

Notes to the Financial Statements

For the year ended 31 March 2002

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 subsidiaries are set out in note 30.

2. Adoption of Statements of Standard Accounting Practice

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Group's accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs has resulted in the following changes to the Group's accounting policies that have affected the amounts and disclosures reported for the current or prior periods.

Segment reporting

In the current year, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 "Segment reporting". Segment disclosures for the year ended 31 March 2001 have been amended so that they are presented on a consistent basis.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) "Events after the balance sheet date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to the financial statements. This change in accounting policy has been applied retrospectively. The effect of this change has been to increase shareholders' funds of the Group and the Company at 1 April 2000 and 31 March 2001 by HK\$18,900,000 and HK\$9,450,000 respectively.

As a result of the revision of SSAP 9 (Revised) "Events after the balance sheet date", SSAP 18 "Revenue" has also been revised. Accordingly, the dividends proposed or declared after the balance sheet date by investee companies are not recognised by the Company at the balance sheet date. This change in accounting policy has also been applied retrospectively. The effect of this change has been to decrease shareholders' funds of the Company as at 31 March 2001 by HK\$12,000,000.

Leases

In the current year, the Group has adopted SSAP 14 (Revised) "Leases". Disclosures for the Group's operating lease arrangements as set out in note 28 have been modified so as to meet the requirements of SSAP 14 (Revised). Comparative disclosures have been restated in order to achieve a consistent presentation.

Notes to the Financial Statements

For the year ended 31 March 2002

3. 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 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 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

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

Turnover

Turnover represents 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 utilized 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, is 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, amortisation and any identified impairment loss.

Notes to the Financial Statements

For the year ended 31 March 2002

3. Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

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

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 carparks
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.

Notes to the Financial Statements

For the year ended 31 March 2002

3. Significant Accounting Policies (Continued)

Investments in securities (Continued)

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.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If 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. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the impairment loss is treated as revaluation decrease under that SSAP.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the reversal of the impairment loss is treated as a revaluation increase under that SSAP.

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.

Notes to the Financial Statements

For the year ended 31 March 2002

3. Significant Accounting Policies (Continued)

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.

4. Segments Information

Business segments

For management purposes, the Group is currently organised into two operation divisions – godown operation and property investment. These divisions are the basis which the Group reports its segment information.

Segment information about these two segments is presented below:

For the year ended 31 March 2002

	Godown operation HK\$'000	Property investment HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue					
External income	36,127	52,612	–	–	88,739
Inter-segment income	–	6,516	–	(6,516)	–
Total revenue	<u>36,127</u>	<u>59,128</u>	<u>–</u>	<u>(6,516)</u>	<u>88,739</u>
Segment result	<u>10,207</u>	<u>42,854</u>	<u>(35)</u>	<u>–</u>	<u>53,026</u>
Bank interest income					1,338
Dividend income from investments in securities			3,209		3,209
Net unrealised gain on trading securities			1,601		1,601
Net realised gain on trading securities			458		458
Unallocated corporate expenses					(7,283)
Profit from operations					52,349
Finance costs					(5,189)
Profit before taxation					47,160
Taxation					(1,921)
Profit for the year					<u>45,239</u>

Notes to the Financial Statements

For the year ended 31 March 2002

4. Segments Information (Continued)

At 31 March 2002

Balance sheet

	Godown operation HK\$'000	Property investment HK\$'000	Others HK\$'000	Consolidated HK\$'000
Assets				
Segment assets	88,799	769,537	31,979	890,315
Unallocated corporate assets				49,682
Consolidated total assets				<u>939,997</u>
Liabilities				
Segment liabilities	17,137	21,965	20	39,122
Unallocated corporate liabilities				111,947
Consolidated total liabilities				<u>151,069</u>

Other information

	Godown operation HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Capital expenditure	256	812	1,068
Depreciation and amortisation	5,792	351	6,143

Notes to the Financial Statements

For the year ended 31 March 2002

4. Segments Information (Continued)

For the year ended 31 March 2001

	Godown operation HK\$'000	Property investment HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue					
External income	57,417	44,859	—	—	102,276
Inter-segment income	—	11,676	—	(11,676)	—
Total revenue	<u>57,417</u>	<u>56,535</u>	<u>—</u>	<u>(11,676)</u>	<u>102,276</u>
Segment result	<u>17,991</u>	<u>44,307</u>	<u>(68)</u>	<u>—</u>	62,230
Bank interest income					2,505
Dividend income from investments in securities			2,778		2,778
Net unrealised gain on trading securities			789		789
Net realised gain on trading securities			562		562
Unallocated corporate expenses					<u>(7,543)</u>
Profit from operations					61,321
Finance costs					<u>(10,490)</u>
Profit before taxation					50,831
Taxation					<u>(6,218)</u>
Profit for the year					<u>44,613</u>

