

1. GENERAL

The Company was previously incorporated in the Cayman Islands as an exempted company under The Companies Law Cap. 22 of the Cayman Islands (the “Companies Law”) with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Pursuant to a special resolution passed on 12 June 2002, the Company deregistered from the Cayman Islands under section 226 of the Companies Law and redomiciled in Bermuda under section 132c of the Companies Act 1981 of Bermuda as an exempted company.

The Company is an investment company. The principal activities of its principal subsidiaries are set out in note 39.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

On 24 January 2002, the Company entered into a conditional agreement with new investors to carry out equity injection scheme whereby a newly incorporated company will replace the Company as the holding company under a scheme of arrangement and 2,682,515,000 new shares and 901,533,000 new warrants will be issued by the new holding company (the “Equity Injection Scheme”). Upon the issue of new shares and exercise of new warrants, the Company will obtain an aggregate consideration of approximately HK\$74,385,000. The Equity Injection Scheme was approved by the Company’s shareholders at a special general meeting on 22 July 2002. In addition, the Company also entered into an agreement with a bank on 15 May 2002 to reschedule the repayment of the Group’s bank borrowings. As such, the directors are satisfied that sufficient funding will be obtained from the above arrangements and the Company will have sufficient financial resources to meet in full its financial obligations as they fall due for the foreseeable future.

3. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Company 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 new and revised SSAPs has no significant effect on the financial statements for the current or prior year. The revised accounting policies are set out in note 4. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. The adoption of these new and revised SSAPs have resulted in the following changes to the Group’s accounting policies that have affected the amounts reported for the current and prior years.

Leases

SSAP 14 (Revised) “Leases” (“SSAP 14”) has introduced some amendments to the basis of accounting for finance and operating leases, and to the disclosures specified for the Group’s leasing arrangements. Disclosures for all of the Group’s leasing arrangements have been modified so as to comply with the requirements of SSAP 14. Comparative amounts and disclosure have been restated in order to achieve a consistent presentation.

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.

3. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

(Continued)

Goodwill

In the current year, the Group has adopted SSAP 30 "Business Combinations" and has elected not to restate goodwill previously charged to reserves. Accordingly, goodwill arising on acquisition prior to 1 April 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary or associate or at such time as the goodwill is determined to be impaired. Goodwill arising on acquisitions after 1 April 2001 is capitalised and amortised on a straight-line basis over its estimated useful economic life. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

4. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

The results of subsidiaries and associates acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

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

Goodwill arising on acquisition after 1 April 2001 is capitalised and amortised on a straight-line basis over its useful economic life. Goodwill arising on the acquisition of an associate or a jointly controlled entity is included within the carrying amount of the associate or jointly controlled entity. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)***Investments in subsidiaries***

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

Investment in an associate

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, interests in associates are stated at the Group's share of the net asset of the associates less any identified impairment loss.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any identified impairment loss.

Interest in a jointly controlled entity

Joint venture arrangement which involves the establishment of a separate entity in which each venturer has an interest is referred to as jointly controlled entity.

The Group's interest in its jointly controlled entity is included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entity less any identified impairment loss. The Group's share of the post-acquisition results of its jointly controlled entity is included in the consolidated income statement.

The Company's interest in a jointly controlled entity is stated at cost, as reduced by any identified impairment loss. The results of jointly controlled entity is accounted for by the Company on the basis of dividends received and receivable.

Revenue recognition

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

Service income is recognised when services are rendered.

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

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

4. 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.

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

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

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Property, plant and equipment

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

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

Freehold land	Nil
Leasehold land held in Hong Kong	Over the term of the leases
Land and buildings held in the People's Republic of China ("PRC")	Over the terms of the land use rights
Buildings held in Hong Kong	4%
Leasehold improvements	Over the shorter of the term of the lease, land use rights or 5 years
Brewery plant and equipment	2 – 10%
Other plant and machinery	5 – 20%
Equipment	15 – 20%
Furniture, fixtures and office equipment	20 – 25%
Motor vehicles	25 – 33%

Construction in progress is carried at cost, less any identified impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Investments in securities

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

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

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

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

Inventories

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

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the relevant lease terms.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

Transactions in currencies other than Hong Kong dollars are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated into Hong Kong dollars at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of the Group's overseas operations which are denominated in currencies other than Hong Kong dollars are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves and are recognised as income or as expenses in the period in which the operation is disposed of.

