



Notes to the Financial Statements

For the year ended 31 March 2005

1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is DiChain Holdings Limited ("DiChain Holdings"), a limited company incorporated in Hong Kong.

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

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005 except for HKFRS 3 Business Combinations. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005.

HKFRS 3 is applicable to business combinations for which the agreement date is on or after 1 January 2005. The Group has not entered into any business combination for which the agreement date is on or after 1 January 2005. Therefore HKFRS 3 did not have any impact on the Group for the year ended 31 March 2005.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investments in securities and investment properties, and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

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.

All significant inter-company transactions and balances within the Group are eliminated on consolidation.



For the year ended 31 March 2005

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on acquisitions with agreement date before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition.

Goodwill arising on acquisitions prior to 1 April 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary, associate or jointly controlled entity or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisitions after 1 April 2001 but with agreement date before 1 January 2005 is capitalised and amortised on a straight line basis over its useful economic life. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary or an associate, the attributable amount of unamortised goodwill and goodwill previously eliminated against reserves is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions with agreement date on or after 1 January 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current period.

Investments in subsidiaries

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

Interest in an associate

The consolidated income statement includes the Group's share of the post-acquisition results of its associate for the year. In the consolidated balance sheet, the interest in associate is stated at the Group's share of the net assets of the associate plus the goodwill in so far as it has not already been amortised, less any identified impairment losses.



Notes to the Financial Statements

For the year ended 31 March 2005

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

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

Service income is recognised when services are rendered.

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

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

Revenue from the disposal of investments are recognised on the trade-date when a sale and purchase contract is entered into.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On the disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is twenty years or less.



For the year ended 31 March 2005

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

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

Land and buildings held in the People's Republic of China ("PRC")	Over the terms of the land use rights
Leasehold improvements	Over the shorter of the terms of the lease, land use rights or 5 years
Equipment	15 – 20%
Furniture, fixtures and office equipment	20 – 25%
Motor vehicles	15 – 33%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as assets owned by the Group or, where shorter, the terms of the respective leases.

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

Impairment

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

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



Notes to the Financial Statements

For the year ended 31 March 2005

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

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

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in the income statement for the year.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Foreign currencies

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

On consolidation, the assets and liabilities of the Group's foreign operations, which are denominated in foreign currencies, are translated into Hong Kong dollars at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. 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 an expense in the year in which the operation is disposed of.

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. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.



For the year ended 31 March 2005

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts 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 taxable 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.

Leases

Leases are classified as finance leases 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 terms.



Notes to the Financial Statements

For the year ended 31 March 2005

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit schemes

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as expenses as they fall due.

4. TURNOVER

Turnover represents the net amounts received and receivable for goods sold and services provided by the Group to outside customers, less returns and allowances, and rental income for the year, and is analysed as follows:

	2005 HK\$'000	2004 HK\$'000
Continuing operations		
Logistics and other services	32,874	13,713
Discontinued operations		
Sales of electronic household appliances	1,271	2,991
Sales of edible oil	–	10,660
Sales of food and beverage	–	405
	1,271	14,056
	34,145	27,769

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Group currently only operates a single business which is the provision of logistics and related services. It is on this basis that the Group reports its primary segment information.

In the prior year, the Group was also involved in the distribution of electronic household appliances. This operation was discontinued during the year; details are set out in note 8.

Notes to the Financial Statements



For the year ended 31 March 2005

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

Segment information about these businesses is presented below:

For the year ended 31 March 2005

	Continuing operations Logistics HK\$'000	Discontinued operation Electronic household appliances HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
TURNOVER				
External sales	32,874	1,271	–	34,145
Inter-segment sales	305	–	(305)	–
	<u>33,179</u>	<u>1,271</u>	<u>(305)</u>	<u>34,145</u>
RESULTS				
Segment results	(830)	(420)	–	(1,250)
Interest income from loans receivable				3,550
Unallocated corporate income				3,441
Unallocated corporate expenses				(18,013)
Loss from operations				(12,272)
Finance costs				(5,486)
Gain on disposal of subsidiaries				431
Loss on disposal of discontinued operation	–	(156)	–	(156)
Loss on disposal of an associate	(2,346)	–	–	(2,346)
Share of results of an associate	1,826	–	–	1,826
Loss before taxation				(18,003)
Taxation				(435)
Loss before minority interests				(18,438)
Minority interests				17
Net loss for the year				<u>(18,421)</u>

Inter-segment sales are charged at prevailing market rates.



