

Notes to the Financial Statements

for the year ended 31 March 2001

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited.

The principal activities of the Company are investment holding and the operation of public godowns. The activities of its principal subsidiaries are set out in note 29.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared 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 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 intercompany transactions and balances within the Group have been eliminated on consolidation.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any decline in the value of the subsidiary that is other than temporary.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the net separable assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the net separable assets at the date of acquisition of a subsidiary over the purchase consideration, is credited to reserves.

On disposal of a subsidiary, the attributable amount of goodwill or capital reserve previously written off against or credited to reserves at the time of acquisition is included in the determination of the profit or loss on disposal.

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Turnover

Turnover represents the godown operating income and gross rental received and receivable during the year.

Revenue recognition

Godown operating income is recognised on an accrual basis when the godown facilities are utilised and services are rendered.

Coolie hire income is recognised upon the rendering of the relevant services.

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

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising on the 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.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

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

Godown premises in Hong Kong

Land	Over the unexpired term of the lease
Buildings	Shorter of the useful life of the buildings and the unexpired term of the land lease

Office premises and car parks in the Mainland China

under medium-term land use right	2%
Furniture, fixtures and equipment	25%
Motor vehicles	25%

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 based on independent professional valuations at the balance sheet date. 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 deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On the disposal of investment properties, 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 20 years or less, depreciation is provided on the then carrying value over the remaining term of the lease.

Investments in securities

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

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains or losses are included in the net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the securities are disposed of or are determined to be impaired, at which time the cumulative gain or loss is included in net profit or loss for the period.

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Foreign currencies

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

On consolidation, the financial statements of subsidiaries which are denominated in foreign currencies are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Cash equivalents

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advances.

3. TURNOVER AND CONTRIBUTION TO PROFIT FROM OPERATIONS

The Group's turnover and contribution to operating profit for the year ended 31 March 2001, analysed by principal activity, were as follows:

	Turnover		Contribution to profit from operations	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
By principal activity				
Godown operation	57,417	52,145	25,532	22,579
Rental income	44,859	43,645	34,438	25,262
	<u>102,276</u>	<u>95,790</u>	<u>59,970</u>	<u>47,841</u>
Net unrealised gain on trading securities			789	772
Gain on disposal of trading securities			562	144
			<u>61,321</u>	<u>48,757</u>

More than 90% of the Group's turnover and profit from operations are derived from Hong Kong.

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4. PROFIT FROM OPERATIONS

	2001 HK\$'000	2000 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	631	531
Loss on disposal of property, plant and equipment	—	20
and after crediting:		
Bank interest income	2,505	3,159
Dividend income from investments in securities (listed)	2,778	2,553
Gain on disposal of property, plant and equipment	85	—
Gross rent from investment properties	44,859	43,645
Less: outgoings	(6,075)	(10,231)
Net rental income	38,784	33,414

5. FINANCE COSTS

	2001 HK\$'000	2000 HK\$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	10,490	10,800
Other loans wholly repayable within five years	—	260
	10,490	11,060

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6. DIRECTORS' EMOLUMENTS

	2001 HK\$'000	2000 HK\$'000
Directors' fees		
Executive	70	130
Non-executive	70	70
Independent non-executive	100	40
Other emoluments		
Executive directors		
Salaries and other emoluments	4,018	3,750
Performance-related bonuses	358	225
Total emoluments	<u>4,616</u>	<u>4,215</u>

The emoluments of directors were within the following bands:

	Number of directors	
	2001	2000
HK\$ nil to HK\$ 1,000,000	6	7
HK\$ 1,000,001 to HK\$ 1,500,000	1	1
HK\$ 1,500,001 to HK\$ 2,000,000	—	—
HK\$ 2,000,001 to HK\$ 2,500,000	—	—
HK\$ 2,500,001 to HK\$ 3,000,000	1	1

7. EMPLOYEES' EMOLUMENTS

Of the five highest-paid emoluments in the Group, two (2000: two) were executive directors of the Company whose emoluments are included in disclosure in note 6 above. The emoluments of the remaining three (2000: three) individuals were as follows:

	2001 HK\$'000	2000 HK\$'000
Salaries and other benefits	1,765	1,908
Performance-related bonus	83	46
	<u>1,848</u>	<u>1,954</u>

The aggregate emoluments of each of the above-mentioned three (2000: three) employees during the year were within the HK\$1,000,000 band.