Notes to the Financial Statements

For the year ended 31 March 2002

4. Segments Information (Continued)

At 31 March 2001

Balance sheet

	Godown operation HK\$'000	Property investment HK\$'000	Others HK\$'000	Consolidated HK\$'000
Assets				
Segment assets	108,144	728,639	37,780	874,563
Unallocated corporate assets				60,892
				<hr/>
Consolidated total assets				935,455
				<hr/>
Liabilities				
Segment liabilities	19,303	19,926	23	39,252
Unallocated corporate liabilities				160,078
				<hr/>
Consolidated total liabilities				199,330
				<hr/>

Other information

	Godown operation HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Capital expenditure	122	30	152
Depreciation and amortisation	6,465	341	6,806

Geographical segments

More than 90% of the Group's turnover, profit from operations, assets and liabilities were derived from and located in Hong Kong. Therefore no geographical segments are presented.

Notes to the Financial Statements

For the year ended 31 March 2002

5. Profit from Operations

	2002 HK\$'000	2001 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	476	631
and after crediting:		
Bank interest income	1,338	2,505
Dividend income from investments in securities (listed)	3,209	2,778
Gain on disposal of property, plant and equipment	62	85
Gross rental revenue from investment properties	52,612	44,859
Less: outgoings	(3,906)	(6,075)
Net rental income	48,706	38,784

6. Finance Costs

	2002 HK\$'000	2001 HK\$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	4,978	10,490
Other loans wholly repayable within five years	211	—
	<u>5,189</u>	<u>10,490</u>

7. Directors' Emoluments

	2002 HK\$'000	2001 HK\$'000
Directors' fees		
Executive	45	70
Non-executive	55	70
Independent non-executive	140	100
Other emoluments		
Executive directors		
Salaries and other emoluments	3,949	4,018
Performance-related bonuses	—	358
Mandatory provident funds	24	—
Total emoluments	<u>4,213</u>	<u>4,616</u>

Notes to the Financial Statements

For the year ended 31 March 2002

7. Directors' Emoluments (Continued)

The emoluments of directors were within the following bands:

	Number of directors	
	2002	2001
HK\$ nil to HK\$1,000,000	5	6
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

8. Employees' Emoluments

Of the five highest-paid emoluments in the Group, two (2001: two) were executive directors of the Company whose emoluments are included in disclosure in note 7 above. The emoluments of the remaining three (2001: three) individuals were as follows:

	2002 HK\$'000	2001 HK\$'000
Salaries and other benefits	1,659	1,765
Performance-related bonus	—	83
Mandatory provident funds	24	—
	<u>1,683</u>	<u>1,848</u>

The aggregate emoluments of each of the above-mentioned three (2001: three) employees during the year were within the HK\$1,000,000 band.

9. TAXATION

	2002 HK\$'000	2001 HK\$'000
The charge comprises:		
Hong Kong Profits Tax for the year	2,396	7,419
Overprovision in prior year	(84)	(1,091)
	<u>2,312</u>	<u>6,328</u>
Deferred taxation credit (note 21)	(391)	(110)
	<u>1,921</u>	<u>6,218</u>

Hong Kong Profits Tax is calculated at 16% (2001: 16%) of the estimated assessable profits for the year.

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

Notes to the Financial Statements

For the year ended 31 March 2002

10. Dividends

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interim dividend paid in respect of 2002 of 5 cents (2001: 5 cents) per ordinary share	6,750	6,750
Final dividend paid in respect of 2001 of 7 cents (2000: 14 cents) per ordinary share	9,450	18,900
	<u>16,200</u>	<u>25,650</u>

A final dividend of 6 cents per share amounting to HK\$8,100,000 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 HK\$45,239,000 (2001: HK\$44,613,000) and on 135,000,000 shares in issue throughout the two years.

