

Notes to the Financial Statements

For the year ended 31 March 2002

14. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2002	2001
	HK\$'000	HK\$'000
Unlisted shares, at cost	124,543	124,543
Amounts due from subsidiaries	211,795	211,897
	336,338	336,440
Less: Impairment loss recognised	(229,187)	(197,187)
	107,151	139,253

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the directors, repayment of the amounts will not be demanded by the Company within the twelve months from the balance sheet date. Accordingly, the amounts are shown as non-current assets in the balance sheet.

During the year, the Group reviewed the carrying amounts of interests in subsidiaries and identified that the estimated discounted net future cash flows from the subsidiaries ("recoverable amounts") are less than the carrying amounts. Accordingly, the carrying amounts of these subsidiaries are reduced to their respective recoverable amounts which are estimated using market borrowing rates.

Details of the Company's principal subsidiaries at 31 March 2002 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Nominal value of issued share/ registered capital	Proportion of nominal value of issued share/ registered capital held by the Company	Principal activities
Anders Real Estate Limited	British Virgin Islands ("BVI")/ Hong Kong	Ordinary US\$1	100%	Property holding
CCC Holdings (BVI) Limited (note (a))	BVI	Ordinary HK\$187,325,513	100%	Investment holding
CCC Investments (BVI) Limited	BVI	Ordinary US\$1	100%	Investment holding

Notes to the Financial Statements

For the year ended 31 March 2002

14. INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ registration and operation	Nominal value of issued share/ registered capital	Proportion of nominal value of issued share/ registered capital held by the Company	Principal activities
CCC Overseas Investments (BVI) Limited	BVI	Ordinary US\$1	100%	Investment holding
City Chiu Chow Investment Development Limited	Hong Kong/ PRC	Ordinary HK\$2	100%	Property holding
City Chiu Chow Management & Consultants Company Limited	Hong Kong	Ordinary HK\$100 (Non-voting deferred HK\$10,000)*	100%	Provision of management services
City Chiu Chow Restaurant Limited	Hong Kong	Ordinary HK\$100 (Non-voting deferred HK\$2,000,000)*	100%	Restaurant operations
G-Tech International (Holdings) Limited	Hong Kong	Ordinary HK\$2	100%	Investment holding
Hansen Enterprises Limited	BVI/Hong Kong	Ordinary US\$100	65%	Investment holding
Home Fair Enterprises Company Limited	Hong Kong	Ordinary HK\$100 (Non-voting deferred HK\$2,000,000)*	100%	Restaurant operations
Hover City Chiu Chow Restaurant Limited	Hong Kong	Ordinary HK\$100 (Non-voting deferred HK\$6,000,000)*	100%	Restaurant operations
Lucky Nation Investment Limited	Hong Kong/ PRC	Ordinary HK\$2	65%	Property holding
Lucky Power Investment Limited	Hong Kong/ PRC	Ordinary HK\$2	65%	Property holding

Notes to the Financial Statements

For the year ended 31 March 2002

14. INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ registration and operation	Nominal value of issued share/ registered capital	Proportion of nominal value of issued share/ registered capital held by the Company	Principal activities
Nation Dragon Investment Limited	Hong Kong/ PRC	Ordinary HK\$2	65%	Property holding
Smart Success Investment Limited	Hong Kong/ PRC	Ordinary HK\$2	65%	Property holding
Tanson Development Limited	Hong Kong/PRC	Ordinary HK\$10,000	90%	Investment holding
惠州君豪大酒店 (note (b))	PRC	Registered US\$5,000,000	90%	Hotel operations
綠科環保製品(東莞)有限公司 ("G-Tech Dongguan") (note (c))	PRC	Registered HK\$5,000,000	100%	Manufacture and sale of environmental friendly containers

* The non-voting deferred shares carry no rights to receive notice of or to attend or vote at any general meeting and have practically no rights to dividends or to participate in any distribution on winding up. These deferred shares were indirectly held by the Company other than 150,000 deferred shares of Home Fair Enterprises Company Limited and 1,200,000 deferred shares of Hover City Chiu Chow Restaurant Limited which were owned by outside parties.

