Notes to the Financial Statements

For the year ended 31 March 2005

1. GENERAL

The Company was incorporated in Bermuda on 12 August 1994 under the Companies Act 1981 of Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 42.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

For the year ended 31 March 2005, the Group has adopted the following new and revised Hong Kong Accounting Standards ("HKAS") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 40 "Investment Property"

In the current year, the Group has early adopted HKAS 40 "Investment Property" in advance of its effective date. HKAS 40 introduces both cost model and fair value model for the measurement of investment property. For fair value model, HKAS 40 requires fair value changes be recognised to the income statement in the year in which they arise. The Group has elected to apply the fair value model in measuring its investment property and recognises the fair value changes to the income statement in the year in which they arise. The early adoption of HKAS 40 does not have impact to the results of the Group in previous years as the Group did not have any investment properties as at 31 March 2004.

A revaluation gain of HK$4.2 million has been recognised in the current year. Had the Statement of Standard Accounting Practice ("SSAP") 13 "Accounting for Investment Properties", the predecessor of HKAS 40, been applied in the current year, this amount would have been credited to the investment property revaluation reserve. Therefore, the early adoption of HKAS 40 has resulted in an increase in profit of HK$4.2 million for the year.

Notes to the Financial Statements

For the year ended 31 March 2005

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

HKFRS 3 "Business Combination"

Prior to 1 April 2004, the Group amortised the goodwill capitalised on a straight line basis over its useful economic life.

HKFRS 3 requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses. Therefore goodwill is not amortised and instead must be tested for impairment annually or more frequently if events or changes in circumstances which indicate that it might be impaired. HKFRS 3 also requires negative goodwill to be recognised in the profit or loss immediately on acquisition.

HKFRS 3 prohibits the amortisation of goodwill. Previously, under SSAP 30 "Business Combination", issued by HKICPA, the Group carried goodwill on its balance sheet at cost less accumulated amortisation and accumulated impairment losses. Amortisation was charged over the estimated life of the goodwill, subject to the maximum useful life of 20 years.

The Group has applied the revised accounting policy for goodwill prospectively from the beginning of 1 April 2004. From 1 April 2004, the Group discontinued amortising such goodwill and has tested the goodwill for impairment. At 1 April 2004, the carrying amount of amortisation accumulated before that date was eliminated with a corresponding decrease in goodwill.

Because the revised accounting policy has been applied prospectively, the change has had no impact on the loss for the year ended 31 March 2004 or prior periods.

No amortisation has been charged in 2005. The amortisation charge for the year ended 31 March 2004 was HK$13.5 million.

An impairment loss of HK$26.3 million has been recognised in the current year. Had the Group's previous accounting policy been applied in the current year, this amount would have been split between an amortisation charge of HK$6.7 million and an impairment loss of HK$19.6 million, because the calculation of the recoverable amount of goodwill has not been affected by the amendments from SSAP 31 "Impairment of assets" to HKAS 36 "Impairment of assets". Therefore, the change in accounting policy has had no impact on the loss for the year, although it has resulted in a re-analysis between amortisation charge and impairment loss recognised.

Notes to the Financial Statements

For the year ended 31 March 2005

3. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the HKICPA issued a number of new or revised HKAS and HKFRSs (herein collectively referred to as new "HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005, other than for those stated in note 2.

The Group has already commenced an assessment of the impact of the other new HKFRSs and identified that the following HKFRSs may have a material effect on how the results of operation and financial position are prepared and presented as described below:

HKAS 32, Financial Instruments: Disclosure and Presentation

HKAS 32 requires an issuer of a compound financial instrument that contains both financial liability and equity components to separate the compound financial instrument into its liability and equity components on its initial recognition and to account for these components separately. The principal impact of HKAS 32 on the Group is in relation to convertible notes issued by the Company that contain both liability and equity components. Currently, the convertible notes are classified as liabilities on the balance sheet (see notes 25 and 26). HKAS 32 generally requires retrospective application. However, the Group is not yet in a position to determine its impact on its results of operations and financial position.

In relation to other new HKFRSs, the Group does not expect that their adoption will have a material effect on how the results of operations and financial position of the Group are prepared and presented.

Notes to the Financial Statements

For the year ended 31 March 2005

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

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

Business Combination

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after the reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately as profit.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Notes to the Financial Statements

For the year ended 31 March 2005

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated on each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recongised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under "Investments in associates" below.

Interests in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates plus goodwill in so far as it has not already been written off less any identified impairment loss.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Notes to the Financial Statements

For the year ended 31 March 2005

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Service fee income is recognised when services are provided.

Rental income, including rental invoiced in advance, from properties let under operating leases, is recognised on a straight line basis over the period of the respective leases.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Franchise fee income is recognised on a straight line basis over the franchise period.

Investment properties

Investment property which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the year in which they arise.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and amortisation, and accumulated impairment losses.

Depreciation and amortisation are provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Land held on medium-term leases/land use rights	2% or the terms of the leases or land use rights, if shorter
Buildings	2% or the terms of the leases or land use rights, if shorter
Leasehold improvements	20 – $33\frac{1}{3}$%
Plant and machinery	20%
Furniture and equipment	20 – $33\frac{1}{3}$%
Motor vehicles	20%
Computer system	20 – $33\frac{1}{3}$%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as assets owned by the Group.

Notes to the Financial Statements

For the year ended 31 March 2005

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Trademarks

Trademarks are stated at cost less amortisation and accumulated impairment losses. Amortisation is calculated to write off the cost of trademarks over a period of ten years, their estimated useful lives, using the straight line method.

Impairment of tangible and intangible assets, excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of an asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as an income immediately.

Notes to the Financial Statements

For the year ended 31 March 2005

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Assets held under finance leases

Leases are classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight line basis over the relevant lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Convertible loan stock/Convertible notes

Convertible loan stock/convertible notes are separately disclosed and regarded as liabilities unless conversion actually occurs. The costs incurred in connection with the issue of convertible loan stock/convertible notes are deferred and amortised on a straight line basis over the lives of the convertible loan stock/convertible notes from the date of issue of the loan stock to their final redemption date. If any of the loan stock are purchased, cancelled or redeemed prior to the final redemption date, an appropriate portion of any remaining unamortised costs will be charged immediately to the income statement.

Deferred franchise income

Deferred franchise income represents initial franchise fee received which is recognised as income over the franchise period.

Research and development

Expenditure on research and development activities is recognised as an expense in the year in which it is incurred.

Notes to the Financial Statements

For the year ended 31 March 2005

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the Financial Statements

For the year ended 31 March 2005

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the income statement.

On consolidation, the assets and liabilities of the Group's operations outside Hong Kong are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Retirement benefit scheme

Payments to defined contribution retirement benefit scheme are charged to the income statement as they fall due.

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into the following major divisions: (i) production and sale of Chinese pharmaceutical and health food products; (ii) production and sale of bottled bird's nest drinks and herbal essence; (iii) production and sale of Western pharmaceutical and health food products; and (iv) property investments and property holding. These divisions are the basis on which the Group reports its primary segment information.

Pursuant to the disposal of the Group's interest in Great Prime International Holdings Limited and its subsidiaries ("Great Prime Group") as detailed in a circular dated 5 February 2004 ("Disposal") issued by the Company, the assembly of watches and manufacture of cases and retail of complete watches and bags engaged by the Group in prior years was discontinued on 28 February 2004 (see note 8).