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8. TAXATION

	2001 HK\$'000	2000 HK\$'000
The charge comprises:		
Hong Kong Profits Tax for the year	7,419	6,385
Overprovision in prior year	(1,091)	(287)
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	6,328	6,098
Deferred taxation (credit) charge (note 21)	(110)	20
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	6,218	6,118
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Hong Kong Profits Tax is calculated at 16% (2000: 16%) of the estimated assessable profits for the year.

Details of the deferred taxation for the year are set out in note 21.

9. PROFIT FOR THE YEAR

Of the Group's profit for the year of HK\$44,613,000 (2000: HK\$30,594,000), a profit of approximately HK\$57,179,000 (2000: HK\$49,205,000) has been dealt with in the financial statements of the Company.

10. DIVIDENDS

	2001 HK\$'000	2000 HK\$'000
Interim, paid – 5 cents (2000: 8 cents) per ordinary share	6,750	10,800
Final, proposed – 7 cents (2000: 14 cents) per ordinary share	9,450	18,900
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	16,200	29,700
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The final dividend has been proposed by the directors and is subject to the approval by shareholders in the annual general meeting.

11. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the year of approximately HK\$44,613,000 (2000: HK\$30,594,000) and on 135,000,000 shares in issue throughout the two years.

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12. INVESTMENT PROPERTIES

	THE GROUP <i>HK\$'000</i>
At 1 April 2000	723,000
Additions	726
Revaluation decrease	(726)
At 31 March 2001	<u>723,000</u>

The investment properties of the Group were revalued at 31 March 2001 on an open market value basis by Messrs. Jones Lang LaSalle Limited, Chartered Surveyors. The deficit arising on the revaluation, amounting to approximately HK\$726,000, has been charged directly to the investment property revaluation reserve.

The carrying amount of investment properties comprises land in Hong Kong as follows:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Held under:		
Long lease	3,000	3,000
Medium-term lease	720,000	720,000
	<u>723,000</u>	<u>723,000</u>

The Group has pledged investment properties having a net book value of approximately HK\$720,000,000 to secure banking facilities obtained.

All of the investment properties of the Group are rented out under operating leases.

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13. PROPERTY, PLANT AND EQUIPMENT

	Godown premises in Hong Kong under long leases <i>HK\$'000</i>	Godown premises in Hong Kong under medium- term leases <i>HK\$'000</i>	Office premises and carparks in Mainland China under medium-term land use right <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP						
COST						
At 1 April 2000	152,396	57,021	1,664	16,595	3,408	231,084
Exchange adjustments	—	—	4	—	1	5
Additions	—	—	19	133	—	152
Disposals	—	—	—	—	(263)	(263)
At 31 March 2001	152,396	57,021	1,687	16,728	3,146	230,978
DEPRECIATION						
At 1 April 2000	59,130	44,551	266	14,251	3,283	121,481
Exchange adjustments	—	—	1	—	1	2
Provided for the year	4,797	315	34	1,535	125	6,806
Eliminated on disposals	—	—	—	—	(263)	(263)
At 31 March 2001	63,927	44,866	301	15,786	3,146	128,026
NET BOOK VALUE						
At 31 March 2001	88,469	12,155	1,386	942	—	102,952
At 31 March 2000	93,266	12,470	1,398	2,344	125	109,603

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	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY			
COST			
At 1 April 2000	6,544	2,477	9,021
Additions	93	—	93
At 31 March 2001	6,637	2,477	9,114
DEPRECIATION			
At 1 April 2000	4,999	2,412	7,411
Provided for the year	1,068	65	1,133
At 31 March 2001	6,067	2,477	8,544
NET BOOK VALUE			
At 31 March 2001	570	—	570
At 31 March 2000	1,545	65	1,610

