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SCORE KING TRADING LIMITED  
志健貿易有限公司

PROFITS TAX COMPUTATION  
YEAR OF ASSESSMENT 2003/2004

SCORE KING TRADING LIMITED  
志健貿易有限公司

PROFITS TAX COMPUTATION

YEAR OF ASSESSMENT 2003/2004

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SCHEDULE 1

SCORE KING TRADING LIMITED  
志健貿易有限公司

PROFITS TAX COMPUTATION

YEAR OF ASSESSMENT 2003/2004

BASIS PERIOD: JULY 1, 2002 TO JUNE 30, 2003

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	HK\$	Schedule
Profit per detailed income statement	<u>6,429,907</u>	2
	HK\$	
Assessable profits	<u>-</u>	3
	HK\$	
Tax payable	<u>-</u>	

SCHEDULE 2

SCORE KING TRADING LIMITED  
志健貿易有限公司

DETAILED INCOME STATEMENT  
YEAR ENDED JUNE 30, 2003

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	HK\$	Schedule
INCOME		
Service fee income	5,159,396	3
OTHER INCOME		
Interest income	243,157	3
Exchange gain	378,015	3
Unrealized gain on securities	<u>773,278</u>	3
	<u>6,553,846</u>	
ADMINISTRATIVE EXPENSES		
Audit fee	9,000	
Bank charge	853	
Secretarial fee	16,086	
Sub-contract fee	93,000	3
Taxation service fee	<u>5,000</u>	
	<u>123,939</u>	3
PROFIT BEFORE TAXATION	<u>6,429,907</u>	1

SCORE KING TRADING LIMITED  
志健貿易有限公司

NOTES ON OPERATION  
YEAR ENDED JUNE 30, 2003

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1. Score King Trading Limited, abbreviated as SKT hereafter, was engaged in providing inspection services on North American customer's merchandise and products purchased from China to ensure that the merchandise and products meet the specifications of the relevant purchase order and quality control standards. The sole customer during the period was Artercraft Limited, a company in Canada.
2. SKT has no staff, director or office in Hong Kong. The two directors of SKT are Yardworth Trust & Management N.V. and Mr. Seymour Braun. Mr. Braun, normally resident in U.S.A., did not stay in Hong Kong during the year.

The inspection and quality control work was outsourced to Mr. David Zadok, who carried on business under the business name of HKK Kosher Certification Service. Mr. Zadok performed the services wholly in China. The sub-contract fee of HK\$93,000 was paid to Mr. Zadok.

3. SKT's business operations were effected outside Hong Kong. Accordingly, the service fee income of HK\$5,159,396 is not subject to profits tax under S.14 of Inland Revenue Ordinance because:
  - a) SKT did not carry on a trade, profession or business in Hong Kong.
  - b) The service fee income of HK\$5,159,396 was not derived from Hong Kong.
4.
  - a) The interest income was derived from U.S.A and Canada Government Bonds and is not subject to profits tax under S.14 or S.15 (1) (f) of the IRO.
  - b) The exchange gain and unrealized gain on securities were derived from U.S.A. and Canada Government Bonds and are not subject to profits tax under S.14 of the IRO.
5. Administrative expenses totaling HK\$123,939 are not deductible as the expenses were incurred in generating non-taxable profits.

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志健貿易有限公司

十 〇 坪 SCORE KING TRADING LIMITED

## REPORT OF THE DIRECTORS

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The directors have pleasure in submitting their annual report and the audited financial statements of the Company for the year ended June 30, 2003.

### PRINCIPAL ACTIVITY

The Company's principal activity has not changed during the year and consists of provision of inspection and quality control services.

### ACCOUNTS AND DIVIDENDS

The Company's results for the year ended June 30, 2003 and its state of affairs at that date are set out in the financial statements on pages 4 to 8.

The directors recommend the payment of interim dividend for the current year of HK\$381,499 per share. Details are set out in note 5 to the financial statements.

### DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Seymour Braun  
Yardworth Trust & Management N.V.

In accordance with Article 7 of the Company's Articles of Association, all directors retire and, being eligible, offer themselves for re-election.

### DIRECTORS' INTERESTS

No contract of significance in relation to the business of the Company, to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SCORE KING TRADING LIMITED  
志健貿易有限公司

REPORT OF THE DIRECTORS

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**AUDITORS**

The financial statements have been audited by K. L. Lee & Partners C.P.A. Limited.

