

# Notes to the Financial Statements

For the year ended 31 March 2001

## 1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of providing package tours, travel, transportation and other related services.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain property, plant and equipment, investment property and investments in securities. The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong.

The principal accounting policies 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 inter-company transactions and balances within the Group are eliminated on consolidation.

Goodwill or capital reserve represents respectively the excess or shortfall of the purchase consideration over the fair value of the Group's share of the separable net assets of the subsidiaries or associates acquired. Goodwill or capital reserve is written off or credited directly to reserves respectively in the year of acquisition.

On disposal of a business, the attributable amount of goodwill or capital reserve previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the business.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Revenue recognition

Income from tour and travel services is recognised upon the departure date of each tour. Income from other travel related services is recognised when the services are rendered.

Income from transportation services is recognised when the services are rendered.

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

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.

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

Income from disposal of investments is recognised when the risks and rewards of the ownership of the investment have been transferred.

### Property, plant and equipment

Property, plant and equipment other than properties under construction are stated at cost or valuation less accumulated depreciation or amortisation. 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 assets have 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 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.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Property, plant and equipment *(continued)*

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.

Certain of the Group's motor vehicles are stated at valuation at 31 March 1991 less depreciation. Advantage has been taken of the transitional relief provided by paragraph 72 of the Statement of Standard Accounting Practice No. 17 "Property, plant and equipment" issued by the Hong Kong Society of Accountants from the requirement to make revaluations on a regular basis of the motor vehicles of the Group and accordingly no further revaluation is carried out. Any future decrease in the net carrying amount of these motor vehicles arising as a result of an impairment in value will be charged to the income statement to the extent that it exceeds the surplus held in the asset revaluation reserve relating to their previous revaluation. On the subsequent sale of these motor vehicles, the attributable revaluation surplus not yet transferred to accumulated profits in prior years is transferred to accumulated profits.

Depreciation and amortisation is provided to write off the cost or valuation of property, plant and equipment other than properties under construction over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land	Over the remaining unexpired terms of the leases
Buildings	2% or over the remaining unexpired terms of the leases, whichever the shorter
Motor vehicles	8.33%-20%
Office equipment and machinery	20%
Leasehold improvements	10%-20%
Furniture and fixtures	10%-20%
Vessels	5%

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Properties under construction are stated at cost. Cost includes all development expenditure and other direct costs attributable to such project. Properties under construction are not depreciated until completion of construction. Cost on completed properties is transferred to other categories of property, plant and equipment.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Investment properties

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

No depreciation is provided in respect of investment properties which are held under leases with unexpired terms, including the renewable period, of more than twenty years. Investment properties are stated at their open market values based on a professional valuation at the balance sheet date.

Any surplus or deficit arising on revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of 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.

On subsequent sale of an investment property, any revaluation surplus thereon is included in the determination of the gain or loss on disposal.

### Subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of its issued 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 stated at carrying value, as reduced by any decline in value of subsidiaries that is other than temporary.

### Associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, the interest in associates is stated at the Group's share of net assets of the associates. The carrying amount of such interest is reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Other long term investment**

Other long term investment is stated at cost less impairment loss.

### **Investments in securities**

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

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the terms of the investment so that the revenue recognised in each period represents a constant yield on the investment.

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 net profit or loss for the period.

### **Inventories**

Inventories, representing principally consumables, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value is the estimated amount to be recoverable in the ordinary course of business.

### **Taxation**

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

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership of the leased assets to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding principal portions of leasing commitments are shown as obligations under finance leases. The finance costs, which represent the difference between the total leasing commitments and the original principal outstanding at the inception of the leases, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balances of the obligations for each accounting period.

All other leases are classified as operating leases and their rentals payable are charged to the income statement on a straight line basis over the term of the relevant lease.

### Foreign currencies

Transactions in foreign currencies are translated at the approximate rates 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 operations outside Hong Kong are translated at the rates ruling on the balance sheet date. All exchange differences arising on translation are dealt with in the translation reserve.

### Cash equivalents

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

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 3. TURNOVER AND CONTRIBUTION TO PROFIT FROM OPERATIONS

The Group's turnover and contribution to profit from operations, analysed by principal activity, were as follows:

	2001		2000	
	Turnover HK\$'000	Contribution to profit from operations HK\$'000	Turnover HK\$'000	Contribution to profit from operations HK\$'000
Travel and related services	2,473,986	210,492	2,253,229	229,405
Transportation services	234,295	62,369	224,443	66,801
	<u>2,708,281</u>	<u>272,861</u>	<u>2,477,672</u>	<u>296,206</u>
Interest income		15,755		7,045
Administrative expenses		(266,456)		(258,849)
Gain on partial disposal of a subsidiary		144,819		-
(Loss) profit on disposal of other investments		(19,421)		14,120
Unrealised holding loss on other investments		-		(9,573)
Profit from operations		<u>147,558</u>		<u>48,949</u>

These activities are carried out or originated principally in Hong Kong.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 4. OTHER REVENUE

An analysis of the Group's other revenue is as follows:

	2001 HK\$'000	2000 HK\$'000
Interest income	15,755	7,045
Exchange gain	-	2,968
Sundry income	<u>8,356</u>	<u>8,690</u>
	<u><u>24,111</u></u>	<u><u>18,703</u></u>

## 5. GAIN ON PARTIAL DISPOSAL OF A SUBSIDIARY

During the year, the Group, through its wholly-owned subsidiary, disposed of 20% of its interest in Wing On Travel.com Limited, a then wholly owned subsidiary of the Company, at a consideration of HK\$145,000,000.



# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 6. PROFIT FROM OPERATIONS

	2001 HK\$'000	2000 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	2,196	2,067
Depreciation and amortisation on:		
Owned assets	33,096	30,638
Assets held under finance leases	5,806	7,906
Information technique development expenses	9,604	10,129
Operating lease rentals in respect of rented premises	31,919	30,033
Staff costs *	202,382	198,083
and after crediting:		
Rental income from investment properties	109	580
Less: Outgoings	(13)	-
	<u>96</u>	<u>580</u>

\* The amount includes retirement benefit scheme contributions of HK\$4,860,000 (2000: HK\$5,916,000).