14. INVESTMENTS IN SUBSIDIARIES

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Investments at cost, unlisted shares	31,780	31,780
Loans to subsidiaries	813,312	796,949
Impairment loss recognised	845,092 (160,632)	828,729 (157,551)
	684,460	671,178

Except for the loans of HK\$775,680,000 (2000: HK\$772,432,000), which bear interest at 3% to prime rate per annum, the loans to subsidiaries are unsecured, interest free and have no fixed terms for repayment.

Details of the principal subsidiaries are set out in note 29.

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15. INVESTMENTS IN SECURITIES

	Trading securities		Non-trading securities		Total	
	2001	2000	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP						
Equity securities						
Listed in Hong Kong	9,410	7,339	28,335	38,908	37,745	46,247
Unlisted	—	—	35	35	35	35
	<u>9,410</u>	<u>7,339</u>	<u>28,370</u>	<u>38,943</u>	<u>37,780</u>	<u>46,282</u>
Market value of listed securities	<u>9,410</u>	<u>7,339</u>	<u>28,335</u>	<u>38,908</u>	<u>37,745</u>	<u>46,247</u>
THE COMPANY						
Equity securities						
Listed in Hong Kong	<u>6,236</u>	<u>4,456</u>	<u>9,657</u>	<u>13,311</u>	<u>15,893</u>	<u>17,767</u>
Market value of listed securities	<u>6,236</u>	<u>4,456</u>	<u>9,657</u>	<u>13,311</u>	<u>15,893</u>	<u>17,767</u>

16. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing credit period of 60 days to its trade customers.

An aged analysis of trade customers of the Group and the Company are as follows:

	THE GROUP		THE COMPANY	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 60 days	6,031	5,542	2,813	3,249
61 – 90 days	429	268	412	268
Over 90 days	<u>335</u>	<u>—</u>	<u>310</u>	<u>—</u>
	6,795	5,810	3,535	3,517
Other receivable	<u>4,036</u>	<u>4,666</u>	<u>1,180</u>	<u>1,261</u>
	<u>10,831</u>	<u>10,476</u>	<u>4,715</u>	<u>4,778</u>

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17. BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Short term bank loans	141,000	156,200	30,000	30,000
Bank overdrafts	11,883	1,881	800	278
	<u>152,883</u>	<u>158,081</u>	<u>30,800</u>	<u>30,278</u>
Represented by:				
Secured	152,083	157,803	30,000	30,000
Unsecured	800	278	800	278
	<u>152,883</u>	<u>158,081</u>	<u>30,800</u>	<u>30,278</u>

18. SHARE CAPITAL

	2001 & 2000 Number of shares	2001 & 2000 HK\$'000
Authorised:		
Ordinary shares of HK\$1 each	<u>200,000,000</u>	<u>200,000</u>
Issued and fully paid:		
Ordinary shares of HK\$1 each	<u>135,000,000</u>	<u>135,000</u>

There were no movements in the share capital of the Company for the two years ended 31 March 2000 and 2001.

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for the year ended 31 March 2001

19. RESERVES

	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP					
At 1 April 1999	43,216	33	11	401,797	445,057
Exchange realignment	—	6	—	—	6
Arising upon acquisition of additional interest in a subsidiary	—	—	(11)	(8,857)	(8,868)
Profit for the year	—	—	—	30,594	30,594
Dividends	—	—	—	(29,700)	(29,700)
At 31 March 2000	43,216	39	—	393,834	437,089
Exchange realignment	—	3	—	—	3
Profit for the year	—	—	—	44,613	44,613
Dividends	—	—	—	(16,200)	(16,200)
At 31 March 2001	<u>43,216</u>	<u>42</u>	<u>—</u>	<u>422,247</u>	<u>465,505</u>
THE COMPANY					
At 1 April 1999	43,216	—	—	433,257	476,473
Profit for the year	—	—	—	49,205	49,205
Dividends	—	—	—	(29,700)	(29,700)
At 31 March 2000	43,216	—	—	452,762	495,978
Profit for the year	—	—	—	57,179	57,179
Dividends	—	—	—	(16,200)	(16,200)
At 31 March 2001	<u>43,216</u>	<u>—</u>	<u>—</u>	<u>493,741</u>	<u>536,957</u>