A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint the auditors, K. L. Lee & Partners C.P.A. Limited

On behalf of the Board

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DIRECTOR  
, 2004

## REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF  
**SCORE KING TRADING LIMITED** 志健貿易有限公司  
(incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 4 to 8 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### **Respective responsibilities of directors and auditors**

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. The audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at June 30, 2003 and of its results for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

**Tam Kwok Yiu**  
Practising Certificate Number P02575

, 2004

ET:re:aw

SCORE KING TRADING LIMITED  
志健貿易有限公司

INCOME STATEMENT  
YEAR ENDED JUNE 30, 2003

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	<u>Notes</u>	<u>2003</u> HK\$	<u>2002</u> HK\$
TURNOVER	2	5,159,396	3,659,368
Other income		1,394,450	56,389
Administrative expenses		<u>(123,939)</u>	<u>(204,155)</u>
PROFIT FROM OPERATION	3	6,429,907	3,511,602
Taxation	4	<u>-</u>	<u>-</u>
NET PROFIT FOR THE YEAR		<u>6,429,907</u>	<u>3,511,602</u>
Dividend	5	<u>762,998</u>	<u>1,499,313</u>

SCORE KING TRADING LIMITED  
志健貿易有限公司

BALANCE SHEET  
AT JUNE 30, 2003

	<u>Notes</u>	<u>2003</u> HK\$	<u>2002</u> HK\$
<b>CURRENT ASSETS</b>			
Investment in securities	6	8,425,778	1,645,077
Accounts receivable		522,079	573,512
Bank balances		1,704,652	2,765,011
		<u>10,652,509</u>	<u>4,983,600</u>
<b>CURRENT LIABILITIES</b>			
Accrued charges		<u>14,000</u>	<u>12,000</u>
<b>NET ASSETS</b>		<u>10,638,509</u>	<u>4,971,600</u>
<b>CAPITAL AND RESERVE</b>			
Share capital	7	2	2
Retained profits		<u>10,638,507</u>	<u>4,971,598</u>
		<u>10,638,509</u>	<u>4,971,600</u>

The financial statements on pages 4 to 8 were approved by the Board of Directors on \_\_\_\_\_, 2004 and are signed by:

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR

SCORE KING TRADING LIMITED  
志健貿易有限公司

STATEMENT OF CHANGES IN EQUITY  
AT JUNE 30, 2003

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	Share capital HK\$	Retained profits HK\$	Total HK\$
Balance at July 1, 2001	2	2,959,309	2,959,311
Net profit for the year	-	3,511,602	3,511,602
Dividend	-	(1,499,313)	(1,499,313)
Balance at June 30, 2002	2	4,971,598	4,971,600
Net profit for the year	-	6,429,907	6,429,907
Dividend	-	(762,998)	(762,998)
Balance at June 30, 2003	2	10,638,507	10,638,509

SCORE KING TRADING LIMITED  
志健貿易有限公司

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003

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1. **GENERAL**

The Company is a private limited company incorporated in Hong Kong.

The Company is principally engaged in the provision of inspection and quality control services.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements comply with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants. The principal accounting policies which have been adopted in preparing these financial statements and which conform with accounting principles generally accepted in Hong Kong are as follows:

**Measurement basis**

These financial statements are prepared using the historical cost accounting method.

**Investments in securities**

Investment other than held-to-maturity debt securities are classified as investment securities and other investments.

Other investments are measured at fair value, with unrealized gains and losses included in net profit or loss for the year.

**Turnover**

Turnover represents the net amounts received and receivable for services provided during the year.

**Revenue recognition**

Service fee income is recognised when the services have been provided to the customers.

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

**Foreign currencies**

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

SCORE KING TRADING LIMITED  
志健貿易有限公司

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003

3. PROFIT FROM OPERATION

	<u>2003</u> HK\$	<u>2002</u> HK\$
Profit from operation has been arrived at after charging:		
Directors' remuneration:		
Fee	-	-
Other emoluments	-	-
Other staff cost	-	-
Total staff cost	<u>-</u>	<u>-</u>
Auditors' remuneration	<u>9,000</u>	<u>8,000</u>

4. TAXATION

No provision for Hong Kong Profits Tax has been made as the income was not derived from Hong Kong.

5. DIVIDEND

	<u>2003</u> HK\$	<u>2002</u> HK\$
Interim paid – HK\$381,499 (2002: HK\$749,656.50) per ordinary share	<u>762,998</u>	<u>1,499,313</u>

6. INVESTMENT IN SECURITIES

	<u>2003</u> HK\$	<u>2002</u> HK\$
Debt securities:		
Unlisted - overseas	<u>8,425,778</u>	<u>1,645,077</u>

7. SHARE CAPITAL

	<u>2003</u> HK\$	<u>2002</u> HK\$
Authorised:		
10,000 ordinary shares of HK\$1 each	<u>10,000</u>	<u>10,000</u>
Issued and fully paid:		
2 ordinary shares of HK\$1 each	<u>2</u>	<u>2</u>

SCORE KING TRADING LIMITED  
志健貿易有限公司

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SCORE KING TRADING LIMITED  
志健貿易有限公司

REPORT OF THE DIRECTORS  
AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003