Notes to the Financial Statements

For the year ended 31 March 2005

5. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

An analysis of the Group's turnover, contribution to operating results and segment assets and liabilities by business segments is presented as follows:

	Continuing operations								Discontinued operations							
	Production and sale of Chinese pharmaceutical and health food products		Production and sale of bottled bird's nest drinks and herbal essence		Production and sale of Western pharmaceutical and health food products		Property investments and property holding		Assembly of watches and manufacture of case		Retail of complete watches and bags		Elimination		Total	
By principal activity	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000
TURNOVER																
External sales	**228,748**	151,940	**29,192**	-	**67,205**	37,389	**1,764**	126	**-**	88,941	**-**	70,829	**-**	-	**326,909**	349,225
Inter segment sale*	**-**	-	**4,429**	-	**302**	-	**3,230**	198	**-**	31,593	**-**	242	**(7,961)**	(32,033)	**-**	-
	228,748	151,940	**33,621**	-	**67,507**	37,389	**4,994**	324	**-**	120,534	**-**	71,071	**(7,961)**	(32,033)	**326,909**	349,225
RESULTS																
Segment results	**1,593**	5,001	**(386)**	-	**5,995**	7,257	**4,075**	(219)	**-**	(3,711)	**-**	(6,378)	**-**	-	**11,277**	1,950
Impairment losses recognised in respect of goodwill	**(26,337)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(26,337)**	-
Amortisation of goodwill	**-**	(9,336)	**-**	-	**-**	(4,168)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(13,504)
Unallocated corporate expenses															**(26,083)**	(16,315)
Loss from operations															**(41,143)**	(27,869)
Finance costs															**(2,125)**	(8,206)
Share of results of associates															**(3,110)**	195
Impairment loss recognized in respect of goodwill of associates	**(15,202)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(15,202)**	-
Gain on disposal of discounted operations															**-**	7,632
Loss before taxation															**(61,580)**	(28,248)
Taxation															**(5,647)**	(1,738)
Loss before minority interests															**(67,227)**	(29,986)
Minority interests															**252**	(20)
Loss for the year															**(66,975)**	(30,006)

* Inter segment sales are charged on terms determined and agreed between group companies.

Notes to the Financial Statements

For the year ended 31 March 2005

5. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

	Production and sale of Chinese pharmaceutical and health food products		Production and sale of bottled bird's nest drinks and herbal essence		Production sale of Western pharmaceutical and health food products		Property investments and property holding		Total	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS AND LIABILITIES										
ASSETS										
Segmental assets	**200,185**	98,013	**25,842**	–	**34,141**	19,750	**233,414**	–	**493,582**	117,763
Goodwill	**170,294**	172,962	**5,405**	–	**120,817**	120,817	**–**	–	**296,516**	293,779
Interests in associates									**12,991**	30,575
Unallocated corporate assets									**24,725**	27,239
									827,814	469,356
LIABILITIES										
Segmental liabilities	**43,189**	67,423	**7,365**	–	**11,346**	12,953	**1,340**	–	**63,240**	80,376
Unallocated corporate liabilities									**165,486**	35,075
									228,726	115,451

Notes to the Financial Statements

For the year ended 31 March 2005

5. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

	Continuing operations								Discontinued operations					
	Production and sale of Chinese pharmaceutical and health food products		Production and sale of bottled bird's nest drinks and herbal essence		Production sale of Western pharmaceutical and health food products		Property investments and property holding		Assembly of watches and manufacture of case		Retail of complete watches and bags		Total	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
OTHER INFORMATION FOR THE YEAR ENDED														
Amortisation of trademarks	**92**	68	**-**	–	**-**	–	**-**	–	**-**	13	**-**	–	**92**	81
Capital expenditure	**33,215**	6,360	**1,265**	–	**129**	1,015	**42,715**	–	**-**	929	**-**	1,764	**77,324**	10,068
Depreciation and amortisation of property, plant and equipment	**7,429**	2,695	**363**	–	**407**	227	**2,009**	184	**-**	2,768	**-**	1,786	**10,208**	7,660
Goodwill arising on acquisition of subsidiaries	**23,669**	2,668	**5,405**	–	**-**	124,985	**-**	–	**-**	–	**-**	–	**29,074**	127,653
Amortisation of goodwill	**-**	9,336	**-**	–	**-**	4,168	**-**	–	**-**	–	**-**	–	**-**	13,504

Notes to the Financial Statements

For the year ended 31 March 2005

5. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Geographical segments

An analysis of the Group's turnover by geographical market, irrespective of the origin of the goods and services, is presented below:

	2005 **HK$'000**	2004 HK$'000
Hong Kong	**244,435**	171,543
The People's Republic of China (the "PRC"), other than Hong Kong	**39,845**	92,778
Singapore	**20,489**	–
United States of America	**7,884**	43,068
Others	**14,256**	41,836
	326,909	349,225

The following is an analysis of the carrying amount of assets and capital additions to property, plant and equipment analysed by the geographical area in which the assets are located:

	Carrying amount of assets		**Capital additions**	
	2005 **HK$'000**	2004 HK$'000	**2005** **HK$'000**	2004 HK$'000
Hong Kong	**772,690**	455,510	**76,018**	7,581
The PRC, other than Hong Kong	**20,233**	13,846	**41**	2,487
Singapore	**31,247**	–	**1,265**	–
Others	**3,644**	–	**–**	–
	827,814	469,356	**77,324**	10,068

Notes to the Financial Statements

For the year ended 31 March 2005

6. LOSS FROM OPERATIONS

	2005 HK$'000	2004 HK$'000
Loss from operations has been arrived at after charging:		
Staff costs		
– Directors' remuneration (note 9)	**1,879**	1,683
– Other staff costs	**54,418**	53,070
– Retirement benefit scheme contributions other than directors	**2,662**	1,423
Total staff costs	**58,959**	56,176
Allowance for bad and doubtful debts	**5,574**	–
Amortisation of goodwill, included in administrative expenses	**–**	13,504
Amortisation of trademarks, included in administrative expenses	**92**	81
Auditors' remuneration	**1,100**	655
Depreciation and amortisation	**10,208**	7,660
Loss on disposal of property, plant and equipment	**84**	–
Management fee paid to a shareholder	**918**	960
Research and development expenses	**103**	1,125
and after crediting:		
Gain on disposal of property, plant and equipment	**–**	42
Interest income	**202**	24
Recognition of deferred franchise income	**734**	437
Rental income, net of outgoing of HK$367,000 (2004: HK$27,000)	**1,397**	99

Notes to the Financial Statements

For the year ended 31 March 2005

7. FINANCE COSTS

	2005	2004
	HK$'000	HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**1,314**	805
Bank borrowings not wholly repayable within five years	**234**	–
Convertible notes	**522**	2,240
Convertible loan stock	**1**	1
Loan from a shareholder	**34**	4,535
Loan from a director	**–**	557
Finance leases	**20**	68
	2,125	8,206

8. DISCONTINUED OPERATION

Pursuant to the Disposal in February 2004, the Group discontinued its operation in assembly of watches and manufacture of cases and retail of complete watches and bags. The results for the period from 1 April 2003 up to the date of disposal and the carrying amounts of assets and liabilities at the date of disposal are set out in notes 5 and 33, respectively.

In addition, for the period from 1 April 2003 to date of disposal, Great Prime Group contributed HK$1,853,000 of the Group's net operating cash flows, paid HK$2,567,000 in respect of investing activities and contributed HK$1,922,000 in respect of financing activities.