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	2001 HK\$'000	2000 HK\$'000
(a) Profits retained by:		
The Company		
As stated in the balance sheet	493,741	452,762
Less: profit on transfer of property to a subsidiary	(141,113)	(141,839)
	352,628	310,923
Subsidiaries	69,619	82,911
	422,247	393,834

- (b) At the balance sheet date, the Company's reserves available for distribution to shareholders amounted to approximately HK\$352,628,000 (2000: HK\$310,923,000).

20. REVALUATION RESERVES

	Investment properties HK\$'000	Investments in securities HK\$'000	Total HK\$'000
THE GROUP			
At 1 April 1999	147,179	(12,042)	135,137
Revaluation (decrease) increase	(2,713)	5,168	2,455
At 31 March 2000	144,466	(6,874)	137,592
Revaluation decrease	(726)	(10,696)	(11,422)
At 31 March 2001	143,740	(17,570)	126,170
		Investments in securities HK\$'000	
THE COMPANY			
At 1 April 1999			(3,542)
Revaluation increase			1,827
At 31 March 2000			(1,715)
Revaluation decrease			(3,654)
At 31 March 2001			(5,369)

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21. DEFERRED TAXATION

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Balance at beginning of the year	3,840	3,820	—	—
(Credit) charge for the year (<i>note 8</i>)	(110)	20	—	—
Balance at end of the year	3,730	3,840	—	—

At the balance sheet date, the major components of the deferred taxation provided and unprovided are as follows:

	Provided		Unprovided	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
THE GROUP				
Tax effect of timing differences because of:				
(Excess) shortfall of tax allowances				
over depreciation	(3,730)	(3,840)	1,289	1,156
Tax losses	—	—	15,855	14,478
Other timing differences	—	—	1,502	1,160
	(3,730)	(3,840)	18,646	16,794

THE COMPANY

Tax effect of timing differences because of:

(Excess) shortfall of tax allowances				
over depreciation	—	—	85	(59)
Other timing differences	—	—	898	745
	—	—	983	686

A deferred taxation asset has not been recognised in the financial statements in respect of tax losses available to offset future profits as it is not certain that the tax losses will be utilised in the foreseeable future.

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The amount of the unprovided deferred taxation credit (charge) for the year is as follows:

	THE GROUP		THE COMPANY	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Tax effect of timing differences because of:				
(Excess) shortfall of tax allowances				
over depreciation	133	526	144	(15)
Tax losses arising	1,377	4,721	—	—
Other timing differences	342	(1,350)	153	47
	<u>1,852</u>	<u>3,897</u>	<u>297</u>	<u>32</u>

Deferred taxation has not been provided on the revaluation surplus arising on the revaluation of investment properties or investments in securities as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the revaluation does not constitute timing difference for tax purposes.

22. LOAN FROM A SUBSIDIARY

The amount is unsecured, non-interest-bearing and has no fixed terms of repayment. Repayment of the amount will not be demanded within the next twelve months from the balance sheet date. Accordingly, the amount is shown as non-current.

23. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001	2000
	HK\$'000	HK\$'000
Profit before taxation	50,831	37,697
Interest expenses	10,490	11,060
Interest income	(2,505)	(3,159)
Dividend income	(2,778)	(2,553)
Depreciation	6,806	9,434
(Gain) loss on disposal of property, plant and equipment	(85)	20
Net unrealised gain on investments in securities	(789)	(772)
Gain on disposal of investments in securities	(562)	(144)
(Increase) decrease in trade and other receivables	(355)	5,046
Increase (decrease) in trade and other payables	671	(18,495)
(Decrease) increase in amount due to a director	(6)	6
Net cash inflow from operating activities	<u>61,718</u>	<u>38,140</u>

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24. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Non-current bank loans HK\$'000
At 1 April 1999	7,500
Repayment	(7,500)
At 31 March 2000 and 2001	—

25. CONTINGENT LIABILITIES

At the balance sheet date, the Group and the Company had contingent liabilities not provided for in the financial statements as follows:

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Guarantees in lieu of utility deposits	982	1,202	103	103
Guarantees to a subsidiary in respect of banking facilities	—	—	10,000	—
	<u>982</u>	<u>1,202</u>	<u>10,103</u>	<u>103</u>

26. PLEDGE OF ASSETS

The Company's bank deposits of HK\$35,000,000 (2000: HK\$30,000,000) were pledged to secure a short-term bank loan of HK\$30,000,000 (2000: HK\$30,000,000) and banking facilities granted to a subsidiary.

In addition, the Group's properties, with an aggregate book value of HK\$733,078,000 (2000: HK\$826,636,000), were mortgaged or pledged to secure other banking facilities of HK\$152,083,000 (2000: HK\$157,803,000) granted to the Group.

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27. LONG SERVICE PAYMENT

The Group does not have any formal retirement scheme before participating in the Mandatory Provident Fund, but makes provision for long service payments on an annual basis. The directors are of the opinion that the provision at the balance sheet date is sufficient to cover the Group's probable obligations under the Employment Ordinance. The level of such provision will be reviewed on an annual basis and adjusted as appropriate. Movements in the provision for long service payments during the year were as follows:

	2001 HK\$'000	2000 HK\$'000
Balance at beginning of the year	8,126	6,315
Additional provision	1,658	2,256
Utilisation during the year	(939)	(445)
Balance at end of the year	8,845	8,126

In addition to the provision for long service payments, the Group has contributed to Mandatory Provident Fund for certain employees commencing from 1 December 2000 and the amount paid for the year is HK\$251,000.

28. RELATED PARTY TRANSACTIONS

During the year, the Group received a reimbursement of expenses amounting to HK\$240,000 (2000: HK\$240,000) from a company in which a director of the Company has a beneficial interest. The reimbursement covers the expenses for a share of office premises and general administrative services provided to the related company, and which is determined by reference to the prevailing market rates and the estimated costs incurred by the Company.

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29. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The directors are of the opinion that a complete list of the particulars of all subsidiaries of the Company will be of excessive length and therefore only the particulars of the principal subsidiaries affecting results or net assets of the Group are shown as follows:

Name of company	Place of incorporation/ registration	Class of share held	Paid up issued ordinary share capital	Proportion of nominal value of issued capital held by the Company		Principal activities
				Directly	Indirectly	
Chi Kee Investment Company Limited	Hong Kong	Ordinary	HK\$500,000	100%	–	Property investment
Chivas Godown Company Limited	Hong Kong	Ordinary	HK\$10,000,000	100%	–	Godown ownership and operation
Gaylake Limited	Hong Kong	Ordinary	HK\$1,000	100%	–	Godown ownership
On Luen Development Company Limited	Hong Kong	Ordinary	HK\$100,000	100%	–	Property investment and securities investment
Safety Godown (China) Development Company Limited	Hong Kong	Ordinary	HK\$2	100%	–	Investment holding
Genlink Development Limited	Hong Kong	Ordinary	HK\$2	100%	–	Property investment
East Asia (Fujian) Property Development Co. Ltd	Mainland China	Capital contribution	RMB9,300,078	–	100%	Property investment
Rich China Development Limited	Hong Kong	Ordinary	HK\$2	100%	–	Securities investment

Notes:

1. All the subsidiaries have no loan capital subsisting at the end of the year or at any time during the year.
2. A complete list of all the subsidiaries of the Company will be annexed to the Company's next annual return.