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 7. DIRECTORS' REMUNERATION AND HIGHEST PAID EMPLOYEES

	2001 HK\$'000	2000 HK\$'000
Fees to independent non-executive directors	<u>200</u>	<u>200</u>
Emoluments to executive directors:		
Fees	–	–
Salaries and other benefits	7,658	7,438
Retirement benefit scheme contributions	<u>547</u>	<u>216</u>
	<u>8,205</u>	<u>7,654</u>
	<u><u>8,405</u></u>	<u><u>7,854</u></u>

	Number of director(s)	
	2001	2000
Emoluments of the directors were within the following bands:		
Nil–HK\$1,000,000	3	3
HK\$1,500,001–HK\$2,000,000	1	1
HK\$2,500,001–HK\$3,000,000	<u>2</u>	<u>2</u>

Details of emoluments paid by the Group to the five highest paid individuals (including directors, details of whose emoluments are set out above) are as follows:

	2001 HK\$'000	2000 HK\$'000
Salaries and other benefits	8,979	8,587
Retirement benefit scheme contributions	<u>541</u>	<u>239</u>
	<u><u>9,520</u></u>	<u><u>8,826</u></u>

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 7. DIRECTORS' REMUNERATION AND HIGHEST PAID EMPLOYEES *(continued)*

	2001	2000
Emoluments of the five highest paid individuals were within the following bands:		
Nil–HK\$1,000,000	–	1
HK\$1,000,001–HK\$1,500,000	2	1
HK\$1,500,001–HK\$2,000,000	1	1
HK\$2,500,001–HK\$3,000,000	2	2
	<u>5</u>	<u>5</u>
Number of directors	3	3
Number of employees	2	2
	<u>5</u>	<u>5</u>

## 8. FINANCE COSTS

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Finance charges on finance leases	2,001	3,412
Interest on borrowings wholly repayable within five years	14,178	11,856
Interest on borrowings not wholly repayable within five years	3,430	3,605
	<u>19,609</u>	<u>18,873</u>
Total finance costs	<u>19,609</u>	<u>18,873</u>

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 9. TAXATION

	2001 HK\$'000	2000 HK\$'000
The charge comprises:		
The Company and subsidiaries:		
Hong Kong Profits Tax	82	-
Overprovision of Hong Kong Profits Tax in prior years	-	(328)
Taxation in other jurisdictions	81	79
Deferred taxation (note 32)	<u>3,524</u>	<u>2,634</u>
	<b>3,687</b>	2,385
Share of taxation attributable to associates:		
Taxation in other jurisdictions	<u>486</u>	<u>371</u>
	<u><b>4,173</b></u>	<u><b>2,756</b></u>

Hong Kong Profits Tax has been calculated at 16% on the estimated assessable profit for the year. No provision for Hong Kong Profits Tax was made for the previous year as the Group did not have any assessable profit for that year.

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 9. TAXATION *(continued)*

The deferred taxation charge for the year comprises the tax effect of timing differences attributable to:

	2001 HK\$'000	2000 HK\$'000
Difference between depreciation allowances claimed for tax purposes and depreciation charged in the financial statements	(1,761)	510
Taxation losses utilised	5,285	2,124
	<u>3,524</u>	<u>2,634</u>

## 10. NET PROFIT FOR THE YEAR

Of the Group's net profit for the year of HK\$82,683,000 (2000: HK\$11,082,000), a profit of HK\$4,115,000 (2000: a loss of HK\$19,066,000) has been dealt with in the financial statements of the Company.

## 11. DIVIDENDS

No dividends were declared by the Company during either year.

## 12. EARNINGS PER SHARE

The calculation of the earnings per share is based on the net profit for the year of HK\$82,683,000 (2000: HK\$11,082,000) and on the weighted average of 7,717,570,000 shares (2000: 6,728,126,000 shares) in issue during the year after taking into account of the effect of the subdivision of shares of the Company of HK\$0.10 each into ten shares of HK\$0.01 each pursuant to a resolution passed by the shareholders of the Company at the special general meeting of the Company on 28 July 2000.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Properties under construction HK\$'000	Motor vehicles HK\$'000	Office equipment and machinery HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Vessels HK\$'000	Total HK\$'000
<b>THE GROUP</b>								
COST OR								
VALUATION								
At 1 April 2000	414,074	62,192	310,167	25,599	11,764	12,106	6,621	842,523
Currency realignment	-	-	(253)	(126)	(4)	(65)	-	(448)
Additions	-	-	518	4,809	1,549	219	2	7,097
Disposals	-	-	(2,020)	(1,263)	(864)	(791)	-	(4,938)
<b>At 31 March 2001</b>	<b>414,074</b>	<b>62,192</b>	<b>308,412</b>	<b>29,019</b>	<b>12,445</b>	<b>11,469</b>	<b>6,623</b>	<b>844,234</b>
Comprising:								
At cost	407,074	62,192	300,032	29,019	12,445	11,469	6,623	828,854
At valuation	7,000	-	8,380	-	-	-	-	15,380
	414,074	62,192	308,412	29,019	12,445	11,469	6,623	844,234
DEPRECIATION AND								
AMORTISATION								
At 1 April 2000	11,773	-	118,659	13,731	4,639	10,397	5,443	164,642
Currency realignment	-	-	(67)	(102)	(4)	(49)	-	(222)
Provided for the year	4,343	-	27,259	4,091	2,278	703	228	38,902
Eliminated on disposals	-	-	(982)	(1,202)	(374)	(749)	-	(3,307)
<b>At 31 March 2001</b>	<b>16,116</b>	<b>-</b>	<b>144,869</b>	<b>16,518</b>	<b>6,539</b>	<b>10,302</b>	<b>5,671</b>	<b>200,015</b>
NET BOOK VALUES								
<b>At 31 March 2001</b>	<b>397,958</b>	<b>62,192</b>	<b>163,543</b>	<b>12,501</b>	<b>5,906</b>	<b>1,167</b>	<b>952</b>	<b>644,219</b>
At 31 March 2000	402,301	62,192	191,508	11,868	7,125	1,709	1,178	677,881

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

An analysis of the properties of the Group held as at 31 March 2001 and 31 March 2000 is as follows:

	Leasehold land and buildings		Properties under construction	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Long leases in Hong Kong	264,315	267,995	–	–
Medium term leases in Hong Kong	30,909	31,572	–	–
Medium term leases outside Hong Kong	<u>102,734</u>	<u>102,734</u>	<u>62,192</u>	<u>62,192</u>
	<u><u>397,958</u></u>	<u><u>402,301</u></u>	<u><u>62,192</u></u>	<u><u>62,192</u></u>

Details of property, plant and equipment which are stated at valuation at 31 March 2001 and 31 March 2000 are as follows:

	Leasehold land and buildings		Motor vehicles	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
At valuation				
– 31 March 1991	–	–	8,380	9,715
– 31 July 1997	4,800	4,800	–	–
– 31 March 1998	<u>2,200</u>	<u>2,200</u>	<u>–</u>	<u>–</u>
	<u>7,000</u>	<u>7,000</u>	<u>8,380</u>	<u>9,715</u>
Less: Accumulated depreciation and amortisation	<u>(331)</u>	<u>(220)</u>	<u>(8,380)</u>	<u>(8,745)</u>
Net book value at 31 March	<u><u>6,669</u></u>	<u><u>6,780</u></u>	<u><u>–</u></u>	<u><u>970</u></u>

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The valuations at 31 July 1997 and 31 March 1998 represent the carrying values of the leasehold land and buildings at the time when they ceased to be classified as investment properties.