Notes to the Financial Statements

For the year ended 31 March 2005

9. DIRECTORS' REMUNERATION

	2005 HK$'000	2004 HK$'000
Fees		
Independent non-executive	**360**	420
Non-executive	**120**	2
	480	422
Other emoluments:		
Executive directors:		
Salaries and other benefits	**1,375**	1,231
Retirement benefit scheme contributions	**24**	30
	1,399	1,261
Total directors' emoluments	**1,879**	1,683

For the year ended 31 March 2004, rent free accommodation with an estimated rateable value of HK$185,680 was provided to a director and was not included in the above disclosure. There is no such arrangement for the year ended 31 March 2005.

The aggregate emoluments of each of the directors during the year ended 31 March 2005 were within the band of Nil to HK$1,000,000 (2004: Nil to HK$1,000,000).

10. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2004: nil) was a director of the Company whose emoluments are set out in note 9 above. The aggregate emoluments of the remaining four (2004: five) individuals are as follows:

	2005 HK$'000	2004 HK$'000
Salaries and allowances	**5,172**	6,676
Retirement benefit scheme contributions	**52**	131
	5,224	6,807

Notes to the Financial Statements

For the year ended 31 March 2005

10. EMPLOYEES' EMOLUMENTS *(continued)*

The emoluments of the individuals were within the following bands:

	2005 Number of employees	2004 Number of employees
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**1**	4
HK$1,500,001 to HK$2,000,000	**2**	1

11. TAXATION

	2005 HK$'000	2004 HK$'000
The charge (credit) comprises:		
Current tax		
Hong Kong Profits Tax	**2,308**	1,657
PRC Income Tax	**–**	101
Other jurisdictions	**331**	–
	2,639	1,758
Under (over) provision in prior years		
Hong Kong Profits Tax	**2**	(158)
Deferred tax (note 28)		
Current year	**2,930**	118
Attributable to change in tax rate	**–**	20
	2,930	138
Taxation attributable to the Company and its subsidiaries	**5,571**	1,738
Share of taxation attributable to associates	**76**	–
	5,647	1,738

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the year.

Notes to the Financial Statements

For the year ended 31 March 2005

11. TAXATION *(continued)*

PRC Income Tax is calculated at 27% of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

For the year ended 31 March 2004, of the charge to income tax, approximately HK$101,000 was related to the discontinued operations as detailed in note 8 to the financial statements. There was neither charge nor credit arising on the gain from the discontinuance of Great Prime Group.

The taxation for the year can be reconciled to the loss before taxation per the income statements as follows:

	2005 **HK$'000**	2004 HK$'000
Loss before taxation	**(61,580)**	(28,248)
Tax at the domestic income tax rate of 17.5%	**(10,777)**	(4,943)
Tax effect of share of results of associates	**620**	(34)
Tax effect of expenses not deductible for tax purpose	**11,280**	4,586
Tax effect of income not taxable for tax purpose	**(1,292)**	(1,336)
Tax effect of tax losses not recognised	**5,864**	4,778
Under(over)provision in prior years	**2**	(158)
Utilisation of tax losses not recognised	**(30)**	(460)
Increase in opening deferred tax liability resulting from an increase in applicable tax rate	**–**	20
Income tax on concessionary rate	**–**	363
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(20)**	(1,078)
Taxation for the year	**5,647**	1,738

Details of deferred taxation are set out in note 28.

Notes to the Financial Statements

For the year ended 31 March 2005

12. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the year of HK$66,975,000 (2004: HK$30,006,000) and on the weighted average number of 235,071,491 (2004: 30,500,685) ordinary shares in issue during the year.

The computation of diluted loss per share for each of the two years ended 31 March 2004 and 2005 does not assume (i) the conversion of the outstanding convertible notes of the Company since their exercise would result in a decrease in net loss per share and, (ii) the exercise of the outstanding options of the Company as the exercise price of those options is higher than the average market price of the shares of the Company on the Stock Exchange.

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 March 2004 and 2005 has been retrospectively adjusted for the effect of the rights and bonus issues as detailed in note 29 and the capital reorganisation approved by the shareholders of the Company on 8 June 2005 as detailed in note 41(b).

13. INVESTMENT PROPERTIES

	THE GROUP
	HK$'000
At 1 April 2004	–
Additions	36,974
Gains on revaluation	4,226
At 31 March 2005	41,200

The Group's investment properties were revalued at 31 March 2005 by Chesterton Petty Limited, an independent firm of professional valuer, on an open market value basis. The revaluation gain of approximately HK$4,226,000 has been credited to the income statement.

The investment properties are situated in Hong Kong under medium term leases.

The Group has pledged all of its investment properties to secure banking facilities granted to the Group.

Notes to the Financial Statements

For the year ended 31 March 2005

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture and equipment	Motor vehicles	Computer system	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP							
COST							
At 1 April 2004	7,706	6,726	6,735	13,962	–	4,233	39,362
Exchange adjustment	–	25	107	35	47	8	222
Acquired on acquisition of subsidiaries	198,687	659	11,204	1,435	993	174	213,152
Additions	–	7,874	20,688	9,453	–	2,297	40,312
Disposals	–	(973)	–	(616)	–	(173)	(1,762)
At 31 March 2005	**206,393**	**14,311**	**38,734**	**24,269**	**1,040**	**6,539**	**291,286**
DEPRECIATION AND AMORTISATION AND IMPAIRMENT LOSSES							
At 1 April 2004	1,272	1,999	3,869	11,982	–	2,046	21,168
Exchange adjustment	–	18	92	23	31	6	170
Acquired on acquisition of subsidiaries	1,049	385	4,181	606	656	129	7,006
Provided for the year	1,853	2,984	2,390	1,879	111	991	10,208
Eliminated on disposals	–	(51)	–	(312)	–	(29)	(392)
At 31 March 2005	**4,174**	**5,335**	**10,532**	**14,178**	**798**	**3,143**	**38,160**
NET BOOK VALUE							
At 31 March 2005	**202,219**	**8,976**	**28,202**	**10,091**	**242**	**3,396**	**253,126**
At 31 March 2004	6,434	4,727	2,866	1,980	–	2,187	18,194

Notes to the Financial Statements

For the year ended 31 March 2005

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The net book value of leasehold land and buildings shown above comprises:

	2005	2004
	HK$'000	HK$'000
Properties held under medium term leases in Hong Kong	**194,677**	6,434
Properties held under medium term land use rights in the PRC	**7,542**	–
	202,219	6,434

At 31 March 2005, the net book value of furniture and equipment included an amount of approximately HK$732,000 (2004: nil) in respect of assets held under finance leases.

15. GOODWILL

	THE GROUP
	HK$'000
COST	
At 1 April 2004	314,285
Elimination of amortisation accumulated prior to the adoption of HKFRS 3 (see note 2)	(20,506)
Arising on acquisition of subsidiaries	29,074
At 31 March 2005	**322,853**
AMORTISATION	
At 1 April 2004	(20,506)
Elimination of amortisation accumulated prior to the adoption of HKFRS 3 (see note 2)	20,506
At 31 March 2005	**–**
IMPAIRMENT	
Impairment loss recognised for the year ended 31 March 2005 and at 31 March 2005	(26,337)
NET BOOK VALUE	
At 31 March 2005	**296,516**
At 31 March 2004	293,779

Notes to the Financial Statements

For the year ended 31 March 2005

15. GOODWILL *(continued)*

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from the business combination. Before recognition of impairment loss, the carrying amount of goodwill has been allocated as follows:

	2005	2004
	HK$'000	HK$'000
Production and sale of:		
– Chinese pharmaceutical and health food products	**196,631**	172,962
– Western pharmaceutical and health food products	**120,817**	120,817
– bottled bird's nest drinks and herbal essence	**5,405**	–
	322,853	293,779

The Group tests goodwill annually for impairment, or more frequently if events or changes in circumstances which indicate that it might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates the discount rates by using pre-tax rates that reflects the current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectation of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolate cash flows for the following five years based on the estimated growth rate of 8%, 8% and 7% for the production and sale of Chinese pharmaceutical and health food products, Western pharmaceutical and health food products and bottled bird's nest drinks and herbal essence, respectively. This rate does not exceed the estimated average long term growth rate for the relevant markets.