Taxation

The charge for taxation is based on the results for the year after 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.

Retirement benefits scheme

The retirement benefit costs charged in the income statement represent the contributions payable in respect of the current year to the Group's defined contribution scheme.

5. TURNOVER

	2002	2001
	HK\$'000	HK\$'000
Continuing operations		
Sales of goods	51,256	199,376
Logistics and other services	5,103	2,568
Rental income	6,452	7,730
	62,811	209,674
Discontinued operations		
Sales of goods	–	2,856
	62,811	212,530

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into six (2001: eight) operating divisions. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Electronic household appliances	–	distribution of electronic household appliances
Edible oil	–	production and distribution of edible oil
Apparel (discontinued in 2002)	–	trading of apparel
Brewery production	–	production and distribution of brewery products
Food and beverage	–	trading of food and beverage products
Logistics	–	provision of logistics and related services
Property investment	–	property investment in Hong Kong and the PRC
Paper and related personal products (discontinued in 2001)	–	production and distribution of paper and related personal products

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Segment information about these businesses is presented below:

For the year ended 31 March 2002

	Electronic household appliances	Edible oil	Brewery production	Food and beverage	Logistics	Property investment	Others	Elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Note iii)						
REVENUE									
External sales	7,214	14,561	23,648	5,833	3,906	6,452	1,197	-	62,811
Inter-segment sales	-	-	848	-	869	-	-	(1,717)	-
Total revenue	7,214	14,561	24,496	5,833	4,775	6,452	1,197	(1,717)	62,811
RESULT									
Segment result	(21)	(4,503)	(28,753)	(1,118)	(11,560)	(17,133)	(27,852)	-	(90,940)
Unallocated corporate expenses									(13,139)
Loss from operations									(104,079)
Interest income									13
Finance costs									(10,601)
Gain on disposal/dilution of interest in a subsidiary									839
Loss on disposal/dilution of interest in an associate									(10,143)
Share of results of a jointly controlled entity									(4,815)
Share of results of an associate									(464)
Loss before taxation									(129,250)
Taxation									(131)
Loss before minority interests									(129,381)

Inter-segment sales are charged at prevailing market rates.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

As at 31 March 2002

	Electronic household appliances	Edible oil	Brewery production	Food and beverage	Logistics	Property investment	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000 (Note iii)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS								
Segment assets	934	37,540	14,984	3,555	116,710	2,900	9,385	186,008
Investments in securities								6,394
Interest in a jointly controlled entity								3,388
Unallocated corporate assets								1,109
Consolidated total assets								196,899
LIABILITIES								
Segment liabilities	116	13,723	12,417	2,832	5,692	1,727	7,820	44,327
Tax payable								1,943
Bank borrowings								74,091
Unallocated corporate liabilities								20,001
Consolidated total liabilities							140,362	
Other Information:								
Capital additions	-	6,260	11	46	6	-	-	6,323
Depreciation and amortisation	37	7,591	700	21	3,885	127	832	13,193
Impairment loss recognised	-	-	27,347	-	8,607	-	-	35,954

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

For the year ended 31 March 2001

	Electronic household appliances	Edible oil	Brewery production	Food and beverage	Apparel	Logistics	Property investment	Paper and related personal products	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000 (Note iii)	HK\$'000	HK\$'000 (Note ii)	HK\$'000	HK\$'000	HK\$'000 (Note i)	HK\$'000	HK\$'000
REVENUE										
External sales	6,795	15,749	21,869	5,126	149,837	2,568	7,730	2,856	–	212,530
Inter-segment sales	–	–	718	–	–	591	–	–	(1,309)	–
Total revenue	6,795	15,749	22,587	5,126	149,837	3,159	7,730	2,856	(1,309)	212,530
RESULT										
Segment result	(1,645)	(4,413)	(4,577)	(26,873)	7,592	(34,881)	3,238	(3,585)	–	(65,144)
Unallocated corporate expenses										(3,603)
Loss from operations										(68,747)
Interest income										1,371
Finance costs										(13,501)
Gain on disposal/dilution of interest in a subsidiary										1,154
Loss on disposal/dilution of interest in an associate										(1,539)
Impairment loss on interest in a jointly controlled entity										(9,549)
Share of results of a jointly controlled entity										(16,096)
Share of results of an associate										(26,000)
Loss before taxation										(132,907)
Taxation										(1,330)
Loss before minority interests										(134,237)