Notes to the Financial Statements

For the year ended 31 March 2005

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

As at 31 March 2005

	Continuing operations Logistics HK\$'000	Discontinued operation Electronic household appliances HK\$'000	Consolidated HK\$'000
ASSETS			
Segment assets	146,286	–	146,286
Goodwill	1,884	–	1,884
Investments in securities			19,241
Loans receivable			71,568
Other unallocated corporate assets			4,030
Consolidated total assets			<u>243,009</u>
LIABILITIES			
Segment liabilities	8,730	–	8,730
Tax payable			245
Obligations under a finance lease			124
Bank borrowings			88,523
Other unallocated corporate liabilities			20,201
Consolidated total liabilities			<u>117,823</u>

Notes to the Financial Statements



For the year ended 31 March 2005

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

	Continuing operations	Discontinued operation		
	Logistics	Electronic household appliances	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other information:				
Allowance for doubtful debts	–	174	–	174
Capital additions	1,350	40	45	1,435
Depreciation and amortisation	4,209	68	475	4,752
Loss on disposal of property, plant and equipment	–	75	–	75
	<u>–</u>	<u>75</u>	<u>–</u>	<u>75</u>



Notes to the Financial Statements

For the year ended 31 March 2005

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

For the year ended 31 March 2004

	Continuing operations Logistics HK\$'000	Discontinued operations			Elimination HK\$'000	Consolidated HK\$'000
		Electronic household appliances HK\$'000	Edible oil HK\$'000	Food and beverage HK\$'000		
TURNOVER						
External sales	13,713	2,991	10,660	405	–	27,769
Inter-segment sales	234	–	–	–	(234)	–
Total	<u>13,947</u>	<u>2,991</u>	<u>10,660</u>	<u>405</u>	<u>(234)</u>	<u>27,769</u>
RESULTS						
Segment results	<u>615</u>	<u>(315)</u>	<u>(4,698)</u>	<u>(622)</u>	<u>–</u>	<u>(5,020)</u>
Gain on disposal of investments in securities						16,208
Unrealised holding gain on investments in securities						7,027
Unallocated corporate income						9,445
Unallocated corporate expenses						<u>(14,250)</u>
Profit from operations						13,410
Finance costs						<u>(6,287)</u>
Net loss on disposal of subsidiaries	–	(315)	–	–	–	(315)
Net gain on disposal of subsidiaries						1,131
(Loss) gain on disposal of discontinued operations	–	–	(4,776)	147	–	<u>(4,629)</u>
Gain on disposal of a jointly controlled entity	–	–	–	2,033	–	2,033
Share of results of an associate						(326)
Share of results of a jointly controlled entity	–	–	–	6,441	–	<u>6,441</u>
Profit before taxation						11,458
Taxation						<u>326</u>
Profit before minority interests						11,784
Minority interests						<u>2,478</u>
Net profit for the year						<u>14,262</u>

Inter-segment sales are charged at prevailing market rates.

Notes to the Financial Statements



For the year ended 31 March 2005

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

As at 31 March 2004

	Continuing operations	Discontinued operations			Consolidated
		Electronic household appliances	Edible oil	Food and beverage	
	Logistics				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Segment assets	140,917	1,189	–	–	142,106
Investments in securities					8,929
Interest in an associate					26,388
Loans receivable					34,057
Deposit paid for acquisition of additional interest in an associate					12,613
Other unallocated corporate assets					19,142
Consolidated total assets					<u>243,235</u>
LIABILITIES					
Segment liabilities	3,920	56	–	–	3,976
Tax payable					205
Obligations under a finance lease					203
Bank borrowings					103,371
Other unallocated corporate liabilities					16,291
Consolidated total liabilities					<u>124,046</u>



Notes to the Financial Statements

For the year ended 31 March 2005

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

	Continuing operations Logistics HK\$'000	Discontinued operations			Unallocated HK\$'000	Consolidated HK\$'000
		Electronic household appliances HK\$'000	Edible oil HK\$'000	Food and beverage HK\$'000		
Other information:						
Allowances for doubtful debts	–	–	4,077	–	–	4,077
Capital additions	2,032	23	–	–	755	2,810
Depreciation and amortisation	4,110	26	–	–	1,452	5,588
Loss on disposal of investment properties	–	–	–	–	416	416
Loss on write off of property, plant and equipment	–	–	–	–	7	7

Geographical segments

The Group's operations are principally located in Hong Kong and the PRC. The Group's administrative function is carried out in Hong Kong and the PRC and the operating activities are carried out in the PRC.

Over 90% of the Group's sales were made to customers in the PRC. Accordingly, no geographical analysis of sales is presented.

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

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Hong Kong	228	39,736	40	730
PRC	242,781	203,499	1,395	2,080
	243,009	243,235	1,435	2,810



For the year ended 31 March 2005

6. COMPENSATION TO A FORMER DIRECTOR OF A SUBSIDIARY OF THE GROUP

In 2002, Dransfield Holdings Limited (“DHL”) was named as a defendant in a legal action regarding a denial of a former director’s request to exercise certain share options granted to her. DHL contested the claim. However, DHL lost the case after the legal proceedings were concluded subsequent to the year end and compensation, together with interest accrued, of HK\$4,000,000 was provided in the financial statements for the year.