The rate used to discount the forecast cash flows for the production and sale of Chinese pharmaceutical and health food products, Western pharmaceutical and health food products and bottled bird's nest drinks and herbal essence is 7 per cent.

Notes to the Financial Statements

For the year ended 31 March 2005

15. GOODWILL *(continued)*

At 31 March 2005, before impairment testing, goodwill of HK$196,631,000, HK$120,817,000 and HK$5,405,000 were allocated to the production and sale of Chinese pharmaceutical and health food products, Western pharmaceutical and health food products and bottled bird's nest drinks and herbal essence, respectively. Due to the increase in competition in the market, the Group has reviewed its cash flow forecast for these CGUs. The carrying amount of goodwill for the production and sale of Chinese pharmaceutical and health food products has therefore been reduced to their recoverable amounts through recognition of impairment losses of HK$26,337,000.

16. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM (TO) SUBSIDIARIES

	THE COMPANY	
	2005	2004
	HK$'000	HK$'000
Unlisted shares, at cost	**1**	1
Amounts due from subsidiaries	**496,131**	421,925
	496,132	421,926
Amounts due from subsidiaries	**106,388**	–
Amounts due to subsidiaries	**18,443**	9,997

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand, except for the amounts of HK$496,131,000 (2004: HK$421,925,000). Of the HK$496,131,000 (2004: HK$421,925,000), the amounts have no fixed terms of repayment. In the opinion of the directors, the amounts were unlikely to be repaid within twelve months from the balance sheet date and therefore shown as non-current.

The amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

Details of the Company's principal subsidiaries at 31 March 2005 are set out in note 42.

Notes to the Financial Statements

For the year ended 31 March 2005

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

	THE COMPANY	
	2005	2004
	HK$'000	HK$'000
Share of net assets	**5,741**	9,204
Goodwill of associates (note)	**–**	14,371
	5,741	23,575
Amount due from an associate	**7,250**	7,000
	12,991	30,575
Amounts due from associates	**20,069**	11,976

Note: Movements during the year in goodwill on acquisition of associates are as follows:

	HK$'000
COST	
At 1 April 2004	14,371
Arising on acquisition	831
At 31 March 2005	**15,202**
IMPAIRMENT	
Impairment loss recognised for the year and at 31 March 2005	(15,202)
CARRYING AMOUNT	
At 31 March 2005	**–**
At 31 March 2004	14,371

The carrying amount of goodwill, before recognition of impairment loss, were related to production and sale of Chinese pharmaceutical products. The Group considered the cash flow forecasts derived from the most recent financial budgets approved for the next five years and the rates used to discount the forecast cash flows was 7%. Due to the increase in competition in the market, impairment loss of approximately HK$15,202,000 has been recognised.

Notes to the Financial Statements

For the year ended 31 March 2005

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES *(continued)*

At 31 March 2005, the amounts due from associates were unsecured, interest-free and are repayable on demand, except for an amount of HK$7,250,000 (2004: HK$7,000,000). Of the HK$7,250,000 (2004: HK$7,000,000), the amount is interest bearing at 4% to 4.5% (2004: 4%) per annum and is repayable from 31 March 2006 to 31 January 2010.

Details of the Group's principal associates at 31 March 2005 are set out in note 43.

18. TRADEMARKS

	THE GROUP HK$'000
COST	
At 1 April 2004	898
Addition	38
At 31 March 2005	**936**
AMORTISATION	
At 1 April 2004	107
Provided for the year	92
At 31 March 2005	**199**
NET BOOK VALUE	
At 31 March 2005	**737**
At 31 March 2004	791

The trademark is amortised on a straight line basis over its useful life of 10 years.

Notes to the Financial Statements

For the year ended 31 March 2005

19. INVENTORIES

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
Raw materials and consumables	**27,151**	22,510
Work-in-progress	**98**	20
Finished goods	**41,648**	10,628
	68,897	33,158

At the balance sheet date, all the inventories, excluding those fully provided for, were carried at cost.

20. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 days to 120 days to its trade customers. Included in trade and other receivables are trade receivables of HK$77,194,000 (2004: HK$36,834,000) and their aged analysis is as follows:

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
0 – 30 days	**24,285**	20,996
31 – 60 days	**14,749**	7,406
61 – 120 days	**25,366**	7,703
Over 120 days	**12,794**	729
	77,194	36,834
Other receivables	**13,539**	11,469
	90,733	48,303

Notes to the Financial Statements

For the year ended 31 March 2005

21. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$31,495,000 (2004: HK$12,430,000) and their aged analysis is as follows:

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
0 – 30 days	**13,302**	6,665
31 – 60 days	**10,615**	3,340
61 – 120 days	**5,668**	2,425
Over 120 days	**1,910**	–
	31,495	12,430
Other payables	**32,872**	17,106
	64,367	29,536

22. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
THE GROUP				
Amounts payable under finance leases:				
Within one year	**365**	–	**316**	–
In the second to fifth year inclusive	**316**	–	**278**	–
	681	–	**594**	–
Less: Future finance charges	**(87)**	–	**–**	–
Present value of lease obligations	**594**	–	**594**	–
Less: Amount due within one year shown under current liabilities			**(316)**	–
Amount due after one year			**278**	–

Notes to the Financial Statements

For the year ended 31 March 2005

22. OBLIGATIONS UNDER FINANCE LEASES *(continued)*

It is the Group's policy to lease certain of its fixtures and equipment using finance leases. The average lease term is three years. For the year ended 31 March 2005, the effective borrowing rate ranged from 5.4% to 10.9% per annum (2004: nil). Interest rates were fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

23. BANK BORROWINGS

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
Bank borrowings	**142,743**	14,421
Bank overdrafts	**443**	5,000
	143,186	19,421

The maturity profile of the above bank borrowings is as follows:

	THE GROUP 2005 HK$'000	THE GROUP 2004 HK$'000
On demand or within one year	**30,430**	12,964
More than one year, but not exceeding two years	**16,784**	6,044
More than two years, but not exceeding five years	**37,725**	413
Over five years	**58,247**	–
	143,186	19,421
Less: Amount due within one year shown under current liabilities	**(30,430)**	(12,964)
Amount due after one year	**112,756**	6,457
Secured	**85,097**	–
Unsecured	**58,089**	19,421
	143,186	19,421

Notes to the Financial Statements

For the year ended 31 March 2005

24. DEFERRED FRANCHISE INCOME

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
At beginning of the year	**719**	775
Additions	**406**	381
Recognised in the current year	**(734)**	(437)
At end of the year	**391**	719
Less: Amount due within one year shown under current liabilities	**(283)**	(364)
	108	355

25. CONVERTIBLE LOAN STOCK

	THE GROUP AND THE COMPANY	
	2005	2004
	HK$'000	HK$'000
£590 (2004: £590) 9.5% unsecured convertible loan stock 2008 ("CL Stock")	**6**	6

On 12 January 1999, the Company issued CL Stock with a nominal value of £3,807,552 divided into 3,807,552 stock units. The CL Stock bear interest at the rate of 9.5% per annum, payable every half year on 31 March and 30 September of each year, and are redeemable at par on 30 September 2008 or, if later, the date falling 30 days after the final conversion date in respect of the year 2008. The Company repaid £3,806,962 CL Stock in previous financial years.

