit attributable to shareholders for Van Shung Chong for the six months ended 30 September 2004 was approximately HK\$24,094,000. As at 30 September 2004, the net asset value of Van Shung Chong was approximately HK\$689,558,000.

During the year, the Company received cash dividend of HK\$55,720 from Van Shung Chong.

### 9. ACCOUNTS RECEIVABLE

An aging analysis of the accounts receivable as at 31 March 2005 is as below:

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than one year	1,497	–

The amount represents receivable from the listed shares dealing through the securities account maintained with a related company, Grand Investment (Securities) Limited, in which the Directors of the Company, Mr Lee Tak Lun and Ms Chung Wing Han Wendy have beneficial interests.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

### 10. OTHER PAYABLE AND ACCRUALS

An aging analysis of the other payable and accruals as at 31 March 2005 is as below:

	<b>2005</b> <i>HK\$'000</i>	<b>2004</b> <i>HK\$'000</i>
Less than one year	<u>220</u>	<u>2,207</u>

### 11. AMOUNT DUE TO A SHAREHOLDER

The amount due is unsecured, interest free and has no fixed repayment terms.

### 12. SHARE CAPITAL

	<b>2005</b> <i>HK\$'000</i>	<b>2004</b> <i>HK\$'000</i>
Authorised:		
200,000,000 ordinary shares of HK\$0.10 each	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:		
60,000,000 ordinary shares of HK\$0.10 each	<u>6,000</u>	<u>6,000</u>

### 13. RESERVES

	<b>Share premium</b> <i>HK\$'000</i>	<b>Retained profits/ (accumulated losses)</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Issues of shares at premium	53,100	–	53,100
Listing expenses	(4,034)	–	(4,034)
Loss for the period	<u>–</u>	<u>(74)</u>	<u>(74)</u>
At 31 March 2004	<u>49,066</u>	<u>(74)</u>	<u>48,992</u>
At 31 March 2004	49,066	(74)	48,992
Profit for the year	<u>–</u>	<u>2,890</u>	<u>2,890</u>
At 31 March 2005	<u>49,066</u>	<u>2,816</u>	<u>51,882</u>

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

### 14. OPERATING LEASE COMMITMENTS

At 31 March 2005, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>2005</b> <i>HK\$'000</i>	<b>2004</b> <i>HK\$'000</i>
Not later than one year	139	–
In second to fifth year inclusive	–	–
	<u>139</u>	<u>–</u>

### 15. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$57,882,000 (2004: HK\$54,992,000 and the 60,000,000 ordinary shares in issue as at 31 March 2005 and 31 March 2004).

### 16. NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The profit/(loss) attributable to shareholders is dealt with in the financial statements of the Company to the extent of the profit of HK\$2,890,000 (Period ended 31 March 2004: loss of HK\$74,000).

### 17. DIVIDENDS

	<b>2005</b> <i>HK\$'000</i>	<b>2004</b> <i>HK\$'000</i>
Proposed final dividend – HK4.2 cents per share (2004: Nil)	<u>2,520</u>	<u>–</u>

The final dividend of HK4.2 cents per share for the year ended 31 March 2005 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

### 18. EARNINGS/(LOSS) PER SHARE

The calculation of earning/(loss) per share is based on the net profit/(loss) attributable to the shareholders for the year of HK\$2,890,000 (Period ended 31 March 2004: loss of HK\$74,000) and on 60,000,000 ordinary shares in issue during the year/period. The Company has no potential dilutive ordinary shares that were outstanding during the year.

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

## 19. SHARE OPTION SCHEME

The Company had conditionally approved by resolutions in writing of its sole shareholder at that time of share option scheme on 13 February 2004, under which certain selected classes of participants (including, amongst others, full-time employees) may be granted options to subscribe for ordinary shares of the company (the "Shares"). The share option scheme was not in place on the balance sheet date but was approved by the Stock Exchange of Hong Kong Limited upon the Listing of the Shares on 2 April 2004.

The following is a summary of the pertinent terms of the share option scheme.

The purpose of the share option scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company, if any.

The Directors may, at their absolute discretion, grant options to any employee, any executive or non-executive Directors, any persons that provides research, development or other technological support to the Company, any shareholder, any advisor or consultant, and/any joint venture partner or business alliance that co-operates with the Company.

### (i) Maximum number of the Shares

- (a) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30 per cent. of the share capital of the Company in issue from time to time.
- (b) The total number of Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the share option scheme and any other share option scheme(s) of the company) to be granted under the share option scheme and any other share option scheme of the company must not in aggregate exceed 10 per cent. of the Shares in issue ("General Scheme Limit").
- (c) Subject to (a) above and without prejudice to (d) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon the exercise of all options to be granted under the share option scheme and any other share option scheme(s) of the Company must not exceed 10 per cent. of the Shares in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the share option scheme and any other share option scheme(s) of the Company) previously granted under the share option scheme and any other share option scheme(s) of the Company will not be counted.
- (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate approval of the Shareholders in general meeting to grant options under the share option scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by the Company before such approval is sought.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

### 19. SHARE OPTION SCHEME *(continued)*

#### (ii) Maximum entitlement of each participant

The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the share option scheme and any other share option scheme(s) of the Company (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company for the time being.

#### (iii) Grant of options to connected persons

Any grant of options under the share option scheme to a Director, Chief Executive or substantial shareholder or any of their respective associates must be approved by the independent non-executive Directors.

Certain grant of options to a substantial shareholder or an independent non-executive Director, must be approved by the shareholders in general meeting.

#### (iv) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

The maximum period that an option may be exercised from the time it is granted is 10 years. There is no minimum period required under the share option scheme for the holding of an option before it can be exercised.

#### (v) Performance targets

No performance targets are specifically stipulated under the share option scheme.

#### (vi) Subscription price for the Shares

The subscription price for the Shares under the share option scheme shall be a price determined by the Directors but shall not be less than the highest of (aa) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade on the date of the offer of grant which must be a business day; (bb) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (cc) the nominal value of the Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

#### (vii) Restrictions on the time of grant of options

No offer for the grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in newspapers.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2005

### 19. SHARE OPTION SCHEME *(continued)*

#### (viii) Period of the share option scheme

The share option scheme will remain in force for a period of 10 years commencing on the date on which the share option scheme becomes unconditional.

#### (ix) Adjustments to the subscription price

In the event of a capitalisation issue, rights issue, sub-division or consolidation of the Shares or reduction of capital of the Company whilst an option remains exercisable such corresponding alterations, if any, certified by the auditors for the time being or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of the Shares the subject matter of the Share Option Scheme and the option granted and so far as granted and unexercised and/or the subscription price.

#### (x) Termination of the share option scheme

The Company may by resolution at general meeting at any time terminate the operation of the Share Option Scheme and in such event no further options shall be offered.

#### (xi) Lapse of option

An option shall lapse automatically on the earliest of the expiry of the period referred to in paragraph (iv) and the expiry of the periods or dates of the following:

- Cessation of employment of a grantee;
- Death, ill-health, or retirement of a grantee;
- Dismissal of a grantee;
- Breach of contract by a grantee;
- Holder of the Shares accepting a general offer, a compromise, or arrangement; and
- The Company undergoing a voluntary winding-up.

### 20. RELATED PARTY TRANSACTIONS

During the year, saved for those mentioned under the connected transactions in the report of the Directors, the Company traded the listed securities through a securities account maintained with a related company, Grand Investment (Securities) Limited, in which the Directors of the Company, Mr Lee Tak Lun, and Ms Chung Wing Han, Wendy have beneficial interests.

### 21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 22 June 2005.