12. Investment Properties

	THE GROUP <i>HK\$'000</i>
At 1 April 2001	723,000
Transfer from property, plant and equipment	11,322
Net revaluation increase	29,278
	<u>763,600</u>
At 31 March 2002	<u>763,600</u>

The investment properties of the Group were revalued at 31 March 2002 on an open market value basis by Messrs. Jones Lang LaSalle Limited and A A Property Services Limited, Chartered Surveyors. The net revaluation increase, amounting to HK\$29,278,000, has been credited directly to the investment property revaluation reserve.

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

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Held under:		
Long leases	19,600	3,000
Medium-term leases	744,000	720,000
	<u>763,600</u>	<u>723,000</u>

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

Notes to the Financial Statements

For the year ended 31 March 2002

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						
<i>COST</i>						
At 1 April 2001	152,396	57,021	1,687	16,728	3,146	230,978
Additions	–	–	–	1,068	–	1,068
Disposals	–	–	(19)	(381)	–	(400)
Transfer to investment properties	(12,283)	(24,046)	–	–	–	(36,329)
At 31 March 2002	140,113	32,975	1,668	17,415	3,146	195,317
<i>DEPRECIATION</i>						
At 1 April 2001	63,927	44,866	301	15,786	3,146	128,026
Provided for the year	5,000	315	64	764	–	6,143
Eliminated on disposals	–	–	(1)	(381)	–	(382)
Transfer to investment properties	(5,455)	(19,552)	–	–	–	(25,007)
At 31 March 2002	63,472	25,629	364	16,169	3,146	108,780
<i>NET BOOK VALUE</i>						
At 31 March 2002	<u>76,641</u>	<u>7,346</u>	<u>1,304</u>	<u>1,246</u>	<u>–</u>	<u>86,537</u>
At 31 March 2001	<u>88,469</u>	<u>12,155</u>	<u>1,386</u>	<u>942</u>	<u>–</u>	<u>102,952</u>

Notes to the Financial Statements

For the year ended 31 March 2002

13. Property, Plant and Equipment (Continued)

	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 2001	6,637	2,477	9,114
Additions	256	–	256
	<hr/>	<hr/>	<hr/>
At 31 March 2002	6,893	2,477	9,370
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 April 2001	6,067	2,477	8,544
Provided for the year	386	–	386
	<hr/>	<hr/>	<hr/>
At 31 March 2002	6,453	2,477	8,930
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 March 2002	440	–	440
	<hr/>	<hr/>	<hr/>
At 31 March 2001	570	–	570
	<hr/>	<hr/>	<hr/>

14. Investments in Subsidiaries

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Investments at cost, unlisted shares	31,780	31,780
Loans to subsidiaries	807,522	813,312
	<hr/>	<hr/>
Impairment loss recognised	839,302 (160,632)	845,092 (160,632)
	<hr/>	<hr/>
	678,670	684,460
	<hr/>	<hr/>

Except for the loans of HK\$779,450,000 (2001: HK\$771,841,000) and HK\$3,839,000 (2001: HK\$3,839,000), which bear interest at the range of 0.25% to 2.5% and prime rate (2001: 3% and prime rate) per annum respectively, the loans to subsidiaries are unsecured, interest-free and have no fixed terms for repayment.

Details of the subsidiaries are set out in note 30.

Notes to the Financial Statements

For the year ended 31 March 2002

15. Investments in Securities

	Trading securities		Other securities		Total	
	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP						
Equity securities						
Listed in Hong Kong	9,123	9,410	22,821	28,335	31,944	37,745
Unlisted	—	—	35	35	35	35
	<u>9,123</u>	<u>9,410</u>	<u>22,856</u>	<u>28,370</u>	<u>31,979</u>	<u>37,780</u>
Market value of listed securities	<u>9,123</u>	<u>9,410</u>	<u>22,821</u>	<u>28,335</u>	<u>31,944</u>	<u>37,745</u>
THE COMPANY						
Equity securities						
Listed in Hong Kong	<u>9,123</u>	<u>6,236</u>	<u>22,821</u>	<u>9,657</u>	<u>31,944</u>	<u>15,893</u>
Market value of listed securities	<u>9,123</u>	<u>6,236</u>	<u>22,821</u>	<u>9,657</u>	<u>31,944</u>	<u>15,893</u>

16. Trade Debtors 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 is as follows:

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 60 days	3,547	6,031	1,782	2,813
61-90 days	277	429	228	412
Over 90 days	<u>483</u>	<u>335</u>	<u>303</u>	<u>310</u>
	4,307	6,795	2,313	3,535
Other receivable	<u>3,892</u>	<u>4,036</u>	<u>1,162</u>	<u>1,180</u>
	<u>8,199</u>	<u>10,831</u>	<u>3,475</u>	<u>4,715</u>