Holders of the CL Stock are entitled to convert their units biannually at any time within 30 calendar days after the despatch of the interim report or final report of the Company up to and including 29 September 2008.

During the year ended 31 March 2005, the Company made no repayment in respect of the CL Stock (2004: nil) and the balance of CL Stock outstanding at 31 March 2005 which amounted to £590 (2004: £590) has been classified as a current liability.

Notes to the Financial Statements

For the year ended 31 March 2005

26. CONVERTIBLE NOTES

	THE GROUP AND THE COMPANY HK$'000
At 1 April 2004	56,500
Issued during the year (Note a)	30,000
Converted during the year (Note b)	(14,000)
Redeemed during the year	(56,500)
At 31 March 2005	**16,000**

Notes:

(a) On 14 March 2005, the Company issued convertible notes of HK$30 million with a conversion price of HK$0.08 per share as partial consideration for the acquisition of the entire equity interests in, and shareholders' loan to, Geswin Limited ("Geswin"). The convertible notes carried interest at 3% per annum and are redeemable on 15 March 2008 unless it was previously converted or redeemed. The holders of the convertible notes have the option to convert the convertible notes into shares of HK$0.01 per share of the Company at any time during the period from 16 March 2005 to 15 March 2008.

(b) Convertible notes of HK$14 million were converted into 175,000,000 ordinary shares of HK$0.01 each in the Company during the year ended 31 March 2005.

At 31 March 2005, convertible notes of HK$16 million with a conversion price of HK$0.08 per share, which carried interest at 3% per annum, were held by Rich Time Strategy Limited ("Rich Time").

27. LOANS FROM A SHAREHOLDER

The amounts were unsecured, interest bearing at 2% (2004: 2%) per annum and were fully repaid during the year ended 31 March 2005.

Notes to the Financial Statements

For the year ended 31 March 2005

28. DEFERRED TAXATION

The following are the deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

THE GROUP

	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Allowance for bad and doubtful debt HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2003	217	–	–	–	217
Charge to the income statement for the year	468	–	(350)	–	118
Effect of a change in tax rate	20	–	–	–	20
At 31 March 2004	705	–	(350)	–	355
Exchange adjustment	4	–	–	–	4
Acquisition of a subsidiary	63	–	–	–	63
Charge to the income statement for the year	2,497	740	–	(307)	2,930
At 31 March 2005	**3,269**	**740**	**(350)**	**(307)**	**3,352**

For the purposes of balance sheet presentation, certain deferred tax assets and liabilities have been offset.

At the balance sheet date, the Group had unused tax losses of HK$88 million (2004: HK$55 million) available to offset against future profits. A deferred tax asset of HK$1,754,000 (2004: Nil) has been recognised in respect of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

Notes to the Financial Statements

For the year ended 31 March 2005

29. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
At 1 April 2003, ordinary shares of HK$0.01 each	60,000,000,000	600,000
Consolidation of shares	(59,400,000,000)	–
Adjustment of nominal value	–	(540,000)
Additions	5,400,000,000	540,000
At 31 March 2004, ordinary shares of HK$0.1 each	6,000,000,000	600,000
Adjustment of nominal value (Note a)	–	(540,000)
Cancellation (Note a)	(5,447,226,155)	(54,472)
Addition (Note a)	59,447,226,155	594,472
At 31 March 2005, ordinary shares of HK$0.01 each	60,000,000,000	600,000
Issued and fully paid:		
At 1 April 2003, ordinary shares of HK$0.01 each	15,789,919,864	157,899
Issue of shares in consideration for the acquisition of subsidiaries	5,972,464,700	59,725
Issue of shares upon conversion of convertible notes	8,450,000,000	84,500
Consolidation of shares	(29,910,260,719)	–
Adjustment of nominal value	–	(271,912)
Ordinary shares of HK$0.10 each	302,123,845	30,212
Private placements of shares	224,400,000	22,440
Exercise of share options	26,250,000	2,625
At 31 March 2004, ordinary share of HK$0.1 each	552,773,845	55,277
Adjustment to nominal value (Note a)	–	(49,750)
Right and bonus issues (Note b)	2,211,095,380	22,112
Private placement of shares (Note c)	552,000,000	5,520
Issue of share upon conversion of convertible notes (Note d)	175,000,000	1,750
At 31 March 2005, ordinary shares of HK$0.01 each	3,490,869,225	34,909

Notes to the Financial Statements

For the year ended 31 March 2005

29. SHARE CAPITAL *(continued)*

Notes:

(a) Pursuant to a resolution passed in a special general meeting on 4 June 2004, the Group carried out the following capital reorganization ("Capital Reorganisation") which involved inter-alia:

– the nominal value of the issued and unissued ordinary shares of the Company was reduced from HK$0.10 each to HK$0.01 each by cancellation of HK$0.09 each of the capital paid up thereon ("Capital Reduction");

– All of the authorised but unissued share capital of the Company was cancelled;

– The authorised share capital of the Company was increased to the original authorised share capital of HK$600,000,000 by the creation of an additional 59,447,226,155 ordinary shares of HK$0.01 each; and

– The credit of approximately HK$49,750,000 arising from the Capital Reduction was transferred to the general reserve as to HK$41,878,000 and accumulated losses as to HK$7,872,000, respectively.

Details of the Capital Reorganisation are set out in a circular to the shareholders of the Company dated 12 May 2004.

(b) Pursuant to a resolution passed in a special general meeting on 4 June 2004, 2,211,095,380 ordinary shares of HK$0.01 each was issued and allotted by way of rights issue, in the proportion of three shares for every one existing share held ("Rights Share"), at a subscription price of HK$0.16 per Rights Share to the existing shareholders, together with one bonus share issued for every three fully paid Rights Share held by the shareholders ("Rights and Bonus Issue"). The net proceeds of approximately HK$255.2 million from the Rights and Bonus Issue were used for the repayment of bank and other borrowings, redemption of convertible notes issued by the Company, acquisition of subsidiaries as detailed in note 32, expansion of retail network and production facilities and general working capital.

(c) 552,000,000 ordinary shares of HK$0.01 each of the Company held by Rich Time, a wholly owned subsidiary of Wang On Group Limited ("Wang On"), were placed to independent professional investors at a price of HK$0.065 each and 552,000,000 new ordinary shares of HK$0.01 each of the Company were issued and allotted to Rich Time at HK$0.065 per share on 3 February 2005 under a placing and a subscription agreement entered into by the Company on 20 January 2005. These shares were issued under the general mandate granted to the directors of the Company on 13 August 2004. The issued price of HK$0.065 represented a discount of approximately 15.58% to the closing price of HK$0.077 on 20 January 2005. The net proceeds of approximately HK$34.8 million from the placing and subscription agreements were used for the repayment of bank and other borrowings, expansion of retail network and production facilities and general working capital.

(d) The Company issued and allotted a total of 175,000,000 ordinary shares of HK$0.01 each at a conversion price of HK$0.08 per share upon the exercise of the conversion rights by the holder of convertible notes.

All the ordinary shares issued during the year rank pari passu with the then existing ordinary shares in all respects.