Notes:

- (a) CCC Holdings (BVI) Limited is directly held by the Company. The Company's interest in all other subsidiaries is held through CCC Holdings (BVI) Limited.
- (b) 惠州君豪大酒店 is a joint venture enterprise established in the PRC, to be operated for 29 years up to June 2023. Under the joint venture agreement, the PRC joint venture partner is entitled to pre-determined rental payments and is not entitled to share any of the profit of the joint venture.
- (c) G-Tech Dongguan is a wholly-owned foreign enterprise established in the PRC, to be operated for 30 years up to December 2031.

Notes to the Financial Statements

For the year ended 31 March 2002

42

14. INTERESTS IN SUBSIDIARIES (continued)

The above table lists the subsidiaries of the Company, which, in the opinion of the directors of the Company, 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 length.

None of the subsidiaries had any loan capital outstanding at the end of the year or at any time during the year.

15. INTERESTS IN ASSOCIATES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Share of net liabilities (note (a))	(70)	(68)
Advances to associates (note (b))	<u>13,800</u>	<u>17,800</u>
	13,730	17,732
Less: Allowance for advances to associates	<u>(13,730)</u>	<u>(13,730)</u>
	<u><u>-</u></u>	<u><u>4,002</u></u>

During the year, the Group reviewed the carrying amounts of interests in associates and identified that the estimated discounted net future cash flows from the associates ("recoverable amounts") are less than the carrying amounts. Accordingly, the carrying amounts of interests in these associates are reduced to their respective recoverable amounts which are estimated based on market borrowing rates.

Details of the Group's associates at 31 March 2002 are as follows:

Name of associate	Place of incorporation and operation	Percentage of equity interest held	Principal activities
City Chiu Chow Restaurant (Shantou) Limited	Hong Kong	25%	Investment holding
Fameline Limited	Hong Kong	50%	Inactive
Shantou City Chiu Chow Shark's Fin and Bird's Nest Restaurant Limited ("Shantou CCC") (note (c))	PRC	20%	Inactive

Notes to the Financial Statements

For the year ended 31 March 2002

15. INTERESTS IN ASSOCIATES (continued)

Notes:

- (a) Share of net liabilities by the Group represents the Group's binding obligations to make good losses incurred by one of the associates. The Group has not any obligations or made any payments to satisfy obligations of the remaining two associates that the Group has guaranteed or otherwise committed. Accordingly, the Group's investment in these two associates has been reduced to a zero value and the Group has discontinued the recognition of the losses of these two associates.
- (b) The advances to associates are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the directors, repayment of the amounts will not be demanded by the Group within the twelve months from the balance sheet date. Accordingly, the amounts are shown as non-current assets in the balance sheet.
- (c) Shantou CCC is a joint venture enterprise established in the PRC.

16. INVENTORIES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Food and beverage items	3,674	4,571
Other items		
Raw materials and consumables	214	—
Finished goods	105	—
	<u>3,993</u>	<u>4,571</u>

All inventories were carried at cost at the balance sheet date.

17. TRADE RECEIVABLES

Most of the restaurant customers settle in cash and credit cards. The Group allows an average credit period of 60 days to other trade customers.

The following is an aged analysis of the Group's trade receivables at the balance sheet date:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
0 – 60 days	2,733	3,186
61 – 90 days	128	194
More than 90 days	138	196
	<u>2,999</u>	<u>3,576</u>

Notes to the Financial Statements

For the year ended 31 March 2002

18. TRADE PAYABLES

The following is an aged analysis of the Group's trade payables at the balance sheet date:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
0 – 60 days	6,267	7,049
More than 60 days	1,411	1,085
	<u>7,678</u>	<u>8,134</u>