Inter-segment sales are charged at prevailing market rates.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

As at 31 March 2001

	Electronic household appliances	Edible oil	Brewery production	Food and beverage	Apparel	Logistics	Property investment	Paper and related personal products	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000 (Note iii)	HK\$'000	HK\$'000 (Note ii)	HK\$'000	HK\$'000	HK\$'000 (Note i)	HK\$'000	HK\$'000
ASSETS										
Segment assets	3,151	33,817	41,524	4,253	23,792	119,166	78,330	–	1,541	305,574
Interest in associates										45,350
Interest in a jointly controlled entity										8,105
Unallocated corporate assets										26,988
Consolidated total assets										<u>386,017</u>
LIABILITIES										
Segment liabilities	1,356	11,042	1,557	11,076	7,686	5,184	2,453	–	8,178	48,532
Tax payable										7,762
Bank borrowings										131,630
Unallocated corporate liabilities										7,011
Consolidated total liabilities										<u>194,935</u>
OTHER INFORMATION:										
Capital additions	111	57	5,650	38	90	353	–	2,456	40	8,795
Depreciation and amortisation	1,122	1,762	1,222	41	32	4,383	127	600	1,246	10,535
Impairment loss recognised	–	–	–	19,163	–	29,357	–	9,549	–	58,069

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Notes:

- (i) On 30 June 2000, the Group's interest in DF China Technology Inc. ("DFCT") was reduced from 78.4% to 32.2% as a result of the distribution in specie to the shareholders of the Company. DFCT was principally engaged in the production and distribution of paper and related personal products. The business segment of DFCT was regarded as discontinued operations for the year ended 31 March 2001.
- (ii) On 7 April 2001, the Group disposed of its entire interest in Dransfield Apparel Limited, which was principally engaged in the garment sourcing and trading of apparel. Dransfield Apparel Limited did not have any significant contribution to the Group's turnover and operating results for the current year. The cash effects of the disposal are set out in note 29.
- (iii) On 12 April 2002, the Group entered into an agreement for the disposal of its entire interest in Redruth Brewery (1742) Limited ("Redruth"), which is engaged in the production and distribution of brewery products.

Geographical segments

The Group's operations are principally located in Hong Kong, the PRC and the United Kingdom. The Group's administrative function is carried out in Hong Kong and the PRC and the manufacturing function is carried out in the PRC and the United Kingdom.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

	Sales revenue by geographical market		Contribution to operating results	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	15,474	19,282	(45,625)	(1,904)
PRC	23,689	21,542	(16,562)	(66,255)
Europe	23,648	21,869	(28,753)	(4,577)
United States of America	–	149,837	–	7,592
	62,811	212,530	(90,940)	(65,144)
Unallocated corporate expenses			(13,139)	(3,603)
Loss from operations			(104,079)	(68,747)

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

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

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	16,358	85,901	46	189
PRC	154,666	154,357	6,266	2,866
Europe	14,984	41,524	11	5,650
Others	–	23,792	–	90
	186,008	305,574	6,323	8,795

7. LOSS FROM OPERATIONS

	2002	2001
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging:		
Staff costs	8,030	13,030
Staff retirement scheme contributions	327	179
Total staff costs, including directors' emoluments	8,357	15,524
Auditors' remuneration:		
Current year	800	850
Underprovision in previous year	143	–
Depreciation and amortisation	13,193	10,535
and after crediting:		
Gross rental income from investment properties	6,452	7,730
Less: outgoings	(538)	(45)
	5,914	7,685

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

	2002	2001
	HK\$'000	HK\$'000
Fees:		
Executive directors	25	80
Non-executive directors	–	85
Independent non-executive directors	32	–
	57	165
Other emoluments:		
Executive directors		
– Salaries and other benefit	1,033	2,465
– Retirement benefits scheme contributions	29	43
	1,062	2,508
Non-executive directors		
– Salaries and other benefits	721	–
	1,840	2,673

The aggregate emoluments of each of the directors during both years were below HK\$1,000,000. The five highest paid individuals of the Group were all directors of the Company in both years and details of their emoluments are set out above.

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments.