7. (LOSS) PROFIT FROM OPERATIONS

	2005 HK\$'000	2004 HK\$'000
(Loss) profit from operations has been arrived at after charging:		
Staff costs	8,795	9,101
Retirement benefit schemes contributions	207	382
Total staff costs, including directors’ emoluments	<u>9,002</u>	<u>9,483</u>
Auditors’ remuneration:		
Current year	799	776
Underprovision in previous year	–	584
Amortisation of goodwill included in administration expenses	209	–
Cost of inventories recognised as an expense	168	12,042
Depreciation and amortisation	4,752	5,588
Loss on disposal/write off of:		
Investment properties	–	416
Property, plant and equipment	75	7
and after crediting:		
Interest income from:		
Bank	85	227
Loans receivable	3,550	1,701
Waiver of other payables	–	684



Notes to the Financial Statements

For the year ended 31 March 2005

8. DISCONTINUED OPERATIONS

During the year, the Group disposed of its entire interests in a subsidiary, Dransfield Electrical Appliances Limited ("DEA") for a cash consideration of HK\$100 (the "DEA Disposal"). The DEA Disposal was effected in order for the Group to focus on its logistics operations.

DEA was principally engaged in the trading of electronic household appliances in Hong Kong. The DEA Disposal was completed on 31 March 2005, when control of DEA was passed to the acquirer.

The carrying amounts of the assets and liabilities of the electronic household appliances trading business on the date of disposal and at 31 March 2004 and the loss arising from the disposal are as follows:

	Electronic household appliances	
	On date of disposal HK\$'000	At 31 March 2004 HK\$'000
Property, plant and equipment	–	104
Inventories	156	168
Trade and other receivables	–	769
Bank balances and cash	–	191
Trade and other payables	–	(21,614)
	156	(20,382)
Loss on disposal	(156)	N/A
Consideration received	–	N/A

The operating results of the electronic household appliances trading business, which are disclosed in note 5, did not have a material contribution to the net cash flows of the Group for the year ended 31 March 2005.

Notes to the Financial Statements



For the year ended 31 March 2005

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

	2005 HK\$'000	2004 HK\$'000
Fees:		
Executive directors	–	–
Non-executive directors	–	–
Independent non-executive directors	200	130
	200	130
Other emoluments:		
Executive directors		
– Salaries and other benefits	1,597	1,752
– Bonus	316	243
– Retirement benefit schemes contributions	8	12
	1,921	2,007
Non-executive directors		
– Salaries and other benefits	–	–
	2,121	2,137

The aggregate emoluments of each individual director during both years were below HK\$1,000,000.



Notes to the Financial Statements

For the year ended 31 March 2005

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Employees' emoluments

During the year, the five highest paid individuals in the Group included four directors (2004: three directors) of the Company, details of whose emoluments are set out above. The emoluments of the remaining (2004: two) individual were as follows:

	2005 HK\$'000	2004 HK\$'000
Salaries and other benefits	539	917
Bonus	–	76
Retirement benefit schemes contributions	11	24
	<hr/>	<hr/>
	550	1,017
	<hr/>	<hr/>

The aggregate emoluments of each of the highest paid individuals during the year ended 31 March 2004 were below HK\$1,000,000.

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and no director waived any emoluments in both years.

10. TAXATION

	2005 HK\$'000	2004 HK\$'000
Hong Kong Profits Tax		
– under (over) provision in previous years	119	(326)
PRC enterprise income tax	235	–
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	354	(326)
Share of taxation attributable to an associate	81	–
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	435	(326)
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For the year ended 31 March 2005

10. TAXATION (Continued)

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profits for the year.

PRC enterprise income tax is calculated at the PRC income tax rate at relevant jurisdictions.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred a tax loss for both years.

The charge (credit) for the year can be reconciled to the (loss) profit per the income statement as follows:

	2005 HK\$'000	2004 HK\$'000
(Loss) profit before taxation	(18,003)	11,458
Tax at domestic tax rate of 15% (2004: 15%)	(2,700)	1,719
Tax effect of share of results of an associate and a jointly controlled entity	193	(917)
Tax effect of income not taxable for tax purpose	(1,889)	(17,177)
Tax effect of expenses not deductible for tax purpose	2,492	12,753
Tax effect of tax loss not recognised	2,092	3,622
Underprovision (overprovision) of taxation in prior years	119	(326)
Tax effect of different tax rate in subsidiaries	128	–
Tax charge (credit) for the year	435	(326)

Details of deferred tax are set out in note 30.

Note: The domestic income tax rate is the rate for special regions in the PRC in which the Group's operations are substantially based, where a preferential tax rate of 15% is used.