19. BANK LOANS, SECURED

The bank loans bear interest at prevailing market rates and are repayable as follows:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Within one year	2,580	5,439
More than one year but not exceeding two years	2,580	5,016
More than two years but not exceeding five years	3,983	2,374
Total	9,143	12,829
Less: Amount due within one year shown under current liabilities	(2,580)	(5,439)
Amount due after one year	<u>6,563</u>	<u>7,390</u>

Notes to the Financial Statements

For the year ended 31 March 2002

20. SHARE CAPITAL

	Number of shares		Amount	
	2002	2001	2002 HK\$'000	2001 HK\$'000
Shares of HK\$0.10 each				
Authorised:				
At beginning of the year	5,000,000,000	300,000,000	500,000	30,000
Increase in authorised share capital in July 2000 (see (a) below)	–	4,700,000,000	–	470,000
At end of the year	<u>5,000,000,000</u>	<u>5,000,000,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
At beginning of the year	484,853,527	193,941,411	48,485	19,394
Rights issue of shares in August 2000 (see (b) below)	–	290,912,116	–	29,091
At end of the year	<u>484,853,527</u>	<u>484,853,527</u>	<u>48,485</u>	<u>48,485</u>

As announced by the Company on 21 June 2000 and approved by the Company's shareholders at a special general meeting of the Company held on 27 July 2000, the following changes in share capital took place in 2001:

- (a) The Company increased its authorised share capital from HK\$30,000,000 to HK\$500,000,000 by the creation of an additional 4,700,000,000 shares of HK\$0.10 each.
- (b) The Company issued 290,912,116 new shares of HK\$0.10 each ("Rights Shares") at a subscription price of HK\$0.15 per Rights Share to the shareholders of the Company in the proportion of three Rights Shares for every two shares then held. The Rights Shares were allotted on 18 August 2000. All shares issued rank pari passu with the then existing shares in issue in all respects.

There was no movement in the authorised, issued and fully paid share capital of the Company during the current year.

Notes to the Financial Statements

For the year ended 31 March 2002

46

21. SHARE OPTION SCHEME

The Company has a share option scheme under which options may be granted to executive directors of the Company to subscribe for shares in the Company. The subscription price will be determined by the Company's board of directors, and will not be less than the higher of the nominal value of the shares and 80% of the average of the closing prices of the Company's shares on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of offer of the option. The maximum number of shares in respect of which options may be granted under this scheme may not exceed 10% of the issued share capital of the Company from time to time.

On 19 March 2001, options to subscribe for 36,300,000 shares in the Company at HK\$0.10 per share, with an exercisable period up to 13 October 2002, were granted. None of these share options was exercised since the date of grant and all these share options remained outstanding at 31 March 2002. No option was granted during the year ended 31 March 2002.

The Company received no consideration for options granted in the previous year.

22. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
THE GROUP					
Balance at 1 April 2000	76,131	84,123	–	(79,442)	80,812
Premium arising from rights issue of shares	14,545	–	–	–	14,545
Net loss for the year	–	–	–	(5,591)	(5,591)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2001	90,676	84,123	–	(85,033)	89,766
Net loss for the year	–	–	–	(30,756)	(30,756)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2002	<u>90,676</u>	<u>84,123</u>	<u>–</u>	<u>(115,789)</u>	<u>59,010</u>

Notes to the Financial Statements

For the year ended 31 March 2002

22. RESERVES (continued)

	Share premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
THE COMPANY					
Balance at 1 April 2000	76,131	–	113,143	(107,815)	81,459
Premium arising from rights issue of shares	14,545	–	–	–	14,545
Net loss for the year	–	–	–	(5,239)	(5,239)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2001	90,676	–	113,143	(113,054)	90,765
Net loss for the year	–	–	–	(32,102)	(32,102)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2002	<u>90,676</u>	<u>–</u>	<u>113,143</u>	<u>(145,156)</u>	<u>58,663</u>

The capital reserve of the Group arose as a result of the group reorganisation in October 1992. It represents the difference between the aggregate nominal amount of the share capital issued by the Company in exchange for the aggregate nominal amount of the share capital of subsidiaries.