9. TAXATION

	2002	2001
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	–	1,330
Underprovision in prior years	431	–
	431	1,330
Deferred taxation (note 26)	(300)	–
	131	1,330

9. TAXATION (Continued)

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the year.

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

Details of deferred taxation are set out in note 26.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss for the year of HK\$129,292,000 (2001: HK\$131,521,000) and the weighted average of 1,825,557,000 (2001: 1,772,747,000) ordinary shares in issue during the year.

The calculation of diluted loss per share does not assume the exercise of the share options as their exercise would result in a decrease in loss per share.

11. INVESTMENT PROPERTIES

	THE GROUP	
	Property situated in	
	Hong Kong	PRC
	HK\$'000	HK\$'000
VALUATION		
At 1 April 2001	68,700	2,200
Disposals	68,000	–
At 31 March 2002	700	2,200

The investment properties are held under medium-term leases.

During the year, the Group entered into a conditional sales and purchase agreement to dispose of the properties situated in the PRC at an agreed amount of HK\$2,200,000. The disposal has not yet been completed at the balance sheet date. The Group's remaining investment property situated in Hong Kong, with a carrying value of HK\$700,000, was under the possession of a bank during the year and has not yet been disposed of at the balance sheet date. In the opinion of the directors, both investment properties were carried at their net realisable value, which approximate their open market value at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land and buildings in the PRC	Leasehold land and buildings in Hong Kong	Leasehold improve- ments	Brewery plant and machinery	Other plant and machinery	Equipment	Furniture, fixtures and equipment	Motor vehicles	Construc- tion in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP											
COST											
At 1 April 2001	5,372	116,620	8,000	9,775	43,904	7,061	9,376	34,658	2,773	179	237,718
Exchange realignment	–	2,338	–	3	523	97	–	345	18	4	3,328
Additions	–	–	–	–	11	6,213	32	53	14	–	6,323
Disposal of subsidiaries	–	–	–	(191)	–	–	–	(198)	–	–	(389)
Transfer	–	–	–	183	–	–	–	–	–	(183)	–
Disposals and written off	(1,136)	–	(8,000)	(5,328)	–	–	(15)	(4,362)	(239)	–	(19,080)
At 31 March 2002	4,236	118,958	–	4,442	44,438	13,371	9,393	30,496	2,566	–	227,900
DEPRECIATION AND AMORTISATION AND IMPAIRMENT											
At 1 April 2001	–	1,483	–	6,733	8,377	759	4,267	17,814	2,363	–	41,796
Exchange realignment	–	(906)	–	3	91	1,410	–	48	11	–	657
Disposal of subsidiaries	–	–	–	(98)	–	–	–	(134)	–	–	(232)
Provided for the year	–	2,931	138	429	700	7,344	–	1,550	101	–	13,193
Eliminated on disposals and written off	–	–	(138)	(3,099)	–	–	(7)	(3,572)	(195)	–	(7,011)
Impairment loss recognised in income statement	2,236	8,607	–	–	25,111	–	–	–	–	–	35,954
At 31 March 2002	2,236	12,115	–	3,968	34,279	9,513	4,260	15,706	2,280	–	84,357
NET BOOK VALUES											
At 31 March 2002	2,000	106,843	–	474	10,159	3,858	5,133	14,790	286	–	143,543
At 31 March 2001	5,372	115,137	8,000	3,042	35,527	6,302	5,109	16,844	410	179	195,922

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of land and buildings held by the Group at the balance sheet date comprises:

	2002	2001
	HK\$'000	HK\$'000
Long lease land held in Hong Kong	–	8,000
Medium-term land use rights held in the PRC	106,843	115,137
Freehold land held in the United Kingdom	2,000	5,372
	108,843	128,509

The directors of the Company reviewed the carrying value of the property, plant and equipment of the Group at the balance sheet date and identified that:

- i. the recoverable amount of the plant and machinery for the manufacturing of the brewery products were estimated to be lower than the carrying amount in view of the net recoverable amount of these assets. An impairment loss of HK\$25,111,000 was recognised in the income statement for the year ended 31 March 2002.
- ii. the recoverable amount of the freehold land situated in the United Kingdom and the leasehold land and buildings situated in the PRC were lower than their carrying amounts by reference to open market values of the properties at 31 March 2002 in considering of the deteriorating performance of the Group. An impairment loss of HK\$10,843,000 was recognised in the income statement.

13. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2002	2001
	HK\$'000	HK\$'000
Unlisted shares, at cost	61,457	61,457
Amounts due from subsidiaries	524,973	502,389
	586,430	563,846
Impairment loss recognised	(307,462)	(285,716)
	278,968	278,130

The carrying value of the unlisted shares is based on the directors' estimate of the underlying net assets of the subsidiaries attributable to the Group as at the date on which the Company became the ultimate holding company of the Group under a corporate reorganisation and represents the cost of investment in unlisted shares.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

13. INTERESTS IN SUBSIDIARIES (continued)

The directors have reviewed the carrying amounts of assets of the subsidiaries. In light of the current market conditions and the existing operating plan, the directors have identified certain investment costs and amounts due from subsidiaries, with an aggregate carrying amount of HK\$307,462,000, and which are considered to have a negligible recoverable amount as at the balance sheet date. Accordingly, the whole amount has been recognised in the income statement as impairment loss for the current year.

Details of the Company's principal subsidiaries at 31 March 2002 are set out in note 39.

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

14. INTEREST IN AN ASSOCIATE

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Listed shares at cost	–	–	–	69,547
Share of net assets	–	40,407	–	–
Impairment loss	–	–	–	(34,404)
	–	40,407	–	35,143
Amount due from an associate	–	4,943	–	–
	–	45,350	–	35,143

The balance in 2001 represented the interest of 29.67% in DFCT, a company listed on the NASDAQ Smallcap Market and engaged in the production and distribution of paper and related personal products.

During the year, the Company has disposed of a 9.91% interest in DFCT to a third party and reduced its interest in DFCT to 19.76%. In the opinion of the directors, the Group is not in the position to exercise significant influence in the financial and operating policy decisions of DFCT after the disposal of the 9.91% interest in DFCT. Accordingly, the investment in DFCT is reclassified as an investment in the securities.

15. INTEREST IN A JOINTLY CONTROLLED ENTITY

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Share of net assets of a jointly controlled entity	3,644	8,361
Unrealised profit on disposal of property, plant and equipment to a jointly controlled entity	(256)	(256)
	3,388	8,105

Details of the Group's jointly controlled entity at 31 March 2002 are as follows:

Name of jointly controlled entity	Form of business structure	Place of establishment	Proportion of nominal value of registered capital held by the Company indirectly	Principal activity
Wuxi Dransfield Broadsino Beverage Co., Ltd. ("WDBB")	Corporate	PRC	45.6%	Manufacture of beverage products

The Group is entitled to share 45.6% profit in WDBB and has 60% voting rights in the WDBB's general meeting. According to a shareholder agreement entered into between the Group and other shareholders, all significant decisions in financial and operating policies are required to be determined and agreed collectively by all shareholders, and WDBB is subject to joint control by all the shareholders.

16. LOAN TO A MINORITY SHAREHOLDER

The loan to a minority shareholder is unsecured, bears compound interest at a rate of 6% per annum and has no fixed terms of repayment. Pursuant to an agreement signed by the Group and the minority shareholder of a subsidiary in prior years, the minority shareholder re-invested the loan to a subsidiary of the Group, in which the minority shareholder has a 20% equity interest, in the form of an interest-free loan. The minority shareholder has undertaken to apply any amount, including dividends, which may be distributed by the subsidiary to the minority shareholder to repay, in full, the loan advanced by the Group. In the opinion of the directors, the loan will not be repayable within twelve months from the balance sheet date. Accordingly, the loan is shown as non-current.

The corresponding loan advanced from the minority shareholder to the subsidiary is classified as a loan from a minority shareholder (note 27).

At 31 March 2002, the Group was entitled to interest income receivable of HK\$2,322,000 (2001: HK\$1,864,000) derived from a loan to the minority shareholder, which has not been received, and accordingly, the revenue has not been recognised in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

17. INVENTORIES

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Raw materials	3,725	3,149
Work in progress	180	300
Finished goods	3,379	9,119
	7,284	12,568

Included above are inventories of HK\$2,018,000 (2001: HK\$5,859,000) which are carried at net realisable value.