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For the year ended 31 March 2005

11. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

	2005 HK\$'000	2004 HK\$'000
(Loss) earnings for the purpose of calculating basic and diluted (loss) earnings per share:		
Net (loss) profit for the year	(18,421)	14,262
Weighted average number of shares for the purpose of calculating basic (loss) earnings per share (in thousands)	5,104,718	4,536,565
Effect of dilutive potential shares (in thousands):		
Warrants	N/A	764,459
Share options	N/A	25,897
Weighted average number of shares for the purpose of calculating diluted (loss) earnings per share (in thousands)	5,104,718	5,326,921

No diluted loss per share is presented as the exercise of the Company's outstanding share options for the year ended 31 March 2005 would result in a decrease in loss per share.

12. INVESTMENT PROPERTIES

	THE GROUP HK\$'000
VALUATION	
At 1 April 2004	700
Disposals	(700)
At 31 March 2005	—

Notes to the Financial Statements



For the year ended 31 March 2005

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings in the PRC HK\$'000	Leasehold improvements HK\$'000	Equipment HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
THE GROUP						
COST						
At 1 April 2004	136,119	4,972	7,152	30,542	3,079	181,864
Exchange realignment	72	–	–	10	–	82
Additions	–	40	–	259	–	299
Acquisition of subsidiaries	–	–	–	1,136	–	1,136
Disposal of subsidiaries	–	–	–	(25)	–	(25)
Disposals	–	(539)	–	(711)	–	(1,250)
At 31 March 2005	136,191	4,473	7,152	31,211	3,079	182,106
DEPRECIATION AND AMORTISATION AND IMPAIRMENT						
At 1 April 2004	26,256	4,549	7,152	17,169	2,035	57,161
Exchange realignment	14	–	–	3	–	17
Provided for the year	2,857	206	–	1,329	360	4,752
Eliminated on disposal of subsidiaries	–	–	–	(25)	–	(25)
Eliminated on disposals	–	(486)	–	(689)	–	(1,175)
At 31 March 2005	29,127	4,269	7,152	17,787	2,395	60,730
NET BOOK VALUE						
At 31 March 2005	107,064	204	–	13,424	684	121,376
At 31 March 2004	109,863	423	–	13,373	1,044	124,703

The land and buildings of the Group are held under medium-term land use rights in the PRC.

At 31 March 2005, the net book value of property, plant and equipment of the Group included an amount of HK\$137,000 (2004: HK\$233,000) in respect of assets held under a finance lease.



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14. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	63,988	63,988
Amounts due from subsidiaries	49,567	37,776
	<hr/>	<hr/>
	113,555	101,764
Allowance on amounts due from subsidiaries	(19,319)	(20,247)
	<hr/>	<hr/>
	94,236	81,517
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Details of the Company's principal subsidiaries at 31 March 2005 are set out in note 42.

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, the amounts due from/to subsidiaries are unlikely to be repaid within twelve months from the balance sheet date and are therefore shown as non-current.

15. INTEREST IN AN ASSOCIATE

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Share of net assets	-	24,391
Goodwill	-	1,997
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	-	26,388
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The Group disposed of its 35% interest in Shenzhen SEG Scientific Navigations Co., Ltd. ("Shenzhen SEG") during the year.

Notes to the Financial Statements



For the year ended 31 March 2005

16. DEPOSIT PAID FOR ACQUISITION OF ADDITIONAL INTEREST IN AN ASSOCIATE

With the disposal of the Group's 35% interest in Shenzhen SEG during the year, the deposit paid for the acquisition of an additional 17.6% equity interest in Shenzhen SEG was also disposed of during the year.

17. GOODWILL

	THE GROUP
	HK\$'000
COST	
Arising from acquisition of subsidiaries and at 31 March 2005	2,093
AMORTISATION	
Provided for the year and at 31 March 2005	<u>209</u>
NET BOOK VALUE	
At 31 March 2005	<u>1,884</u>
At 31 March 2004	<u>–</u>

The goodwill arising from acquisition of subsidiaries is amortised on a straight line basis over its estimated useful life of ten years.

18. INVENTORIES

	THE GROUP	
	2005	2004
	HK\$'000	HK\$'000
Finished goods, at cost	<u>–</u>	<u>168</u>



Notes to the Financial Statements

For the year ended 31 March 2005

19. TRADE AND OTHER RECEIVABLES

The Group has defined credit terms with an average credit period of 90 days which are agreed with its trade customers individually. The aged analysis of trade receivables at the balance sheet date is as follows:

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Less than 3 months	11,850	2,482
3 to 6 months	680	175
6 to 12 months	410	67
Over 1 year	123	10
	<hr/>	<hr/>
	13,063	2,734
Other receivables	11,665	3,674
	<hr/>	<hr/>
	24,728	6,408
	<hr/>	<hr/>

20. LOANS RECEIVABLE

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Secured loans receivable (<i>note i</i>)	15,000	10,500
Unsecured loans receivable (<i>notes ii and iii</i>)	56,568	23,557
	<hr/>	<hr/>
	71,568	34,057
	<hr/>	<hr/>

Notes:

- (i) The loans are secured by the listed securities owned by the borrowers, bear interest at 5% per annum and are repayable within one year.
- (ii) The loans are placed through an investment trust company to end borrowers, bear interest at 6.9% per annum and are repayable within one year.
- (iii) The unsecured loans at 31 March 2005 were repaid subsequent to that date.