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 share capital issued by the Company under the group reorganisation in October 1992.

Under the laws of Bermuda, the contributed surplus account of a company is available for distribution to shareholders. However, the company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (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.

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31 March 2001 comprised contributed surplus less accumulated losses and amounted to HK\$89,000. The Company has no reserve available for distribution to shareholders as at 31 March 2002.

The accumulated losses of the Group included losses of HK\$71,000 (2001: HK\$69,000) attributable to associates of the Group.

Notes to the Financial Statements

For the year ended 31 March 2002

23. MINORITY INTERESTS/LOANS FROM MINORITY SHAREHOLDERS

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Share of net liabilities of subsidiaries	<u>(18,799)</u>	<u>(23,150)</u>
Loans from minority shareholders of subsidiaries	<u>39,994</u>	<u>44,501</u>

The loans from minority shareholders of subsidiaries are unsecured and non-interest bearing. The respective minority shareholders are entitled to repayment only after their share of losses in relevant subsidiaries are made good. Accordingly, the loans are shown as non-current liabilities in the consolidated balance sheet.

24. UNRECOGNISED DEFERRED TAXATION

At 31 March 2002, the Group had estimated tax losses carried forward of approximately HK\$75,600,000 (2001: HK\$37,700,000), representing a future tax benefit of approximately HK\$12,100,000 (2001: HK\$6,000,000), which can be carried forward indefinitely to relieve future assessable profits. No deferred tax asset has been recognised in respect of the tax losses carried forward as it is not certain that the tax benefit will be realised in the foreseeable future. There were no other significant timing differences arising during the year or at the balance sheet date.

In the opinion of the directors of the Company, the Group will not be disposing of its properties in the PRC in the foreseeable future. Accordingly, no deferred taxation has been provided on valuation surpluses or deficits relating to properties in the PRC.

The Company did not have any significant unprovided deferred taxation arising during the year or at the balance sheet date.

Notes to the Financial Statements

For the year ended 31 March 2002

25. RECONCILIATION OF LOSS BEFORE TAXATION TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2002	2001
	HK\$'000	HK\$'000
Loss before taxation	(30,832)	(5,024)
Share of results of associates	2	68
Interest income	(587)	(1,179)
Interest expense	606	1,756
Depreciation	6,607	6,274
Loss on disposal of property, plant and equipment	1,873	–
Overprovision for loss on closure of restaurants	–	(336)
Deficit arising on revaluation of investment properties	1,655	–
Allowance for doubtful debts	4,000	–
Decrease in inventories	578	2,206
Decrease in trade and other receivables	970	1,807
Increase (decrease) in trade and other payables	2,097	(10,768)
	(13,031)	(5,196)

26. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium	Bank loans	Loans from minority shareholders
	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2000	95,525	18,726	44,468
Proceeds from rights issue of shares	43,636	–	–
Advances from minority shareholders	–	–	33
Repayment during the year	–	(5,897)	–
	139,161	12,829	44,501
Balance at 31 March 2001	139,161	12,829	44,501
Waiver of loan	–	–	(4,500)
Repayment during the year	–	(3,686)	(7)
	139,161	9,143	39,994
Balance at 31 March 2002	139,161	9,143	39,994

Notes to the Financial Statements

For the year ended 31 March 2002

27. CAPITAL COMMITMENTS

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment:		
Contracted for but not provided in the financial statements	118	–
Authorised but not contracted for	–	721
	<u>118</u>	<u>721</u>

The Company did not have any significant capital commitments at the balance sheet date.

28. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Minimum lease payments under operating leases for premises charged to the income statement during the year	<u>21,014</u>	<u>25,625</u>

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

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Within one year	9,610	19,382
In the second to fifth year inclusive	<u>7,207</u>	<u>3,331</u>
	<u>16,817</u>	<u>22,713</u>

In addition to these commitments, the Group may pay additional rental expenses in respect of certain premises which are dependent upon the level of sales achieved by particular restaurants.