Notes to the Financial Statements

For the year ended 31 March 2002

17. Bank Borrowings

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Bank loans	104,000	141,000	30,000	30,000
Bank overdrafts	3,991	11,883	1,765	800
	<u>107,991</u>	<u>152,883</u>	<u>31,765</u>	<u>30,800</u>
Less: amount due within one year shown under current liabilities	<u>(87,991)</u>	<u>(152,883)</u>	<u>(31,765)</u>	<u>(30,800)</u>
Amount due over one year	<u>20,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Represented by:				
Secured	106,226	152,083	30,000	30,000
Unsecured	1,765	800	1,765	800
	<u>107,991</u>	<u>152,883</u>	<u>31,765</u>	<u>30,800</u>

18. Share Capital

	2002 & 2001 Number of shares	2002 & 2001 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 2001 and 2002.

Notes to the Financial Statements

For the year ended 31 March 2002

19. Reserves

	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP				
At 1 April 2000				
– as previously stated	43,216	39	393,834	437,089
– prior year adjustment (note 2)	–	–	18,900	18,900
– as restated	43,216	39	412,734	455,989
Exchange realignment	–	3	–	3
Profit for the year	–	–	44,613	44,613
Dividends	–	–	(25,650)	(25,650)
At 31 March 2001	43,216	42	431,697	474,955
Profit for the year	–	–	45,239	45,239
Dividends	–	–	(16,200)	(16,200)
At 31 March 2002	<u>43,216</u>	<u>42</u>	<u>460,736</u>	<u>503,994</u>
THE COMPANY				
At 1 April 2000				
– as previously stated	43,216	–	452,762	495,978
– prior year adjustment (note 2)	–	–	18,900	18,900
– as restated	43,216	–	471,662	514,878
Profit for the year	–	–	45,179	45,179
Dividends	–	–	(25,650)	(25,650)
At 31 March 2001	43,216	–	491,191	534,407
Profit for the year	–	–	19,364	19,364
Dividends	–	–	(16,200)	(16,200)
At 31 March 2002	<u>43,216</u>	<u>–</u>	<u>494,355</u>	<u>537,571</u>

Notes to the Financial Statements

For the year ended 31 March 2002

19. Reserves (Continued)

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
(a) Profits retained by:		
The Company		
As restated in the balance sheet	494,355	491,191
Less: profit on transfer of property to a subsidiary	<u>(141,113)</u>	<u>(141,113)</u>
	353,242	350,078
Subsidiaries	<u>107,494</u>	<u>81,619</u>
	<u>460,736</u>	<u>431,697</u>
(b) At the balance sheet date, the Company's reserves available for distribution to shareholders amounted to approximately HK\$353,242,000 (2001: HK\$350,078,000).		

20. Revaluation Reserves

	Investment properties <i>HK\$'000</i>	Investments in securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP			
At 1 April 2000	144,466	(6,874)	137,592
Revaluation decrease	<u>(726)</u>	<u>(10,696)</u>	<u>(11,422)</u>
At 31 March 2001	143,740	(17,570)	126,170
Revaluation increase (decrease)	<u>29,278</u>	<u>(5,514)</u>	<u>23,764</u>
At 31 March 2002	<u>173,018</u>	<u>(23,084)</u>	<u>149,934</u>
		Investments in securities <i>HK\$'000</i>	
THE COMPANY			
At 1 April 2000			(1,715)
Revaluation decrease			<u>(3,654)</u>
At 31 March 2001			(5,369)
Revaluation decrease			<u>(5,716)</u>
At 31 March 2002			<u>(11,085)</u>

Notes to the Financial Statements

For the year ended 31 March 2002

21. Deferred Taxation

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Balance at beginning of the year	3,730	3,840	—	—
Credit for the year (note 9)	(391)	(110)	—	—
Balance at end of the year	<u>3,339</u>	<u>3,730</u>	<u>—</u>	<u>—</u>

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

	Provided		Unprovided	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
(Excess) shortfall of tax allowances over depreciation	(3,339)	(3,730)	660	1,289
Tax losses	—	—	13,929	15,855
Other timing differences	—	—	1,354	1,502
	<u>(3,339)</u>	<u>(3,730)</u>	<u>15,943</u>	<u>18,646</u>

	Provided		Unprovided	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000

THE COMPANY

Tax effect of timing differences because of:

Shortfall of tax allowances over depreciation	—	—	75	85
Other timing differences	—	—	790	898
	<u>—</u>	<u>—</u>	<u>865</u>	<u>983</u>

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.