Notes to the Financial Statements



For the year ended 31 March 2005

21. INVESTMENTS IN SECURITIES

	THE GROUP		THE COMPANY	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Other investments, equity securities listed overseas at market value	19,241	8,929	17,674	–

22. AMOUNT DUE FROM AN INVESTEE

The amount due from an investee of the Group was unsecured and interest-free. The amount was settled by the issue of additional shares of investee during the year.

23. AMOUNTS DUE FROM ULTIMATE HOLDING COMPANY/TO RELATED COMPANIES/MINORITY SHAREHOLDERS OF SUBSIDIARIES

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

Mr. Robert Fung Hing Piu, a director of the Company has beneficial interests in the related companies.

24. TRADE AND OTHER PAYABLES

The aged analysis of trade payables at the balance sheet date is as follows:

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Less than 3 months	4,667	793
3 to 6 months	173	10
6 to 12 months	1	2
Over 1 year	344	425
	5,185	1,230
Other payables	19,646	14,798
	24,831	16,028



Notes to the Financial Statements

For the year ended 31 March 2005

25. OBLIGATIONS UNDER A FINANCE LEASE

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
The maturity of obligations under a finance lease is as follows:				
Within one year	91	91	78	78
In the second to fifth year inclusive	53	144	46	125
	<u>144</u>	<u>235</u>	<u>124</u>	<u>203</u>
Less: Future finance charges	(20)	(32)	N/A	N/A
Present value of lease obligations	<u>124</u>	<u>203</u>	<u>124</u>	<u>203</u>
Less: Amount due within one year shown under current liabilities			(78)	(78)
Amount due over one year			<u>46</u>	<u>125</u>

The lease term is 3 years and the interest rate was fixed at the contract date. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under the finance lease are secured by the lessor's charge over the leased asset.

Notes to the Financial Statements



For the year ended 31 March 2005

26. BANK BORROWINGS

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Secured	56,504	60,968
Unsecured	32,019	42,403
	<u>88,523</u>	<u>103,371</u>
The maturity of the bank borrowings is as follows:		
On demand or within one year	88,523	78,037
More than one year, but not exceeding two years	–	25,334
	<u>88,523</u>	<u>103,371</u>
Less: Amount due within one year shown under current liabilities	<u>(88,523)</u>	<u>(78,037)</u>
Amount due over one year	<u>–</u>	<u>25,334</u>

The secured bank loans were secured by certain leasehold land and buildings of the Group (note 36).

27. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Shares of HK\$0.01 each		
Authorised:		
At 1 April 2003, 31 March 2004 and 31 March 2005	<u>8,000,000,000</u>	<u>80,000</u>
Issued and fully paid:		
At 1 April 2003 and 31 March 2004	4,536,565,000	45,365
Issue of shares pursuant to exercise of warrants	<u>901,533,000</u>	<u>9,016</u>
At 31 March 2005	<u>5,438,098,000</u>	<u>54,381</u>

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



Notes to the Financial Statements

For the year ended 31 March 2005

28. WARRANTS

Pursuant to a scheme which became effective on 26 August 2002, the Company issued 901,533,000 warrants and each warrant carries the right to subscribe in cash for one share in the Company, credited as fully paid, at a subscription price of HK\$0.023 each.

The warrants can be exercised at any time during a two year period from the date of the issue up to and including 25 August 2005.

All the warrants were exercised during the year.

29. RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
THE COMPANY				
At 1 April 2003	26,725	45,348	(58,832)	13,241
Net loss for the year	–	–	(1,019)	(1,019)
At 31 March 2004	26,725	45,348	(59,851)	12,222
Issue of shares pursuant to exercise of warrants	11,720	–	–	11,720
Net profit for the year	–	–	3,771	3,771
At 31 March 2005	38,445	45,348	(56,080)	27,713



For the year ended 31 March 2005

29. RESERVES (Continued)

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiary acquired pursuant to the Group Reorganisation, over the nominal value of the Company's shares issued in exchange thereof. Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. 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.

In the opinion of the directors, at the balance sheet dates, the Company did not have any reserves available for distribution to shareholders.

THE GROUP

Included in the capital reserve of the Group is an amount of HK\$231,292,000 (2004: HK\$281,292,000) which represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the group reorganisation on 26 August 2002 over the nominal value of the shares in the Company and in a subsidiary issued in exchange thereof respectively.