Notes to the Financial Statements

For the year ended 31 March 2002

28. OPERATING LEASE ARRANGEMENTS (continued)

Operating lease payments mainly represent rental payable by the Group for its restaurants. Leases are negotiated for an average term of three years.

The Company did not have any significant operating lease commitments at the balance sheet date.

The Group as lessor

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Rental income credited to the income statement during the year	315	529

The Group's investment properties are held for rental purposes. The properties held have committed tenants for periods of up to five years. At the balance sheet date, the Group had contracted with tenants to receive the following future minimum lease payments:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Within one year	491	545
In the second to fifth year inclusive	2,059	1,227
	<u>2,550</u>	<u>1,772</u>

Notes to the Financial Statements

For the year ended 31 March 2002

52

G-VISION INTERNATIONAL (HOLDINGS) LIMITED

29. OTHER COMMITMENT

Under the joint venture agreement of a subsidiary established in the PRC, the Group has committed to pay a pre-determined rental payment to the PRC joint venture partner during the period from October 1993 to June 2023 (see note 14(b)). At the balance sheet date, the amount of rental payable falls due as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within one year	593	593
In the second to fifth year inclusive	2,809	2,684
After five years	15,727	16,444
	<u>19,129</u>	<u>19,721</u>

30. PLEDGE OF ASSETS

At the balance sheet date, the Group's bank facilities were secured by the following:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Leasehold land and buildings	34,490	48,062
Investment properties	–	11,000
Bank deposits	1,168	1,534
	<u>35,658</u>	<u>60,596</u>

31. CONTINGENT LIABILITIES

	THE COMPANY	
	2002 HK\$'000	2001 HK\$'000
Corporate guarantees given to banks in respect of banking facilities granted to subsidiaries	<u>48,000</u>	<u>53,000</u>

32. LONG SERVICE PAYMENTS

At 31 March 2002, certain employees of the Group had completed the required number of years of service under the Hong Kong Employment Ordinance (the “Ordinance”) to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments if the termination of employment of these employees meets the circumstances specified in the Ordinance. If the employment of all these employees were terminated on 31 March 2002 under the circumstances meeting the requirements of the Ordinance, the liability of the Group as at that date would have been HK\$8,396,000 (2001: HK\$10,522,000). At 31 March 2002, provision of HK\$222,000 (2001: HK\$358,000) was made in the financial statements in respect of such long service payments.

33. RETIREMENT BENEFITS SCHEME

The Group did not provide retirement benefits for its employees in Hong Kong before 1 December 2000. With effect from 1 December 2000, the Group set up a retirement benefits scheme under the mandatory provident fund scheme (the “MPF Scheme”) for all the eligible employees of the Group in Hong Kong.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HK\$1,000 and they can choose to make additional contributions. The employer’s monthly contributions are calculated at 5% of the employee’s monthly salaries up to a maximum of HK\$1,000 (“mandatory contributions”). The employees are entitled to 100% of the employer’s mandatory contributions upon their retirement at the age of 65, death or total incapacity.

Employees of subsidiaries in the PRC are members of the state-sponsored pension scheme operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions.

Total employers’ contributions charged to the income statement of the Group amounted to HK\$2,536,000 (2001: HK\$1,081,000).

34. RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

- (a) During the year, the Group leased certain premises for its restaurant operations from Homley Development Limited ("Homley"). Homley was formerly an indirect wholly-owned subsidiary of the Company. As announced by the Company on 26 March 1999 and approved by the Company's independent shareholders at a special general meeting of the Company held on 6 May 1999, the Company disposed of its entire interest in the issued share capital of Homley and the interest-free shareholder's loan due from Homley to a wholly-owned subsidiary of the Company to Golden Toy Investments Limited, a company in which Mr. Cheng Hop Fai, Mrs. Cheng Kwok Kwan Yuk and Ms. Cheng Pak Ming, Judy, directors of the Company, are deemed to be beneficially interested, for an aggregate consideration of HK\$15,500,000. On 14 May 1999, the Group entered into a tenancy agreement with Homley for leasing of Homley's premises for certain of the Group's restaurant operations for a period of three years commencing 1 May 1999 at a monthly rental of HK\$350,000 (exclusive of rates, management fees and air-conditioning charges), the then market rental as advised by a firm of independent professional valuers, and a rental deposit of HK\$700,000. Details of these are set out in the circular dated 19 April 1999 issued by the Company.

Rentals charged by Homley during the year under the above tenancy agreement amounted to HK\$4,200,000 (2001: HK\$4,200,000). At 31 March 2002, accrued rental payable to Homley amounted to HK\$350,000 (2001: HK\$350,000) and was included in trade and other payables.

On 6 May 2002, the Group renewed the tenancy agreement with Homley for leasing the same premises for a further period of three years commencing 1 May 2002 at a monthly rental of HK\$250,000 (exclusive of rates, management fees and air-conditioning charges) and a rental deposit of HK\$750,000. The monthly rental was negotiated with Homley with reference to the market rent as at 23 April 2002 as advised by RHL Appraisal Ltd., a firm of independent professional property valuers.

- (b) On 16 March 2001, the Company entered into a tenancy agreement with Hover City Industrial Limited ("Hover City"), a company in which Mr. Cheng Hop Fai, Mrs. Cheng Kwok Kwan Yuk and Ms. Cheng Pak Ming, Judy are deemed to be beneficially interested, for leasing from Hover City a unit of commercial building for a period of two years commencing from 1 April 2001 to 31 March 2003 at a monthly rental of HK\$20,000 and a rental deposit of HK\$40,000. Rental charged by Hover City during the year under the agreement amounted to HK\$240,000. The monthly rental was determined by both parties with reference to market rent.

Notes to the Financial Statements

For the year ended 31 March 2002

34. RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS (continued)

- (c) On 13 June 2001, the Group entered into a sub-tenancy agreement with Hung Yick Metal Company Limited (“Hung Yick”) for sub-leasing from Hung Yick several units of a commercial building for a period of two years commencing 9 April 2001 at a monthly rental of HK\$57,937.50 (exclusive of rates, air-conditioning and management fees) with the rent-free periods from 9 April 2001 to 8 June 2001 and from 22 February 2003 to 8 April 2003, and a rental deposit of HK\$173,812.50. Rental charged by Hung Yick during the year under this sub-tenancy agreement amounted to HK\$563,925 (2001: nil).

The monthly rental was determined by both parties with reference to the rental charged by Hung Yick’s landlord and the approximate floor area occupied by Hung Yick and the Group.

Mr. Cheng Hop Fai, Mrs. Cheng Kwok Kwan Yuk and Ms. Cheng Pak Ming, Judy, are deemed to be beneficially interested in Hung Yick.

- (d) During the year, the Group paid HK\$701,000 (2001: HK\$759,000), comprising retainer fee of HK\$240,000 (2001: HK\$240,000) and reimbursement of disbursements of HK\$461,000 (2001: HK\$519,000), on mutually agreed terms, to Advance Leader Company Limited, a company in which Mr. Mark Yiu Tong, William, a director of the Company, has beneficial interests, for advertising and marketing services.
- (e) During the year, the Group made rental payments of HK\$593,000 (2001: HK\$593,000), under the joint venture agreement, to the PRC joint venture partner of 惠州君豪大酒店 (see note 14(b)).
- (f) During the year, shareholders’ loans of a subsidiary were waived by its shareholders. The amount attributable to the minority shareholder amounted to HK\$4,500,000.

In addition, at 31 March 2001, Mr. Cheng Hop Fai has given a personal guarantee to a bank in respect of banking facilities to the extent of HK\$15,000,000 granted to the Group. Such guarantee was cancelled during the current year.