Had the leasehold properties and motor vehicles been carried at cost less accumulated depreciation and amortisation, the carrying value of the leasehold properties and motor vehicles would have been stated at HK\$5,834,000 (2000: HK\$5,938,000) and nil (2000: HK\$212,000) respectively.

The net book value of property, plant and equipment held under finance leases at 31 March 2001 was approximately HK\$27,430,000 (2000: HK\$57,403,000).

	Furniture and fixtures HK\$'000	Office equipment and machinery HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
<b>THE COMPANY</b>				
<b>COST</b>				
At 1 April 2000	63	27	11	101
Additions	50	24	10	84
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	<b>113</b>	<b>51</b>	<b>21</b>	<b>185</b>
<b>DEPRECIATION</b>				
At 1 April 2000	3	8	5	16
Provided for the year	19	8	3	30
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	<b>22</b>	<b>16</b>	<b>8</b>	<b>46</b>
<b>NET BOOK VALUES</b>				
At 31 March 2001	<b>91</b>	<b>35</b>	<b>13</b>	<b>139</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2000	60	19	6	85
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 14. INVESTMENT PROPERTY

	<b>THE GROUP</b>	
	<b>2001</b>	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	1,110	1,030
Surplus on revaluation (note 35)	159	80
At end of the year	1,269	1,110

The investment property of the Group is freehold and held outside Hong Kong.

The valuation of the Group's investment property was carried out by Stocker Roberts & Gupta, a firm of independent professional property valuers, on an open market basis as at the balance sheet date. The surplus of HK\$159,000 (2000: HK\$80,000) arising from the revaluation has been credited to the investment property revaluation reserve (note 35).

## 15. INVESTMENTS IN SUBSIDIARIES

	<b>THE COMPANY</b>
	<b>2001 &amp; 2000</b>
	<i>HK\$'000</i>
Unlisted shares	178,000

The carrying value of the unlisted shares is based on the book values of the underlying net assets of the subsidiaries at the time they became members of the Group under the group reorganisation in September 1997.

Particulars of the principal subsidiaries as at 31 March 2001 are set out in note 49.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 16. INTERESTS IN ASSOCIATES

	THE COMPANY	
	2001 HK\$'000	2000 HK\$'000
Share of net assets	<u>248,413</u>	<u>289,727</u>

Particulars of the Group's associates as at 31 March 2001 are as follows:

Name of associate	Place of incorporation and operation	Issued and paid up share capital/registered capital '000	Proportion of issued/registered capital held by the Group		Principal activities
			2001	2000	
CYTS Wing On Travel Service Company Limited	Hong Kong	HK\$2,000	50%	-	Inbound travel and related services
Heilongjiang Ananda Entertainment Company Limited ("Heilongjiang Ananda")	The People's Republic of China ("PRC")	RMB283,140	50%	50%	Operation of a hotel and an entertainment resort complex and development of a residential and commercial complex
桂林市丹桂大酒店	PRC	US\$3,489	49.5%	49.5%	Operation of a hotel
Wing On International Travel Service Ltd. Guangdong	PRC	RMB5,000	49%	49%	Inbound travel and related services

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 16. INTERESTS IN ASSOCIATES *(continued)*

Other than CYTS Wing On Travel Service Company Limited whose financial statements end on 31 March, all associates are sino-foreign equity joint venture enterprises with their accounting dates ended on 31 December. The Group's share of their results and net assets under the equity method is based on their financial statements made to 31 December each year.

Included in the interests in associates at 31 March 2001 is the interest in Heilongjiang Ananda. Extracts from the financial statements of Heilongjiang Ananda for the year ended 31 December 2000 and 1999 are as follows:

	At 31.12.2000 HK\$'000	At 31.12.1999 HK\$'000
<b>Financial position</b>		
Non-current assets	<u>1,125,669</u>	<u>1,147,959</u>
Current assets	31,760	28,277
Current liabilities	<u>(720,596)</u>	<u>(449,659)</u>
Net current liabilities	<u>(688,836)</u>	<u>(421,382)</u>
Total assets less current liabilities	436,833	726,577
Non-current liabilities	<u>(2,652)</u>	<u>(213,869)</u>
Net assets	<u><u>434,181</u></u>	<u><u>512,708</u></u>
Share of net assets attributable to the Group	<u><u>217,091</u></u>	<u><u>256,354</u></u>

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 16. INTERESTS IN ASSOCIATES *(continued)*

	1.1.2000 to 31.12.2000 HK\$'000	12.7.1999* to 31.12.1999 HK\$'000
<b>Results for the year/period</b>		
Turnover	<u>57,514</u>	<u>57,491</u>
Loss for the year/period	<u>(79,428)</u>	<u>(54,414)</u>
Loss for the year/period attributable to the Group	<u>(39,714)</u>	<u>(15,207)</u>

\* Acquisition date

## 17. OTHER LONG TERM INVESTMENT

### THE GROUP AND THE COMPANY

The other long term investment represents the contribution paid to a joint venture partner for a joint development of a piece of land in Chengdu, the PRC, into a tourist attraction. Under the relevant agreement, the Group is entitled to a 36% interest in the joint venture and is eligible to withdraw from the joint venture 18 months from the date of the agreement with a return of 15% on the contribution paid. As the joint venture for the above development has not been established in the PRC, the amount paid is classified as other long term investment pending the establishment of the joint venture.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 18. OTHER INVESTMENTS

	THE GROUP AND THE COMPANY	
	2001 HK\$'000	2000 HK\$'000
<b>Equity shares</b>		
Other investments listed in Hong Kong at market value	-	25,089
	<u>          </u>	<u>          </u>

## 19. INVENTORIES

### THE GROUP

At the balance sheet date, all inventories were carried at cost. The inventories represent principally consumables which are to be utilised in the ordinary course of operations. The amount recognised as an expense in the income statement during the year was insignificant.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 20. AMOUNTS DUE FROM RELATED COMPANIES

### THE GROUP

Particulars of the amounts due from related companies are as follows:

Name of company	Notes	Balance at 31.3.2001 HK\$'000	Balance at 1.4.2000 HK\$'000	Maximum amount outstanding during the year HK\$'000
Ananda Travel (Singapore) Pte. Ltd.	(a)	28	946	946
HK Ananda Travel (Malaysia) Sdn. Bhd.	(b)	–	277	277
Ananda Travel Service, Inc.	(b)	–	15	15
Ananda Finance Limited	(a)	–	3	3
Ananda Travel (Thailand) Co., Ltd.	(b)	–	2	2
		<hr/>	<hr/>	<hr/>
Total		<u>28</u>	<u>1,243</u>	

Notes:

- (a) Companies controlled by Messrs. Chan Yeuk Wai and Chan Yeuk Pun ("Messrs. Chan").
- (b) Companies in which Messrs. Chan have minority interests.
- (c) The above balances represent principally trading balances including prepayments in respect of the land operating costs. The amounts were unsecured and interest free.