18. TRADE AND OTHER RECEIVABLES

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

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Less than 3 months	6,346	12,976
3 to 6 months	30	401
6 to 12 months	35	391
	6,411	13,768
Other receivables	310	5,070
	6,721	18,838

19. INVESTMENTS IN SECURITIES

	THE GROUP AND THE COMPANY	
	2002	2001
	HK\$'000	HK\$'000
Other investments		
Equity securities listed in overseas	6,394	–
Market value of listed securities	8,597	–

Investments in securities represent the Group's interest in DFCT transferred from the interest in an associate after the disposal of a certain percentage of interest. Details are set out in note 14.

During the year, the Group entered into an agreement to dispose of its entire interest in DFCT to a third party. The remaining title in DFCT will be transferred to the third party when the Group receives the consideration for their disposal. In the opinion of the directors, the carrying value of the investments in securities approximates its fair value at the balance sheet date.

20. TRADE AND OTHER PAYABLES

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

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Less than 3 months	4,667	15,075
3 to 6 months	696	1,192
6 to 12 months	1,331	92
Over 1 year	2,908	5,000
Other payables	9,602	21,359
	36,045	18,623
	45,647	39,982

21. AMOUNTS DUE TO RELATED COMPANIES, DIRECTORS, MINORITY SHAREHOLDERS, AN INVESTEE AND AN ASSOCIATE

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

22. BANK BORROWINGS

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Secured	51,651	131,630
Unsecured	22,440	–
	74,091	131,630
The bank borrowings are repayable as follows:		
On demand or within one year	54,775	117,969
More than one year, but not exceeding two years	8,400	13,661
More than two year, but not exceeding five years	10,916	–
	74,091	131,630
Less: Amount due within one year shown under current liabilities *	(74,091)	(117,969)
	–	13,661

* Included in the amount is HK\$19,316,000 which was originally due for repayment after more than one year. As events of default have arisen under the loan agreement, the loan has become repayable on demand and the relevant loan has been classified as a current liability.

All the bank borrowings are secured by:

- guarantees from the Company and minority shareholders of the Group; and
- certain leasehold land and buildings, investment properties, plant and machinery and bank deposits of the Group (note 34).

23. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Amount
		HK\$'000
Authorised:		
At 1 April 2000, 31 March 2001 and 2002	3,000,000,000	300,000
Issued and fully paid:		
At 1 April 2000	1,630,650,000	163,065
Exercise of share options	34,500,000	3,450
Issued through placement to third party investors	160,000,000	16,000
At 1 April 2001	1,825,150,000	182,515
Exercise of share options (note)	5,500,000	550
At 31 March 2002	1,830,650,000	183,065

Note: On 4 March 2002, 500,000 and 5,000,000 ordinary shares were issued upon the exercise of the share options by two directors at an exercise price of HK\$0.10 per share for a total amount of HK\$550,000.

All shares issued by the Company during the year ended 31 March 2002 and 2001 rank pari passu with the existing shares in all respects.

24. SHARE OPTION SCHEME

At the balance sheet date, the Company had outstanding share options as follows:

Exercisable period	Exercise price per share	Number of ordinary shares subject to options
6 March 2001 to 5 March 2002 or 6 March 2002 to 2 April 2003	HK\$0.20 or HK\$0.18	14,350,000
1 December 2001 to 2 April 2003	HK\$0.10	9,050,000
		23,400,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

25. RESERVES

	Share premium	Capital reserve	Goodwill reserve	Asset revaluation reserve	Exchange reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP							
At 1 April 2000	312,658	19,931	11,989	2,845	11,459	(128,550)	230,332
Exchange differences arising on the translation of financial statements of overseas operations	–	–	–	–	(5,472)	–	(5,472)
Share issue expenses	(511)	–	–	–	–	–	(511)
Distribution in specie to shareholders	(97,990)	–	–	–	–	–	(97,990)
Revaluation decrease on land and buildings	–	–	–	(1,010)	–	–	(1,010)
Net loss for the year	–	–	–	–	–	(131,521)	(131,521)
At 31 March 2001	214,157	19,931	11,989	1,835	5,987	(260,071)	(6,172)
Exchange differences arising on the translation of financial statements of overseas operations	–	–	–	–	1,067	–	1,067
Share of reserve of a jointly controlled entity	–	–	–	–	98	–	98
Release upon disposal	–	–	–	(1,835)	–	1,835	–
Net loss for the year	–	–	–	–	–	(129,292)	(129,292)
At 31 March 2002	214,157	19,931	11,989	–	7,152	(387,528)	(134,299)

25. RESERVES (Continued)

	Share premium	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000
THE COMPANY			
At 1 April 2000	371,542	(179,563)	191,979
Distribution in specie to shareholders	(97,990)	–	(97,990)
Share issue expenses	(511)	–	(511)
Net loss for the year	–	(124,790)	(124,790)
At 31 March 2001	273,041	(304,353)	(31,312)
Net loss for the year	–	(133,939)	(133,939)
At 31 March 2002	273,041	(438,292)	(165,251)

The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the group reorganisation on 29 October 1992, over the nominal value of the Company's shares issued in exchange therefor.