Notes to the Financial Statements

For the year ended 31 March 2005

30. SHARE OPTION SCHEMES

1997 Scheme

A share option scheme was approved and adopted by the Company on 16 October 1997 (the "1997 Scheme") for the purpose of providing incentives to directors and eligible employees.

Pursuant to an ordinary resolution of the Company passed on 18 September 2003, the 1997 Scheme was terminated and that no further options will be granted under the 1997 Scheme, but in all other respects, the provisions of 1997 Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to such termination.

2004 Scheme

On 18 September 2003, the Company adopted a new share option scheme (the "2004 Scheme") for the primary purpose of providing incentives to selected eligible persons as incentives or rewards for their contribution or potential contribution to the Company and its subsidiaries. Pursuant to the 2004 Scheme, which will expire on 17 September 2014, the board of directors of the Company may grant options to directors and eligible employees of the Company or its subsidiaries to subscribe for shares in the Company at a consideration equal to the higher of the closing price of the shares of the Company on the Stock Exchange at the date of offer of grant and the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the options.

Options granted must be taken up within 30 days from the date of grant, upon payment of HK$1. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant.

The maximum number of shares of the Company in respect of which options may be granted, when aggregated with any other share option schemes of the Company, shall not exceed 10% of the issued share capital of the Company from time to time excluding any shares issued upon the exercise of options granted pursuant to the 2004 Scheme. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2004 Scheme shall not exceed 30% of the shares in issue from time to time.

The total number of shares in respect of which options may be granted to an eligible person under the 2004 Scheme is not permitted to exceed 1% of the aggregate number of shares for the time being issued and issuable under the 2004 Scheme.

The following tables discloses movement in the 1997 Scheme and the 2004 Scheme during the two years ended 31 March 2005.

Notes to the Financial Statements

For the year ended 31 March 2005

30. SHARE OPTION SCHEMES *(continued)*

Option type	Date of grant	Exercise price per share prior to Rights and Bonus Issue HK$	Exercise price per share adjusted for the effect of Rights and Bonus Issue HK$ (note)	Exercisable period	Number of options Outstanding at 1.4.2003	Granted during the year	Cancelled during the year	Exercised during the year	Outstanding at 31.3.2004	Cancelled during the year	Outstanding at 31.3.2005
1997 Scheme											
Category 1: Employees											
Employees	9.12.1999	28.50	5.7	9.12.1999 to 8.12.2009	39,800	–	(2,200)	–	37,600	(37,600)	–
	3.3.2000	82.00	16.4	3.3.2000 to 2.3.2010	20,000	–	–	–	20,000	(20,000)	–
					59,800	–	(2,200)	–	57,600	(57,600)	–
2004 Scheme											
Category 2: Other											
Franchisees	20.1.2004	0.64	0.128	20.1.2004 to 19.1.2014	–	26,250,000	–	(26,250,000)	–	–	–
Total					59,800	26,250,000	(2,200)	(26,252,000)	57,600	(57,600)	–

Note: The exercise price per share brought forward from last year has been adjusted to reflect the effect of the Rights and Bonus Issues during the year ended 31 March 2005.

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised during the year ended 31 March 2004 ranged from HK$0.66 to HK$0.68.

Total consideration received during the year ended 31 March 2004 from employees for taking up the options granted amounted to HK$7.

Notes to the Financial Statements

For the year ended 31 March 2005

31. RESERVES

	Share premium HK$'000	Contributed surplus HK$'000 (note a)	General reserve HK$'000 (note b)	Accumulated losses HK$'000	Total HK$'000
THE COMPANY					
At 1 April 2003	15,393	18,494	54,589	(159,736)	(71,260)
Reduction in share premium	(15,393)	–	–	15,393	–
Reduction in share capital	–-	–	127,569	144,343	271,912
Issue of new shares	133,775	–	–	–	133,775
Share issue expenses	(4,791)	–	–	–	(4,791)
Loss for the year	–	–	–	(22,961)	(22,961)
At 31 March 2004	128,984	18,494	182,158	(22,961)	306,675
Reduction in share capital	–	–	41,878	7,872	49,750
Issue of shares	291,358	–	(5,528)	–	285,830
Share issue expenses	(11,199)	–	–	–	(11,199)
Loss for the year	–	–	–	(81,108)	(81,108)
At 31 March 2005	**409,143**	**18,494**	**218,508**	**(96,197)**	**549,948**

Notes:

(a) The contributed surplus of the Company represents the difference between the value of the underlying net assets of the subsidiaries acquired by the Company and the nominal amount of the ordinary share capital issued by the Company under a group reorganisation in 1995, less capitalisation on bonus issue of shares.

(b) The general reserve represents the credits arising from the capital reduction effected by the Company less the amount utilised for the purpose of bonus issue of shares by the Company.

Notes to the Financial Statements

For the year ended 31 March 2005

31. RESERVES *(continued)*

Under the Companies Act 1981 of Bermuda (as amended), the Company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

a. it is, or would after the payment be, unable to pay its liabilities as they become due; or

b. the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

At 31 March 2005, the reserve available for distribution to shareholders was approximately HK$140,805,000 (2004: HK$177,691,000) which represented the net balance of contributed surplus of approximately HK$18,494,000 (2004: HK$18,494,000), general reserves of approximately HK$218,508,000 (2004: HK$182,158,000) and accumulated losses of approximately HK$96,197,000 (2004: HK$22,961,000).

32. ACQUISITION OF SUBSIDIARIES

In April 2004, the Group acquired the entire equity interests in WOD Investments Limited ("WOD") for a cash consideration of approximately HK$65.4 million.

In July 2004, the Group acquired the entire equity interests in CNT Health Food Pte Ltd ("CNT") for a cash consideration of approximately HK$14.7 million, subject to adjustments on the audited net profit after taxation of CNT for each of the two years ending 31 March 2006.

In August 2004, the Group acquired 72.86% interests in April Full Limited for a cash consideration of approximately HK$29.0 million.

In addition, in February 2005, the Group acquired the entire equity interests in, and shareholders' loan to, Geswin for a consideration of approximately HK$63.6 million. The consideration was satisfied by cash in the amount of approximately HK$33.6 million and the issue of convertible notes for a principal amount of HK$30.0 million as detailed in note 26.

Notes to the Financial Statements

For the year ended 31 March 2005

32. ACQUISITION OF SUBSIDIARIES *(continued)*

	2005 Acquiree's carrying amount before combination HK$'000	2005 Fair value adjustments HK$'000	2005 Fair value HK$'000	2004 HK$'000
Net assets acquired:				
Property, plant and equipment	**160,001**	**46,145**	**206,146**	1,176
Inventories	**7,767**	**–**	**7,767**	4,271
Trade and other receivables	**10,260**	**–**	**10,260**	9,946
Bank and cash balances	**2,395**	**–**	**2,395**	4,556
Trade and other payables	**(10,079)**	**–**	**(10,079)**	(8,963)
Taxation payable	**(116)**	**–**	**(116)**	(629)
Obligations under finance lease	**(204)**	**–**	**(204)**	–
Bank borrowings	**(61,930)**	**–**	**(61,930)**	(4,722)
Deferred taxation	**(63)**	**–**	**(63)**	–
Minority interests	**(7,938)**	**–**	**(7,938)**	(110)
Net assets	**100,093**	**46,145**	**146,238**	5,525
Goodwill arising on acquisition			**29,074**	127,653
Total consideration			**175,312**	133,178
Satisfied by:				
Shares allotted			**–**	59,725
Convertible notes			**30,000**	70,000
Expenses paid in cash			**2,480**	923
Cash consideration paid			**142,832**	2,530
			175,312	133,178
Analysis of net (outflow) inflow of cash and cash equivalents in connection with the acquisition of subsidiaries:				
Total cash consideration			**(145,312)**	(3,453)
Bank balances and cash acquired			**2,395**	4,556
Net (outflow) inflow of cash and cash equivalents in respect of acquisition of subsidiaries			**(142,917)**	1,103

Notes to the Financial Statements

For the year ended 31 March 2005

32. ACQUISITION OF SUBSIDIARIES *(continued)*

The goodwill arising on the acquisition of CNT and April Full Limited is attributable to the anticipated future operating synergies from the combination.