## 21. AMOUNTS DUE FROM (TO) ASSOCIATES

### THE GROUP AND THE COMPANY

The amounts due from (to) associates are unsecured, interest free and have no fixed terms of repayment.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 22. TRADE AND OTHER RECEIVABLES

### THE GROUP

Included in trade and other receivables are trade receivables of HK\$56,346,000 (2000: HK\$82,715,000) and the aged analysis of the trade receivables at the reporting dates is as follows:

	2001 HK\$'000	2000 HK\$'000
0 – 30 days	28,346	32,092
31 – 60 days	13,268	6,780
61 – 90 days	2,136	2,425
Over 90 days	12,614	41,418
	<u>56,364</u>	<u>82,715</u>

The Group allows an average credit period of 60 days to local customers and 90 days to overseas customers.

## 23. LOAN RECEIVABLE

### THE GROUP

The loan receivable represents an advance made to one of the Group's land operators for the designated purpose of purchase of coaches. The amount is secured, bears interest at a rate of 10% per annum on the principal amount over a period of thirty months and is repayable by thirty equal monthly instalments commencing August 2000.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 24. DEPOSIT PAID

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Deposit paid	<u>20,000</u>	<u>18,000</u>	<u>20,000</u>	<u>-</u>

The deposit in 2001 represents a refundable deposit paid for potential acquisition of a 60% interest in a hotel in Luoyang, the PRC. The acquisition has not been concluded and the amount was refunded subsequent to the balance sheet date.

The amount in 2000 represented a refundable deposit paid for potential acquisition of interests in certain properties and leisure facilities in the PRC. The acquisition was not completed by the Group and the deposit was refunded during the current year.

## 25. INVESTMENT DEPOSIT

### THE GROUP

The amount represents a deposit carrying interest at a rate of 12% per annum paid to an independent third party for investment in a manufacturing enterprise in the PRC. Under the investment agreement entered into with the independent third party, the Group has an option to elect either to invest into the aforesaid manufacturing enterprise at a price to be determined, or to have the deposit to be refunded after one year from the date of advance. During the year, the Group decided to pull out from the investment and requested the refund of the deposit.

## 26. TRADING CASH BALANCES

### THE GROUP

The amounts represent foreign currencies held for money exchange purposes.



# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 27. TRADE AND OTHER PAYABLES

### THE GROUP

Included in trade and other payables are trade payables of HK\$211,784,000 (2000: HK\$144,640,000) and the aged analysis of the trade payables at the reporting dates is as follows:

	2001 HK\$'000	2000 HK\$'000
0 – 30 days	81,714	55,550
31 – 60 days	29,564	43,156
61 – 90 days	30,031	16,537
Over 90 days	70,475	29,397
	<u>211,784</u>	<u>144,640</u>

## 28. AMOUNTS DUE TO RELATED COMPANIES

### THE GROUP AND THE COMPANY

The balances represent principally trade payables which are unsecured, interest free and repayable on demand.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 29. DEFERRED INCOME

### THE GROUP

On 28 March 2001, the Group entered into an agreement with an independent third party to dispose of its 25% interest in Trans-Island Limousine Service Limited ("Trans-Island"), a then wholly owned subsidiary of the Company, at a consideration of HK\$40,000,000. Under the terms of the agreement, such consideration shall be adjusted by up to a maximum amount of HK\$10,000,000 in the event that the average audited net profit after tax and extraordinary items of Trans-Island and its subsidiaries for the two years ending 31 March 2002 shall be less than HK\$24 million. The amount of adjustment will vary in accordance with the amount of the aforesaid guaranteed profits achieved by Trans-Island and its subsidiaries. In light of the uncertainty as regards future guaranteed profits, the profit arising from the disposal amounting to HK\$6,115,000 has been deferred. The directors consider that, on the basis of information available to date, no further provision is required in respect of the Group's obligations under this arrangement.

## 30. OBLIGATIONS UNDER FINANCE LEASES

The maturity of obligations under finance leases is as follows:

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Within one year	9,042	16,464
Between one to two years	1,587	7,905
Between two to five years	49	948
	<u>10,678</u>	<u>25,317</u>
Less: Amount due within one year shown under current liabilities	<u>(9,042)</u>	<u>(16,464)</u>
Amount due after one year	<u><u>1,636</u></u>	<u><u>8,853</u></u>

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 31. BORROWINGS

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Bank overdrafts	69,683	63,892	-	-
Bank loans	64,835	95,856	-	-
Other loans	13,592	11,520	10,000	-
	<u>148,110</u>	<u>171,268</u>	<u>10,000</u>	<u>-</u>
Less: Amount due within one year shown under current liabilities	<u>(122,887)</u>	<u>(133,297)</u>	<u>(10,000)</u>	<u>-</u>
Amount due after one year	<u><u>25,223</u></u>	<u><u>37,971</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Secured	132,818	162,787	-	-
Unsecured	15,292	8,481	10,000	-
	<u><u>148,110</u></u>	<u><u>171,268</u></u>	<u><u>10,000</u></u>	<u><u>-</u></u>

Borrowings are repayable as follows:

Within one year or on demand	122,887	133,297	10,000	-
Between one to two years	4,897	13,239	-	-
Between two to five years	16,584	14,707	-	-
After five years	3,742	10,025	-	-
	<u><u>148,110</u></u>	<u><u>171,268</u></u>	<u><u>10,000</u></u>	<u><u>-</u></u>

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 32. DEFERRED TAXATION

	THE GROUP	
	2001	2000
	HK\$'000	HK\$'000
Balance at beginning of the year	17,222	14,588
Charge for the year (note 9)	3,524	2,634
Exchange difference	(2)	–
	<u>17,222</u>	<u>14,588</u>
Balance at end of the year	<u><u>20,744</u></u>	<u><u>17,222</u></u>

At the balance sheet date, the major components of deferred taxation liabilities provided in the financial statements are as follows:

	THE GROUP	
	2001	2000
	HK\$'000	HK\$'000
Taxation effect of the following timing differences attributable to:		
Excess of depreciation allowances claimed for tax purposes over depreciation charged in the financial statements	23,886	25,649
Taxation losses available to set off against future profits	(3,142)	(8,427)
	<u>(3,142)</u>	<u>(8,427)</u>
	<u><u>20,744</u></u>	<u><u>17,222</u></u>

The surplus arising from valuation of the Group's property, plant and equipment and investment property does not constitute a timing difference for taxation purposes as any profits realised on subsequent disposal of these assets would not be subject to taxation.