Notes to the Financial Statements

For the year ended 31 March 2002

21. Deferred Taxation (Continued)

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

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Tax effect of timing differences because of:				
(Excess) shortfall of tax allowances over depreciation	(629)	133	(10)	144
Tax losses arising	(1,926)	1,377	—	—
Other timing differences	(148)	342	(108)	153
	<u>(2,703)</u>	<u>1,852</u>	<u>(118)</u>	<u>297</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 difference does not constitute a 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

	2002	2001
	HK\$'000	HK\$'000
Profit before taxation	47,160	50,831
Interest expenses	5,189	10,490
Interest income	(1,338)	(2,505)
Dividend income	(3,209)	(2,778)
Depreciation	6,143	6,806
Gain on disposal of property, plant and equipment	(62)	(85)
Net unrealised gain on trading securities	(1,601)	(789)
Net realised gain on trading securities	(458)	(562)
Decrease (increase) in trade and other receivables	2,632	(355)
(Decrease) increase in account payables	(246)	671
Decrease in amount due to a director	—	(6)
Net cash inflow from operating activities	<u>54,210</u>	<u>61,718</u>

Notes to the Financial Statements

For the year ended 31 March 2002

24. Analysis of Changes in Financing during the Year

	Bank loans <i>HK\$'000</i>
At 1 April 2000 and 2001	–
New bank loans raised	60,000
Repayment of bank loans	(20,000)
	<hr/>
At 31 March 2002	40,000
	<hr/>

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	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees in lieu of utility deposits	982	982	103	103
Guarantees for a subsidiary in respect of banking facilities	–	–	–	10,000
	<hr/>	<hr/>	<hr/>	<hr/>
	982	982	103	10,103
	<hr/>	<hr/>	<hr/>	<hr/>

26. Pledge of Assets

The Company's bank deposits of HK\$30,000,000 (2001: HK\$35,000,000) were pledged to secure a short-term bank loan of HK\$30,000,000 (2001: HK\$30,000,000).

In addition, the Group's investment properties and property, plant and equipment, with an aggregate book value of HK\$744,000,000 (2001: HK\$720,000,000) and HK\$6,294,000 (2001: HK\$13,078,000), respectively were mortgaged or pledged to secure banking facilities of HK\$139,000,000 (2001: HK\$152,083,000) granted to the Group.

Notes to the Financial Statements

For the year ended 31 March 2002

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:

	2002 HK\$'000	2001 HK\$'000
Balance at beginning of the year	8,845	8,126
Additional provision	475	1,658
Utilisation during the year	(653)	(939)
Balance at end of the year	<u>8,667</u>	<u>8,845</u>

In addition to the provision for long service payments, the Group has contributed to Mandatory Provident Fund for certain employees commenced from 1 December 2000 and the amount paid for the year is HK\$681,000 (2001: HK\$251,000).

28. Operating Lease Arrangements

The Group as lessor

Property rental income earned during the year was HK\$52,612,000 (2001: HK\$44,859,000). The properties held have committed tenants in the range of half year to two years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within one year	45,604	29,948
In the second to fifth years inclusive	25,470	18,765
	<u>71,074</u>	<u>48,713</u>

Notes to the Financial Statements

For the year ended 31 March 2002

29. Related Party Transactions

During the year, the Group received a reimbursement of expenses amounting to HK\$240,000 (2001: HK\$240,000) from a company in which a director of the Company has a beneficial interest. The reimbursement represents a share of expenses incurred in respect of the occupation 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.

30. Particulars of Subsidiaries

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, and property investment
Gaylake Limited	Hong Kong	Ordinary	HK\$1,000	100%	–	Godown ownership and property investment
Fu Hing Property Limited	British Virgin Islands	Ordinary	US\$1	–	100%	Inactive
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 Company Limited	Mainland China	Capital contribution	RMB9,300,078	–	100%	Property investment
Rich China Development Limited	Hong Kong	Ordinary	HK\$2	100%	–	Inactive
Telerich Investment Limited	Hong Kong	Ordinary	HK\$2	100%	–	Inactive

Note:

All the subsidiaries have no loan capital subsisting at the end of the year or at any time during the year.