The subsidiaries acquired during the year contributed approximately HK$33,542,000 (2004: HK$37,389,000) to the Group's turnover and a loss of approximately HK$352,000 (2004: profit of approximately HK$7,000,000) to the Group's loss from operations.

If the acquisition had been completed on 1 April 2004, the total group turnover for the period would have been approximately HK$339,531,000 and loss for the year would have been approximately HK$66,149,000.

Notes to the Financial Statements

For the year ended 31 March 2005

33. DISPOSAL OF SUBSIDIARIES

On 26 February 2004, the Group disposed of Great Prime, details of which are set out in note 8. The net assets of Great Prime Group at the date of disposal were as follows:

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
Net assets disposed of:		
Investment properties	–	3,600
Property, plant and equipment	–	15,023
Trademark	–	1
Inventories	–	28,549
Trade and other receivables	–	18,095
Tax recoverable	–	30
Bank balances and cash	–	2,173
Trade and other payables	–	(54,656)
Tax payable	–	(323)
Obligation under finance leases	–	(1,017)
Bank borrowings	–	(8,635)
Net assets	–	2,840
Reserve realised on disposal	–	(609)
Gain on disposal	–	7,632
	–	9,863
Satisfied by:		
Loan from and interest payable to a director	–	10,200
Related expenses paid on disposal	–	(337)
	–	9,863
Net outflow of cash and cash equivalent in respect of disposal of subsidiaries		
Cash consideration paid	–	(337)
Bank balances and cash disposed	–	(2,173)
	–	(2,510)

Notes to the Financial Statements

For the year ended 31 March 2005

33. DISPOSAL OF SUBSIDIARIES *(continued)*

The subsidiaries disposed of during the year ended 31 March 2004 contributed approximately HK$159,896,000 to the Group's turnover and a loss of approximately HK$11,250,000 to the Group's loss from operations.

34. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2005, the major non-cash transactions were as follows:

(a) The Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of lease contracts of HK$560,000.

(b) The Group acquired the entire interest in, and shareholders' loan to, Geswin at an aggregate consideration of approximately HK$63.6 million which was partially satisfied by the issue of convertible notes of HK$30.0 million.

(c) The Company issued and allotted 175,000,000 ordinary shares of HK$0.01 each upon the exercise of the conversion rights by the holders of convertible notes.

(d) The Company issued 552,773,845 bonus shares of HK$0.01 each, amounting to HK$5,528,000, on the basis of one bonus share for every three Rights Share.

During the year ended 31 March 2004, the major non-cash transactions were as follows:

(a) Partial consideration for the acquisition of subsidiaries of approximately HK$129,725,000 was satisfied by the issue of ordinary shares and convertibles notes of HK$59,725,000 and HK$70,000,000, respectively.

(b) The consideration for the acquisition of 49% equity interest in China Field and shareholders' loan of approximately HK$7 million were satisfied by the issue of convertible notes of HK$20 million and loans from a shareholder of HK$7 million.

(c) The Company issued and allotted 8,450,000,000 ordinary shares of HK$0.01 each upon the exercise of the conversion rights by the holders of the convertible notes.

(d) The consideration of HK$10.2 million receivable for the disposal of subsidiaries was set off with a loan from and interest payable to a director.

Notes to the Financial Statements

For the year ended 31 March 2005

35. RETIREMENT BENEFIT SCHEMES

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after December 2000 are required to join the MPF Scheme.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefits schemes operated by the government. The subsidiaries are required to contribute a specified percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

At the balance sheet date, there was no significant forfeited contributions, which arose upon employees leaving the retirement benefit scheme, available to reduce the contribution payable in the future years.

36. PLEDGE OF ASSETS

At 31 March 2005, the Group had pledged its leasehold land and buildings and investment properties with an aggregate net book value of approximately HK$188,406,000 (2004: Nil) and HK$41,200,000 (2004: Nil), respectively, to banks to secure general banking facilities granted to the Group.

At the balance sheet dates, the Company had no significant pledge of assets.

37. CAPITAL COMMITMENTS

At 31 March 2005, the Group had capital commitments of approximately HK$834,000 (2004: HK$2,193,000) in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements.

In addition, the Group had capital commitments contracted for but not provided in the financial statements in connection with the consideration for the acquisition of CNT which is subject to adjustments on the audited net profit after taxation for the two years ending 31 March 2006, with a maximum consideration payable of HK$8.1 million.

At the balance sheet dates, the Company had no significant capital commitments.

Notes to the Financial Statements

For the year ended 31 March 2005

38. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
			(Note)	(Note)
Bills discounted with recourse	**807**	–	**–**	–
Guarantees given to bankers in respect of banking facilities granted to				
– subsidiaries	**–**	–	**122,397**	17,500
– a third party	**3,679**	2,096	**–**	–
	3,679	2,096	**122,397**	17,500

Note: The Company has also given an unlimited corporate guarantee to a bank in respect of banking facilities granted to its subsidiaries.

The extent of banking facilities utilised by the subsidiaries as at 31 March 2005 amounted to approximately HK$77.3 million (2004: HK$14.4 million).

Notes to the Financial Statements

For the year ended 31 March 2005

39. OPERATING LEASE ARRANGEMENTS

The Group as lessee:

The Group made minimum lease payments of approximately HK$21,393,000 (2004: HK$11,483,000) under operating leases during the year in respect of its office properties and retail shops.

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2005 **HK$'000**	2004 HK$'000
Within one year	**31,655**	22,498
In the second to fifth year inclusive	**29,502**	22,650
	61,157	45,148

Operating lease payments represent rentals payable by the Group for certain of its office properties and retail shops. Leases are negotiated for a term ranging from 1 to 3 years. Certain lease rentals are based on turnover of the relevant retail shops.

The Group as lessor:

Property rental income earned during the year was approximately HK$1,764,000 (2004: HK$126,000). The properties held have committed tenants for the next year.

At 31 March 2005, the Group had contracted with tenants for future minimum lease payments due within one year of approximately HK$588,000 (2004: Nil).

At the balance sheet dates, the Company did not have any operating lease arrangements.