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

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 33. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Balance as at 1 April 1999	800,000,000	80,000
Increased on 10 July 1999 (Note a)	200,000,000	20,000
	<hr/>	<hr/>
Balance as at 31 March 2000 and 1 April 2000	1,000,000,000	100,000
Subdivision on 28 July 2000 (Note d)	9,000,000,000	–
	<hr/>	<hr/>
<b>Balance as at 31 March 2001</b>	<b>10,000,000,000</b>	<b>100,000</b>
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
Balance as at 1 April 1999	550,000,000	55,000
Issued on 10 July 1999 (Note b)	146,098,444	14,610
Issued on 6 January 2000 (Note c)	73,333,333	7,333
	<hr/>	<hr/>
Balance as at 31 March 2000 and 1 April 2000	769,431,777	76,943
Subdivision on 28 July 2000 (Note d)	6,924,885,993	–
Issued on 19 February 2001 (Note e)	207,000,000	2,070
	<hr/>	<hr/>
<b>Balance as at 31 March 2001</b>	<b>7,901,317,770</b>	<b>79,013</b>
	<hr/> <hr/>	<hr/> <hr/>

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 33. SHARE CAPITAL *(continued)*

Notes:

- (a) Pursuant to a resolution passed by the shareholders of the Company at the special general meeting of the Company held on 10 July 1999, the Company's authorised share capital was increased from HK\$80,000,000 divided into 800,000,000 shares of HK\$0.10 each to HK\$100,000,000 by the creation of 200,000,000 new shares of HK\$0.10 each.
- (b) Pursuant to a resolution passed by the shareholders of the Company at the special general meeting of the Company held on 10 July 1999, the Company issued 146,098,444 new shares of HK\$0.10 each of the Company, credited as fully paid in satisfaction of the consideration of HK\$281,970,000, equivalent to an issue price of HK\$1.93 per share, for the purpose of acquisition of interest in a subsidiary and an associate, details of which have been disclosed in the circular "Discloseable and Connected Transactions in relation to the Proposed Acquisition of Ananda China Hotel Investment Limited and Ananda Hotel Management Limited" dated 23 June 1999 to the shareholders of the Company.
- (c) On 6 January 2000, the Company issued 73,333,333 new shares of HK\$0.10 each at the price of HK\$1.575 per share at a consideration of HK\$115,500,000 to a subsidiary of Star East Holdings Limited, a company listed in the Stock Exchange. The consideration receivable was satisfied by the acquisition of 55,000,000 new shares of HK\$0.10 each in Star East Holdings Limited at a price of HK\$2.10 per share.
- (d) Pursuant to a resolution passed by the shareholders of the Company at the special general meeting of the Company on 28 July 2000, each share of the Company of HK\$0.10 each was subdivided into ten shares of HK\$0.01 each.
- (e) On 20 December 2000, the Company entered into a conditional placing agreement with Guotai Junan Securities (Hong Kong) Limited ("Guotai") whereby the Company appointed Guotai as the placing agent for the placing of up to 500,000,000 new shares of the Company on a best effort basis. On 19 February 2001, the Company placed and issued 207,000,000 new shares of HK\$0.01 each of the Company at a price of HK\$0.08 per share to independent third parties. The net proceeds of HK\$16,560,000 were used as working capital for the Group.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 33. SHARE CAPITAL *(continued)*

All new shares issued rank pari passu with the then existing shares in all respects.

Subsequent to the balance sheet date, the following changes to the share capital of the Company took place:

- (a) On 6 June 2001, the Company entered into another conditional placing agreement with Guotai. On 20 June 2001, the Company, pursuant to the placing agreement, placed and issued 800,000,000 new shares of HK\$0.01 each of the Company at a price of HK\$0.06 per share to private individual or institutional investors. The net proceeds of HK\$46,600,000 will be used as working capital for the Group. The new shares issued rank pari passu with the then existing shares in all respects.
- (b) Pursuant to the placing agreement and subscription agreement both dated 10 July 2001, Hounslow Limited ("Hounslow"), the substantial shareholder of the Company, placed 380,000,000 existing shares of HK\$0.01 each of the Company at a price of HK\$0.146 per share to three independent private investors and at the same time subscribed for 380,000,000 new shares of the Company at a price of HK\$0.146 per share which were issued on 24 July 2001. The net proceeds of HK\$54,200,000 will be used as working capital for the Group. The new shares issued rank pari passu with the then existing shares in all respects.
- (c) On 19 July 2001, the directors of the Company announced that an ordinary resolution would be proposed to the shareholders of the Company at a special general meeting to be held on 10 August 2001 to increase the authorised share capital of the Company from HK\$100 million to HK\$200 million by the creation of an additional 10 billion new shares of HK\$0.01 each in the capital of the Company.

## 34. SHARE OPTION SCHEME

The Company has an executive share option scheme (the "Scheme") which was adopted at a special general meeting of the Company held on 20 September 1997, the board of directors of the Company may, at its discretion, offer full-time employees, including executive directors of the Company and/or any of its subsidiaries, options to subscribe for shares in the Company in accordance with the terms of the Scheme. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company from time to time.

No share options have been granted under the Scheme since its adoption.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 35. RESERVES

	Share premium HK\$'000	Special reserve HK\$'000	Investment property revaluation reserve HK\$'000	Asset revaluation reserve HK\$'000	Translation reserve HK\$'000	Goodwill reserve HK\$'000	Statutory reserves HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
<b>THE GROUP</b>									
At 1 April 1999	316,280	55,554	366	5,503	(500)	(7,350)	-	259,847	629,700
Premium on issue of shares	375,526	-	-	-	-	-	-	-	375,526
Surplus arising on revaluation of investment property	-	-	80	-	-	-	-	-	80
Transfer to accumulated profits upon disposal of property, plant and equipment	-	-	-	(1,719)	-	-	-	1,719	-
Exchange difference arising on translation of financial statements of operations outside Hong Kong	-	-	-	-	210	-	-	-	210
Capital reserve on acquisition of subsidiaries	-	-	-	-	-	711	-	-	711
Goodwill on acquisition of an associate	-	-	-	-	-	(8,439)	-	-	(8,439)
Net profit for the year	-	-	-	-	-	-	-	11,082	11,082
Transfer	-	-	-	-	-	-	63	(63)	-
At 31 March 2000 and 1 April 2000	691,806	55,554	446	3,784	(290)	(15,078)	63	272,585	1,008,870
Premium on issue of shares	14,490	-	-	-	-	-	-	-	14,490
Surplus arising on revaluation of investment property	-	-	159	-	-	-	-	-	159
Transfer to accumulated profits upon disposal of property, plant and equipment	-	-	-	(536)	-	-	-	536	-
Exchange difference arising on translation of financial statements of operations outside Hong Kong	-	-	-	-	(186)	-	-	-	(186)
Net profit for the year	-	-	-	-	-	-	-	82,683	82,683
Transfer	-	-	-	-	-	-	58	(58)	-
At 31 March 2001	<u>706,296</u>	<u>55,554</u>	<u>605</u>	<u>3,248</u>	<u>(476)</u>	<u>(15,078)</u>	<u>121</u>	<u>355,746</u>	<u>1,106,016</u>



# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 35. RESERVES *(continued)*

The accumulated profits and statutory reserves of the Group include losses of HK\$59,044,000 (2000: HK\$16,672,000) and HK\$121,000 (2000: HK\$63,000) respectively attributable to the associates of the Group.