Notes to the Financial Statements

For the year ended 31 March 2005

30. DEFERRED TAX

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the current and prior year:

	Accelerated tax depreciation	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000
THE GROUP			
At 1 April 2003	(72)	72	–
(Charge) credit to income statement for the year	(5)	5	–
Change in tax rate	(7)	7	–
	<hr/>	<hr/>	<hr/>
At 31 March 2004	(84)	84	–
Disposal of subsidiaries	33	(33)	–
(Charge) credit to income statement for the year	(23)	23	–
	<hr/>	<hr/>	<hr/>
At 31 March 2005	<hr/> (74)	<hr/> 74	<hr/> –

At the balance sheet date, the Group had unused tax losses of HK\$119,776,000 (2004: HK\$117,512,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$493,000 (2004: HK\$560,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$119,283,000 (2004: HK\$116,952,000) due to the unpredictability of future profit streams. Included in the unrecognised tax losses are losses of HK\$49,095,000 (2004: HK\$40,403,000) that will expire before year 2010 (2004: year 2009). Other tax losses may be carried forward indefinitely.



For the year ended 31 March 2005

31. ACQUISITION OF SUBSIDIARIES

In November 2004, the Group acquired 60% equity interests in Guangzhou DiChain Logistics Company Limited and Jiangxi DiChain Logistics Company Limited. These two companies are incorporated in the PRC and are engaged in the provision of logistic services.

	HK\$'000
Net assets acquired:	
Property, plant and equipment	1,136
Trade and other receivables	9,055
Bank balances and cash	7,713
Trade and other payables	(4,598)
Bank borrowings	(4,994)
Minority interests	(3,334)
	<hr/>
	4,978
Goodwill	2,093
	<hr/>
Consideration	7,071
	<hr/>
Satisfied by:	
Cash	7,071
	<hr/>
Analysis of net cash inflow in respect of the acquisition of subsidiaries:	
Cash consideration paid	(7,071)
Bank and cash balance acquired	7,713
	<hr/>
Net inflow of cash and cash equivalents in respect of the purchase of subsidiaries	642
	<hr/>

The subsidiaries acquired during the year contributed HK\$15,358,000 to the Group's turnover and HK\$165,000 to the Group's loss from operations.



Notes to the Financial Statements

For the year ended 31 March 2005

32. DISPOSAL OF DISCONTINUED OPERATIONS/SUBSIDIARIES

	2005 HK\$'000	2004 HK\$'000
Net (liabilities) assets disposed of:		
Property, plant and equipment	–	18,737
Inventories	156	1,488
Trade and other receivables	26	10,460
Bank balances and cash	–	634
Trade and other payables	(757)	(3,390)
Bank borrowings	–	(16,490)
Minority interests	–	(4,253)
	(575)	7,186
Capital reserve realised	300	1,450
Goodwill reserve realised	–	(721)
Translation reserve realised	–	(1,232)
	(275)	6,683
Gain (loss) on disposal of discontinued operations/subsidiaries	275	(3,813)
Total consideration	–	2,870
Satisfied by:		
Cash	–	1,370
Waiver of other payables	–	1,500
	–	2,870
Analysis of net cash inflow in respect of the disposal of discontinued operations/subsidiaries:		
Cash consideration received	–	1,370
Bank balances and cash disposed of	–	(634)
	–	736



For the year ended 31 March 2005

32. DISPOSAL OF DISCONTINUED OPERATIONS/SUBSIDIARIES (Continued)

During the year, the Group disposed of certain subsidiaries including that engaged in the discontinuing business in trading of electronic household appliances. The operating results of the discontinued operations are disclosed in note 8.

In 2004, the Group discontinued its businesses in production and distribution of edible oil and trading of food and beverage products at the time of disposal of certain subsidiaries.

The other subsidiaries disposed of during both years did not have a significant impact on the Group's turnover and operating results for the relevant year.

33. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2005, the Group entered into a settlement agreement with an investee, in which the investee settled an amount due to the Group amounting to approximately HK\$9,357,000 by issuing additional shares to the Group with fair value of the same amount.

During the year ended 31 March 2004:

- (a) the Group entered into a settlement agreement with an investee, in which the investee settled an amount due to the Group amounting to HK\$5,745,000 by issuing additional shares to the Group with fair value of the same amount;
- (b) the Group reclassified an amount due to a jointly controlled entity of HK\$716,000 to other payables upon disposal of the jointly controlled entity.



Notes to the Financial Statements

For the year ended 31 March 2005

34. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Minimum lease payments paid under operating leases during the year in respect of premises	113	979

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

	THE GROUP		THE COMPANY	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Within one year	8,683	216	–	198
In the second to fifth year inclusive	4,994	–	–	–
	13,677	216	–	198

Operating lease payments represent rentals payable by the Group for certain of its office premises and warehouse. Leases are negotiated for an average term of one year and rentals are fixed over the lease terms.