Notes to the Financial Statements

For the year ended 31 March 2005

40. RELATED PARTY TRANSACTION AND BALANCES

During the year, the Group had the following related party transactions:

Name of related party	Transactions	2005 HK$'000	2004 HK$'000
(I) CONNECTED PARTIES			
Wang On and its subsidiaries (the "Wang On Group")	Interest on term loans paid by the Group (Note iii)	34	4,535
	Interest on convertible notes paid by the Group (Note iv)	523	2,240
	Management fee paid by the Group (Note v)	918	960
	Rental paid by the Group (Note vi)	3,595	4,154
	Rental received by the Group (Note vi)	1,764	–
	Rental paid by an associate of the Group (Note vi)	1,470	–
	Acquisition of subsidiaries (Note vii)	128,980	129,725
	Acquisition of an associate (Note viii)	–	27,000
Town Health International Holdings Company Limited and its subsidiaries ("Town Health Group") (Note i)	Sales of pharmaceutical products by the Group (Note x)	–	1,335
	Management, advertising and promotion fees received by the Group (Note x)	–	125
Leung Wai Ho (Note ii)	Interest on terms loans paid by the Group (Note iii)	–	557
	Disposal of subsidiaries (Note xi)	–	10,200

Notes to the Financial Statements

For the year ended 31 March 2005

40. RELATED PARTY TRANSACTION AND BALANCES *(continued)*

Name of related party	Transactions	2005 HK$'000	2004 HK$'000
(II) RELATED PARTIES OTHER THAN CONNECTED PARTIES			
Associates	Sales of Chinese pharmaceutical products by the Group (Note x)	**26,154**	25,561
	Subcontracting fee paid by the Group (Note ix)	**446**	–
	Management, advertising and promotion fees received by the Group (Note x)	**2,493**	1,723
	Facilities granted by the Group (Note xii)	**10,000**	10,000
	Interest income received by the Group (Note xiii)	**341**	–

Notes:

(i) Town Health Group was a substantial shareholder of the Company for the year ended 31 March 2003 and it ceased to be a substantial shareholder of the Company in November 2003.

(ii) Leung Wai Ho is a director of the Company.

(iii) Interest is calculated at 2% per annum.

(iv) Interest is calculated at the respective rates in accordance with the relevant convertible notes.

(v) Management fee was mutually agreed and determined by the relevant parties.

(vi) These transactions were entered into in accordance with the relevant lease agreements. The monthly rental of the properties was equivalent to the open market rental value at the date entering the agreements as certified by an independent firm of professional valuer in Hong Kong.

(vii) On 8 April 2004 and 28 January 2005, the Group entered into a conditional sales and purchase agreements with Wang On Group to acquire the entired equity interest in, and shareholders' loan to, WOD and Geswin for the considerations of approximately HK$65,354,000 and HK$63,626,000, respectively.

Notes to the Financial Statements

For the year ended 31 March 2005

40. RELATED PARTY TRANSACTION AND BALANCES *(continued)*

Notes: *(continued)*

(viii) On 20 February 2004, Bright Leading Limited, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with an indirect wholly owned subsidiary of Wang On for the acquisition of 49% equity interest in China Field and shareholders' loan of HK$7 million for a total consideration of HK$27 million.

(ix) The transactions were carried out at market price or, where no market price was available at cost plus a percentage profit mark-up.

(x) These transactions were entered in accordance with the relevant franchise agreements.

(xi) On 15 January 2004, the Company disposed of its entire interest in Great Prime to Mr. Leung Wai Ho, an executive director of the Company at the time of the transaction, for a consideration of HK$10.2 million.

(xii) On 12 March 2004, the Company had given general facilities of HK$10,000,000 to China Field. China Field had not utilize the facilities at 31 March 2005.

(xiii) Interest is calculated at 4% to 4.5% per annum.

Details of the balances with related parties as at the balance sheet date are set out in the balance sheets and notes 17, 26 and 27.

41. POST BALANCE SHEET EVENTS

The following significant events took place subsequent to the balance sheet date:

(a) On 4 April 2005, the Group entered into conditional sale and purchase agreements for the disposal of investment properties with a carrying amount of HK$12.5 million at 31 March 2005 for a consideration of HK$13.0 million. The disposal was completed on 24 May 2005.

(b) The directors proposed to carry out the following capital reorganisation, which involved inter-alia:

- every ten issued and unissued shares of HK$0.01 each were consolidated into one share of HK$0.10 each;
- the nominal value of the issued shares after the consolidation were reduced from HK$0.10 each into HK$0.01 each; and
- the credit of approximately HK$31.4 million arising from the capital reduction is to set off the accumulated loss of the Company.

The above capital reorganisation was approved by the shareholders of the Company at a special general meeting held on 8 June 2005, details of which are set out in a circular to the shareholders of the Company dated 13 May 2005.

Notes to the Financial Statements

For the year ended 31 March 2005

42. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at 31 March 2005 are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and paid up share capital	Proportion of issued share capital held by the Company		Principal activity
			Directly	Indirectly	
Billion Good Investment Limited	Hong Kong	HK$2	–	100%	Property holding company
Bright Leading Limited	Hong Kong	HK$2	–	100%	Investment holding company
CNT Health Food Pte Limited	Singapore	Singapore $1,610,000	–	100%	Production and sales of Chinese health food
Conful Limited	Hong Kong	HK$1	–	100%	Property investment
Geswin Limited	Hong Kong	HK$2	–	100%	Property investment
Luxembourg Medicine Company Limited	Hong Kong	HK$434,747	–	99.79%	Production and sale of western pharmaceutical and healthcare products
Source Millennium Limited	British Virgin Islands	USD1	100%	–	Investment holding company
Wai Yuen Tong Medicine Company Limited	Hong Kong	HK$217,374 Ordinary HK$17,373,750 non-voting deferred *	–	99.79%	Production and trading of Chinese pharmaceutical products

* The non-voting deferred shares carry no voting rights or rights to dividends. On the winding-up of the Company, the non-voting deferred shares have a right to repayment in proportion to the amounts paid up on all ordinary and deferred shares after the first HK$1,000,000,000,000 thereof has been distributed among the holders of the ordinary shares.

The above table lists the subsidiaries of the Group, which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive lengths.

Notes to the Financial Statements

For the year ended 31 March 2005

43. PRINCIPAL ASSOCIATES

Details of the Group's principal associates at 31 March 2005 are as follows:

Name of associate	Place of incorporation/ operation	Issued and fully paid share capital	Class of shares held	Attributable proportion of nominal value of issued share capital indirectly held by the Company	Principal activity
China Field Enterprises Limited	Hong Kong	HK$25,000	Ordinary	49%	Investment holding
Chinese Leading Limited	Hong Kong	HK$600,000	Ordinary	50%	Retailing of Chinese pharmaceutical products
Creation Sino Limited	Hong Kong	HK$2,500,000	Ordinary	50%	Retailing of Chinese pharmaceutical products
Fortune Way Trading Limited	Hong Kong	HK$1,000,000	Ordinary	50%	Retailing of Chinese pharmaceutical products
Global Winner Holdings Limited	Hong Kong	HK$360,000	Ordinary	40%	Retailing of Chinese pharmaceutical products
Hunan Xiangya Pharmaceutical Co., Limited	PRC	RMB29,225,000	N/A	39.2%	Production of Chinese pharmaceutical products

Notes to the Financial Statements

For the year ended 31 March 2005

43. PRINCIPAL ASSOCIATES *(continued)*

Name of associate	Place of incorporation/ operation	Issued and fully paid share capital	Class of shares held	Attributable proportion of nominal value of issued share capital indirectly held by the Company	Principal activity
Longly Richly Limited	Hong Kong	HK$650,000	Ordinary	50%	Retailing of Chinese pharmaceutical products
Lucky Planning Limited	Hong Kong	HK$700,000	Ordinary	50%	Retailing of Chinese pharmaceutical products
Winning Forever Limited	Hong Kong	HK$2,500,000	Ordinary	50%	Retailing of Chinese pharmaceutical products
Venko Limited	Hong Kong	HK$100	Ordinary	50%	Retailing of Chinese pharmaceutical products