	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
THE COMPANY				
At 1 April 1999	316,280	177,800	20,820	514,900
Premium on issue of shares	375,526	–	–	375,526
Net loss for the year (note 10)	–	–	(19,066)	(19,066)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000 and 1 April 2000	691,806	177,800	1,754	871,360
Premium on issue of shares	14,490	–	–	14,490
Net profit for the year (note 10)	–	–	4,115	4,115
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	<u><u>706,296</u></u>	<u><u>177,800</u></u>	<u><u>5,869</u></u>	<u><u>889,965</u></u>

The contributed surplus of the Company represents the difference between the book values of the underlying net assets of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued under the group reorganisation in September 1997, net of HK\$100,000 applied in paying up in full at par the 1,000,000 nil paid shares of HK\$0.10 each which were allotted and issued nil paid on 12 August 1997.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 35. RESERVES *(continued)*

In addition to the accumulated profits, under the Companies Act 1981 of Bermuda (as amended), contributed surplus is also 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 accounts.

In the opinion of the directors, the reserves of the Company which are available for distribution to shareholders at 31 March 2001 amounted to HK\$183,669,000 (2000: HK\$179,554,000), comprising the contributed surplus of HK\$177,800,000 (2000: HK\$177,800,000) and accumulated profits of HK\$5,869,000 (2000: HK\$1,754,000) of the Company at the balance sheet date.

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

	2001 HK\$'000	2000 HK\$'000
Profit before taxation	86,856	13,838
Interest income	(15,755)	(7,045)
Interest expenses	19,609	18,873
Depreciation and amortisation	38,902	38,544
Loss (gain) on disposal of property, plant and equipment	537	(634)
Share of results of associates	41,093	16,238
Loss (profit) on disposal of other investments	19,421	(14,120)
Unrealised holding loss on other investments	–	9,573
Gain on partial disposal of a subsidiary	(144,819)	–
(Increase) decrease in inventories	(2,889)	84
(Increase) decrease in trade and other receivables	(45,276)	24,602
Decrease in amounts due from related companies	1,215	12,379
Decrease (increase) in amounts due from associates	3,258	(3,304)
Decrease (increase) in trading cash balances	760	(896)
Increase (decrease) in trade and other payables	50,055	(26,940)
Increase in amounts due to associates	7,191	–
(Decrease) increase in amounts due to related companies	(6,827)	6,354
Net cash inflow from operating activities	<u>53,331</u>	<u>87,546</u>

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 37. PURCHASE OF SUBSIDIARIES

	2001 HK\$'000	2000 HK\$'000
Net assets acquired:		
Property, plant and equipment	-	118,201
Trade and other receivables	-	2,784
Bank balances and cash	-	28
Trade and other payables	-	(600)
	<u>                    </u>	<u>                    </u>
	-	120,413
Capital reserve on acquisition	-	(711)
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
	-	119,702
	<u>                    </u>	<u>                    </u>
Satisfied by:		
Transfer of other investments to vendor	-	60,190
Cash consideration	-	57,542
Consideration shares	-	1,970
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
	-	119,702
	<u>                    </u>	<u>                    </u>

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 37. PURCHASE OF SUBSIDIARIES *(continued)*

An analysis of the net outflow of cash and cash equivalents in connection with the purchase of subsidiaries:

	2001 HK\$'000	2000 HK\$'000
Cash consideration	-	57,542
Bank balances and cash acquired	-	(28)
	<u>          </u>	<u>          </u>
Net outflow of cash and cash equivalents in connection with the purchase of subsidiaries	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

The subsidiaries acquired during the year ended 31 March 2000 did not have any significant implications to the operating results and cash flows of the Group.

## 38. DISPOSAL OF A SUBSIDIARY

	2001 HK\$'000	2000 HK\$'000
Net assets disposed of:		
Properties under construction	-	14,019
Other payable	-	(5)
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
Satisfied by:		
Cash	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

The subsidiary disposed of during the year ended 31 March 2000 did not have any significant impact on the operating results and cash flows of the Group.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 39. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium HK\$'000	Bank loans and other loans HK\$'000	Obligations under finance leases HK\$'000
Balance at 1 April 1999	371,280	127,258	43,475
New loans raised	–	12,041	–
Inception of finance leases (note 40)	–	–	2,131
Repayments during the year	–	(31,923)	(20,289)
Issue of new shares	397,469	–	–
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2000 and 1 April 2000	768,749	107,376	25,317
New loans raised	–	46,460	–
Inception of finance leases (note 40)	–	–	1,157
Repayments during the year	–	(75,409)	(15,796)
Proceeds from issue of new shares for cash	16,560	–	–
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2001</b>	<b>785,309</b>	<b>78,427</b>	<b>10,678</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 40. MAJOR NON-CASH TRANSACTIONS

- (a) During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value of HK\$1,157,000 (2000: HK\$2,131,000) at the inception of the finance leases.
- (b) On 10 July 1999, the Company issued 146,098,444 shares to acquire interests in a subsidiary and an associate at a total consideration of HK\$281,970,000 equivalent to an issue price of HK\$1.93 per share, details of which have been disclosed in the circular dated 23 June 1999 to the shareholders of the Company.
- (c) On 6 January 2000, the Company issued 73,333,333 shares to a subsidiary of Star East Holdings Limited in exchange of its shares at a consideration of HK\$115,500,000, equivalent to an issue price of HK\$1.575 per share.
- (d) On 13 January 2000, the Group transferred certain of its other investments at a book value of HK\$48,300,000 to the vendor of the land and buildings acquired by the Group during the previous year at a valuation of HK\$60,190,000.