35. CAPITAL COMMITMENTS

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Capital expenditure contracted but not provided for in the financial statements in respect of		
– acquisition of additional interest in an associate	–	1,362
– acquisition of property, plant and equipment	264	132
	264	1,494



For the year ended 31 March 2005

36. PLEDGE OF ASSETS

At 31 March 2005, certain of the Group's leasehold land and buildings with an aggregate carrying value of HK\$119,540,000 (2004: HK\$109,863,000) were pledged to banks to secure loan facilities granted to the Group.

At 31 March 2004, the Group's investment properties with a carrying value of HK\$700,000 were also pledged to banks to secure loan facilities granted to the Group.

37. CONTINGENT LIABILITIES

At 31 March 2005, the Company had given guarantees of approximately HK\$84,810,000 (2004: HK\$98,945,000) to banks in respect of banking facilities granted to a subsidiary. The extent of such facilities utilised by the subsidiary at 31 March 2005 amounted to approximately HK\$84,788,000 (2004: HK\$98,940,000).

38. SHARE OPTIONS SCHEMES

Pursuant to a written resolution of the sole shareholder passed on 21 June 2002, the Company's share option scheme (the "Scheme") was set up for the primary purpose of providing incentives to directors and eligible employees, and which will expire on 20 June 2012. Under the Scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the issued share capital of the Company from time to time, without prior approval from shareholders of the Company. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the Company's issued share capital or with a value in excess of HK\$5 million, otherwise it must be approved by the shareholders of the Company.



Notes to the Financial Statements

For the year ended 31 March 2005

38. SHARE OPTIONS SCHEMES (Continued)

Options granted must be taken up within 21 days from the date of grant, upon payment of HK\$1 per option. Options may be exercised at any time from 12 months from the date of acceptance of the offer to the tenth anniversary of the date of grant. The exercise price is determined by the directors of the Company, and shall not be less than the higher of the closing price of the Company's shares on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant and the nominal value of the shares of the Company. The vesting period is 12 months from the date of grant.

The following table discloses the total entitlement of the employees (including directors) of the Company under the Scheme and movements in such holdings during the two years ended 31 March 2005:

Name of director	Exercise price HK\$	Exercisable period	Number of share options of the Company			
			Outstanding at 1.4.2003	Granted during the year	Exercise during the year	Outstanding at 31.3.2004
Fan Di	0.120	20.5.2004 – 21.6.2012	–	45,000,000	–	45,000,000
Li Xinggui	0.120	20.5.2004 – 21.6.2012	–	20,000,000	–	20,000,000
Wu Shiyue	0.120	20.5.2004 – 21.6.2012	–	25,000,000	–	25,000,000
Zheng Yingsheng	0.120	20.5.2004 – 21.6.2012	–	7,500,000	–	7,500,000
Zhu Xiaojun	0.120	20.5.2004 – 21.6.2012	–	10,000,000	–	10,000,000
Wang Shizhen	0.120	20.5.2004 – 21.6.2012	–	5,000,000	–	5,000,000
Robert Fung Hing Piu	0.120	20.5.2004 – 21.6.2012	–	1,500,000	–	1,500,000
Iain Ferguson Bruce	0.120	20.5.2004 – 21.6.2012	–	1,500,000	–	1,500,000
Barry John Buttifant	0.120	20.5.2004 – 21.6.2012	–	1,500,000	–	1,500,000
			–	117,000,000	–	117,000,000
Employees	0.120	20.5.2004 – 21.6.2012	–	32,500,000	–	32,500,000
Total			–	149,500,000	–	149,500,000

Notes to the Financial Statements



For the year ended 31 March 2005

38. SHARE OPTIONS SCHEMES (Continued)

Name of director	Exercise price HK\$	Exercisable period	Number of share options of the Company					Outstanding at 31.3.2005
			Outstanding at 1.4.2004	Granted during the year	Exercise during the year	Transfer during the year	Lapsed during the year	
Fan Di	0.120	20.5.2004 – 21.6.2012	45,000,000	–	–	–	–	45,000,000
	0.062	18.8.2005 – 20.6.2012	–	22,000,000	–	–	–	22,000,000
Li Xinggui	0.120	20.5.2004 – 21.6.2012	20,000,000	–	–	–	–	20,000,000
	0.062	18.8.2005 – 20.6.2012	–	3,000,000	–	–	–	3,000,000
Wu Shiyue	0.120	20.5.2004 – 21.6.2012	25,000,000	–	–	–	–	25,000,000
	0.062	18.8.2005 – 20.6.2012	–	10,000,000	–	–	–	10,000,000
Zheng Yingsheng	0.120	20.5.2004 – 21.6.2012	7,500,000	–	–	–	–	7,500,000
	0.062	18.8.2005 – 20.6.2012	–	3,000,000	–	–	–	3,000,000
Zhou Li Yang	0.120	20.5.2004 – 21.6.2012	–	–	–	3,500,000	–	3,500,000
	0.062	18.8.2005 – 20.6.2012	–	12,000,000	–	–	–	12,000,000
Zhu Xiaojun	0.120	20.5.2004 – 21.6.2012	10,000,000	–	–	–	(10,000,000)	–
	0.062	18.8.2005 – 20.6.2012	–	2,000,000	–	–	(2,000,000)	–
Wang Shizhen	0.120	20.5.2004 – 21.6.2012	5,000,000	–	–	–	–	5,000,000
	0.062	18.8.2005 – 20.6.2012	–	2,000,000	–	–	–	2,000,000
Robert Fung Hing Piu	0.120	20.5.2004 – 21.6.2012	1,500,000	–	–	–	–	1,500,000
	0.062	18.8.2005 – 20.6.2012	–	2,000,000	–	–	–	2,000,000
Iain Ferguson Bruce	0.120	20.5.2004 – 21.6.2012	1,500,000	–	–	–	–	1,500,000
	0.062	18.8.2005 – 20.6.2012	–	2,000,000	–	–	–	2,000,000
Barry John Buttifant	0.120	20.5.2004 – 21.6.2012	1,500,000	–	–	–	–	1,500,000
	0.062	18.8.2005 – 20.6.2012	–	2,000,000	–	–	–	2,000,000
Victor Yang	0.0624	28.9.2005 – 20.6.2012	–	2,000,000	–	–	–	2,000,000
			117,000,000	62,000,000	–	3,500,000	(12,000,000)	170,500,000
Employees	0.120	20.5.2004 – 21.6.2012	32,500,000	–	–	(3,500,000)	(21,500,000)	7,500,000
	0.062	18.8.2005 – 20.6.2012	–	23,000,000	–	–	(6,000,000)	17,000,000
Total			149,500,000	85,000,000	–	–	(39,500,000)	195,000,000



Notes to the Financial Statements

For the year ended 31 March 2005

38. SHARE OPTIONS SCHEMES (Continued)

Total consideration received during the year for options granted was HK\$28 (2004: HK\$17).

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

39. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all its qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which is matched by employees. At the balance sheet date, there was no forfeited contribution for the reduction in contributions payable in the future years.

Employees of subsidiaries in the PRC are members of a state-managed retirement benefit scheme ("PRC Scheme") operated by the relevant local government authorities in the PRC. The Group is required to contribute 8% to 23.5% of its payroll costs to the PRC Scheme to fund the benefits.

The only obligation of the Group with respect to the MPF Scheme and the PRC Scheme is to make the specified contributions. The amount contributed to the MPF Scheme and the PRC Scheme amounted to HK\$75,000 (2004: HK\$128,000) and HK\$132,000 (2004: HK\$254,000), respectively.

40. POST BALANCE SHEET EVENT

On 16 May 2005, the Group entered into a Memorandum of Understanding with a third party in relation to a possible joint venture project with a proposed investment of RMB200M. Details are set out in the Company's announcement dated 18 May 2005.



For the year ended 31 March 2005

41. CONNECTED AND RELATED PARTY TRANSACTIONS

During the year, the Group received management fee income of HK\$2,400,000 (2004: HK\$2,200,000) from an investee. The management fee was charged in accordance with the agreement entered into by the relevant parties.

At 31 March 2005, Fan Di had given a personal guarantee amounting to HK\$56,604,000 to a bank in respect of banking facilities granted to the Group.

At 31 March 2004, the ultimate holding company had given corporate guarantees amounting to HK\$14,135,000 to a bank in respect of banking facilities granted to the Group.



Notes to the Financial Statements

For the year ended 31 March 2005

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 March 2005 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital/ registered capital held by the Company		Issued and fully paid share capital/ registered capital	Principal activities
		Directly	Indirectly		
Dransfield Holdings Limited	Bermuda	100%	–	HK\$ 100,000	Investment holdings
Dransfield Services Limited	British Virgin Islands/PRC	–	100%	US\$1	Provision of logistics services
DiChain (Asia) Logistics Holdings Limited	British Virgin Islands/PRC	–	100%	US\$1	Provision of logistics services
DiChain Logistics Services (Shenzhen) Co., Ltd.	PRC (Note a)	–	100%	HK\$35,000,000	Provision of logistics services and property and investment holding
Guangzhou DiChain Logistics Co., Ltd. (Formerly known as Guangzhou Meiri Logistics Company Limited)	PRC (Note b)	–	60%	RMB9,500,000	Provision of logistics services
Inner Mongolia DiChain Logistics Co., Ltd.	PRC (Note b)	–	60%	RMB5,000,000	Provision of logistics services
Jiangxi DiChain Logistics Co., Ltd.	PRC (Note b)	–	60%	RMB500,000	Provision of logistics services
Victorison Logistics Limited	Hong Kong	–	100%	HK\$ 100,000	Provision of secretarial and management services



For the year ended 31 March 2005

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Notes:

- a. Wholly foreign owned enterprise
- b. Domestic owned enterprise

None of the subsidiaries had issued any debt securities during the year or at the end of the year.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.