## 41. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2001 HK\$'000	2000 HK\$'000
Bank balances, deposits and cash (note)	199,148	22,815
Bank overdrafts	(69,683)	(63,892)
	<u>129,465</u>	<u>(41,077)</u>

Note: The amount is stated net of a bank deposit of HK\$73,500 (2000: HK\$36,839,000) with original maturity of more than three months.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 42. PLEDGE OF ASSETS

At 31 March 2001, the Group's credit facilities were secured by the Group's assets as follows:

	2001 HK\$'000	2000 HK\$'000
Property interests	290,656	294,930
Motor vehicles	73,999	79,935
Other investments	—	25,089
	<u>364,655</u>	<u>399,954</u>

## 43. CONTINGENT LIABILITIES

	THE COMPANY	
	2001 HK\$'000	2000 HK\$'000
(a) Guarantees given to banks and financial institutions in respect of credit facilities granted to subsidiaries	<u>219,617</u>	<u>296,654</u>
(b) As disclosed under note 29, the Group entered into an agreement to dispose of its 25% interest in Trans-Island at a consideration of HK\$40,000,000 during the year. Under the agreement, such consideration shall be adjusted by up to a maximum amount of HK\$10,000,000 in the event that the average audited net profit after tax and extraordinary items of Trans-Island and its subsidiaries for the two years ending 31 March 2002 shall be less than HK\$24 million. The amount of adjustment will vary in accordance with the amount of the aforesaid profit warranty achieved by Trans-Island and its subsidiaries.		

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 44. OPERATING LEASE COMMITMENTS

At 31 March 2001, the Group and the Company had outstanding commitments under non-cancellable operating leases in respect of rented premises. The portion of these commitments which is payable in the following year is as follows:

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Operating leases which expire:				
Within one year	8,685	6,964	139	–
In the second to fifth years inclusive	12,206	19,447	–	–
Over five years	76	475	–	–
	<u>20,967</u>	<u>26,886</u>	<u>139</u>	<u>–</u>

## 45. CAPITAL COMMITMENTS

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	<u>8,041</u>	<u>208</u>

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



# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 46. PROVIDENT FUND SCHEMES

The Group has retirement schemes covering a substantial portion of its employees. The principal schemes are defined contribution schemes. The assets of these schemes are held separately from those of the Group in funds under the control of independent trustees.

In addition, with effect from 1 December 2000, the Group joined a Mandatory Provident Fund scheme ("MPF Scheme") for all its new employees employed therefrom or existing employees wishing to join the MPF Scheme. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group in respect of MPF Scheme is to make the required contributions under the scheme.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

The amounts charged to the income statement represent contributions payable to schemes and the MPF Scheme by the Group at rates specified in the rules of the schemes less forfeiture of HK\$991,000 (2000: HK\$1,004,000) arising from employees leaving the Group prior to completion of the qualifying service period, if any.

At the balance sheet date, the total amount of forfeited contributions, which arose upon employees leaving the retirement benefit schemes and which are available to reduce the contributions payable in future years was HK\$344,000 (2000: HK\$221,000).

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 47. POST BALANCE SHEET EVENTS

- (a) Details of changes in share capital of the Company are set out in note 33.
- (b) On 1 May 2001, the Group entered into an agreement with an independent third party to acquire a 60% interest in a company carrying the business of information technology development at a consideration of HK\$60,000,000.
- (c) On 15 June 2001, the Group entered into sale and purchase agreements to dispose of its 81% interests in each of two subsidiaries, King Fu Investment Holdings Ltd. ("King Fu") and Jian Shen Co. Ltd. ("Jian Shen") to an independent third party (the "property purchaser") at a consideration of HK\$315,900 and HK\$9,720,000 respectively. The Group also entered into deeds of debt assignment with the property purchaser to assign loans of HK\$2,430,000 and HK\$84,734,100 due from Jian Shen and King Fu respectively to the property purchaser. For the purpose of the above transactions, the Group agreed to lend to the property purchaser the aggregate principal amount of HK\$94,200,000. The loan is secured on the properties owned by Jian Shen and King Fu and bears interest at 2.75% per annum. The loan is repayable in full together with any interest accrued thereon on 14 December 2001 provided that the repayment date may be extended for six months to 14 June 2002 subject to serving of not less than thirty days' written notice by the property purchaser prior to 14 December 2001 and a minimum repayment of a sum of not less than HK\$7,000,000 (together with interest accrued on such amount). King Fu and Jian Shen are holding certain properties in Nanning, the PRC, with an aggregate carrying value of HK\$118,454,000 as at 31 March 2001.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 48. RELATED PARTY TRANSACTIONS

(a) During the year, the Group had transactions with related parties as follows:

Nature of transactions	Note	Name of company	2001 HK\$'000	2000 HK\$'000
Agency fees paid by the Group	(i)	HK Ananda Travel (Malaysia) Sdn Bhd.	1,550	1,133
		Ananda Travel Service Inc.	827	807
		辰達旅行社有限公司	800	742
		Ananda Travel Philippines, Inc.	488	462
		Ananda Travel (Singapore) Pte. Ltd.	-	170
				<u>3,665</u>
Property rental expenses paid by the Group	(ii)	Tower Property Limited	7,589	7,162
		Ananda Godown and Transportation Limited	-	10
			<u>7,589</u>	<u>7,172</u>
Printing expenses paid by the Group	(iii)	Ananda Public Relations & Advertising Limited	<u>9,553</u>	<u>8,464</u>
Air ticketing and travel services income received by the Group	(iv)	Ananda Travel Service Inc.	271	618
		Ananda Holdings Limited	175	315
		Sun Area Limited	27	31
		Ananda Finance Limited	17	13
		Ananda Travel Philippines, Inc.	2	-
		Ananda Travel (Singapore) Pte. Ltd.	-	1,666
		HK Ananda Travel (Malaysia) Sdn. Bhd.	-	62
		Ananda Hotel Management Ltd.	-	48
		Ananda Travel (Thailand) Co., Ltd.	-	1
辰達旅行社有限公司	-	1		
		<u>492</u>	<u>2,755</u>	

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 48. RELATED PARTY TRANSACTIONS *(continued)*

Notes:

- (i) The above companies acted as the Group's land operator in the jurisdiction in which they are situated. Agency fees are calculated in accordance with the agency agreements entered into between the Group and each of the above related companies on 20 September 1997.
- (ii) The Group continued to occupy office premises owned by Tower Property Limited. The rentals are calculated on the basis of an amount determined by reference to the floor area of the relevant property, and comparable rent paid for similar properties by tenants occupying such premises on normal commercial terms.
- (iii) Ananda Public Relations & Advertising Limited provided printing services for the Group's promotional materials at prices comparable to market rates.
- (iv) The above companies purchased air tickets from the Group at rates comparable to market rates.

The Group paid to each of Ananda Development Limited and Ananda Holdings Limited an annual fee of HK\$12,000 for the Group to use the address of certain premises in Guangzhou and Hong Kong as the correspondence address of the Group's representative offices in Guangzhou and the Company's head office and principal place of business respectively.

The Group paid an annual fee of HK\$10 to Ananda Holdings Limited for a non-exclusive licence to the Group to use the "Ananda" trademark.

Messrs. Chan have controlling interests in the above companies, except for Ananda Travel (Thailand) Co., Ltd., Ananda Travel Philippines, Inc., Ananda Travel Service, Inc., 辰達旅行社有限公司 and HK Ananda Travel (Malaysia) Sdn. Bhd., companies in which they have minority interests.

- (b) During the year, the Group received hotel management fees of HK\$1,568,000 (2000: HK\$1,770,000) and commission income of HK\$858,000 (2000: nil) from Heilongjiang Ananda in accordance with the hotel management contract entered with Heilongjiang Ananda.

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 49. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2001, all of which are wholly owned by the Company, unless otherwise stated, are as follows:

Name of company	Place of incorporation/ registration	Issued and paid up share capital/ registered capital	Principal activities
Airport Hotelink Limited **	Hong Kong	HK\$10,000	Shuttle bus services
Ananda Autotech Service Limited **	Hong Kong	HK\$100,000	Motor vehicles maintenance services
Ananda China Hotel Investment Limited	British Virgin Islands	US\$1	Investment holding
Ananda (France) S.A.R.L.	France	FFR1,350,000	Travel services
Ananda Hotel Management Limited	British Virgin Islands	US\$4	Hotel management services in the PRC
Ananda Travel (Canada) Limited	Canada	C\$15,000	Travel services
Ananda Travel (China) Limited	Hong Kong	HK\$2	Information technology development
Ananda Travel Limited	Hong Kong	HK\$2,000,000	Inbound travel and related services
Ananda Travel, Limited	Macau	MOP1,000,000	Travel services
Ananda Travel Service (Aust.) Pty. Limited	Australia	A\$160,000	Travel services

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 49. PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ registration	Issued and paid up share capital/ registered capital	Principal activities
Ananda Travel (U.K.) Limited	United Kingdom	£2	Travel services
Ananda Wing On Technologies (Holdings) Limited	Samoa	US\$1	Investment holding
Ananda Wing On Travel (BVI) Limited	British Virgin Islands	US\$10,000	Investment holding
Ananda Wing On Travel (Turkey) Limited	Turkey	TL30,000,000,000	Travel services
Apsley Agents Limited	British Virgin Islands	US\$1	Overseas travel services
Asian Fame Int'l Limited	British Virgin Islands	US\$1	Investment holding
Asian Pearl Investments Limited	British Virgin Islands	US\$1	Investment holding
Asian Universe Limited	Hong Kong	HK\$2	Property investment
Benchmark Pacific Limited	British Virgin Islands	US\$1	Investment holding
Credit Paradise Limited	Hong Kong	HK\$2	Property investment in Malaysia
Golden Sun Limited	Hong Kong	HK\$2	Investment holding

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 49. PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ registration	Issued and paid up share capital/ registered capital	Principal activities
Guangdong Ananda Bus Co. Limited **	Hong Kong	HK\$10,000	Shuttle bus services
Guangdong Ananda Bus Co. Limited **	PRC	HK\$5,000,000	Shuttle bus services
Guangdong Ananda Trans-Island Limousine Co. Limited **	Hong Kong	HK\$10,000	Shuttle bus services
Guangdong Ananda Trans-Island Limousine Co. Limited **	PRC	HK\$10,000,000	Shuttle bus services
Guangdong Ananda Wing On Bus Co. Limited **	Hong Kong	HK\$10,000	Shuttle bus services
Guangdong Ananda Wing On Bus Co. Limited **	PRC	HK\$10,000,000	Shuttle bus services
Guangdong Wing On Bus Co. Limited **	Hong Kong	HK\$10,000	Shuttle bus services
Guangdong Wing On Bus Co. Limited **	PRC	HK\$5,000,000	Shuttle bus services
Gui Tong Travel (Hong Kong) Company Limited	Hong Kong	HK\$11,150,000	Charter flights operator

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 49. PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ registration	Issued and paid up share capital/ registered capital	Principal activities
Heilongjiang Ananda Travel Limited	PRC	RMB5,990,000	Travel services
Hong Kong Wing On Travel Service Limited	Hong Kong	Ordinary – HK\$100 Deferred – HK\$20,000,000*	Outbound travel and related services
Intercontinental Hire Cars Limited **	Hong Kong	HK\$10,000,000	Transportation services
Jian Shen Co. Ltd.	British Virgin Islands	US\$1	Property investment in the PRC
King Fu Investment Holdings Ltd.	British Virgin Islands	US\$50,000	Property investment in the PRC
Kingsgrove International Limited	Hong Kong	HK\$2	Property investment
Many Good Limited	Hong Kong	HK\$100,000	Money exchange services
Mexmara Holdings Limited	British Virgin Islands	US\$1	Property investment in Hong Kong
Moreton International Limited	Hong Kong	HK\$2	Property investment



# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 49. PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ registration	Issued and paid up share capital/ registered capital	Principal activities
Shenzhen Airport-HK Shuttle Bus Limited **	Hong Kong	HK\$10,000	Transportation services
South Africa Express Limited	British Virgin Islands	US\$1	Overseas travel services
Success Fund Industrial Limited	Hong Kong	HK\$100	Property investment in the PRC
Success Billion Limited	British Virgin Islands	US\$1	Deposit holding in Singapore
Super Grade Investment Limited	British Virgin Islands	US\$1	Property investment in Hong Kong
Trans-Island Limousine Service Limited **	Hong Kong	Ordinary - HK\$1,000 Deferred - HK\$30,000,000*	Transportation services
Watertours of Hong Kong Limited	Hong Kong	Ordinary - HK\$1,500,000 "B"-100*	Watertour services
Wing on Air Service Limited	British Virgin Islands	US\$1	Investment holding
Wing On Travel (China) Limited	Hong Kong	HK\$2	Investment holding

# Notes to the Financial Statements *(continued)*

For the year ended 31 March 2001

## 49. PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ registration	Issued and paid up share capital/ registered capital	Principal activities
Wing On Travel.com Limited ***	Samoa	US\$10	Travel website
World Way (Pacific) Limited	Hong Kong	HK\$2	General trading
汕頭辰達南華旅運有限公司 **	PRC	HK\$5,000,000	Shuttle bus services
深圳環通豪華客車特約租用 服務公司 **	PRC	HK\$8,000,000	Shuttle bus services
深圳迅環豪華客車租約服務 公司 **	PRC	HK\$9,000,000	Shuttle bus services

\* The deferred shares and "B" shares are owned by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution in winding up.

\*\* 75% owned by the Group.

\*\*\* 80% owned by the Group.

All of the above principal subsidiaries, other than Ananda Wing On Travel (BVI) Limited, are held indirectly by the Company.

The above principal subsidiaries operate in their respective place of incorporation or registration unless as stated otherwise.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or 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.

No loan capital has been issued by any of the subsidiaries.