The share premium account of the Company includes an amount of HK\$59,884,000 which represents the excess of the fair value of the shares in the subsidiaries acquired pursuant to a group reorganisation, over the nominal value of the Company's shares issued in exchange therefor, net of a capitalisation issue of HK\$1,000,000. Under the Companies Law, the share premium of the Company is available for dividends or distributions in specie to shareholders subject to the provisions of the Company's Memorandum and Articles of Association and, provided that immediately following the distribution of dividends or distributions in specie, the Company is able to pay its debts as they fall due in the ordinary course of business. Pursuant to a special resolution passed in the extraordinary general meeting on 24 December 1999, Articles 138 and 140 of the Articles of Association of the Company, which previously only permitted the payment of dividends or the making of distributions in specie out of the profits of the Company, were amended so that the Company is now able to pay dividends or make distributions in specie out of the profits or the share premium account of the Company. As at 31 March 2002, the share premium account of HK\$273,041,000 was available for cash distribution and/or distribution in specie under certain circumstances, including the circumstance as noted above, as stipulated in the Companies Law.

On 30 June 2000, 8,325,700 shares of DFCT held by the Company was distributed to the Company's shareholders on the basis of 1,000 DFCT's shares for every 200,000 of the Company's shares held on 30 June 2000. The carrying value of DFCT's shares distributed in specie has been charged to the Company's share premium account.

In the opinion of the directors, at the balance sheet date, the Company did not have any reserves available for distribution to shareholders (2001: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

26. DEFERRED TAXATION

The movements of deferred taxation of the Group during the year are as follows:

	2002	2001
	HK\$'000	HK\$'000
At 1 April	300	300
Credit for the year (note 9)	(300)	–
At 31 March	–	300

At the balance sheet date, the major components of the deferred taxation (assets) liabilities, recognised and unrecognised, were as follows:

	Recognised		Unrecognised	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP				
Tax effect of timing differences attributable to:				
Excess (shortfall) of tax allowances and depreciation charged in the financial statements	–	300	(396)	(296)
Tax losses	–	–	(9,361)	(9,886)
General provision	–	–	–	(20)
	–	300	(9,757)	(10,162)
THE COMPANY				
Tax effect of timing differences attributable to:				
Tax losses	–	–	(569)	(557)

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.

26. DEFERRED TAXATION (continued)

The major component of deferred taxation (credit) charge recognised and not recognised for the year are as follows:

	Recognised		Unrecognised	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP				
Tax effect of timing differences attributable to:				
Shortfall of tax allowances and depreciation charged in the financial statements	(300)	–	(383)	(1,308)
Tax losses (arising) utilised	–	–	(72)	868
General provision	–	–	(20)	14
Disposal of a subsidiary	–	–	880	–
	(300)	–	405	(426)
THE COMPANY				
Tax effect of timing difference attributable to:				
Tax losses arising	–	–	(12)	(557)

27. LOAN FROM A MINORITY SHAREHOLDER

The loan is unsecured, non-interest bearing and has no fixed terms of repayment. The minority shareholder has agreed not to demand repayment within twelve months from the balance sheet date and the loan is therefore shown as non-current.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

28. RECONCILIATION OF LOSS BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002	2001
	HK\$'000	HK\$'000
Loss before taxation	(129,250)	(132,907)
Interest income	(13)	(1,371)
Interest expenses	10,601	13,501
Share of results of an associate	464	26,000
Share of results of a jointly controlled entity	4,815	16,096
Exchange differences	(1,361)	552
Loss on disposal of property, plant and equipment	5,555	239
Loss on disposal of investment properties	12,823	–
Impairment loss on property, plant and equipment	35,954	48,520
Depreciation and amortisation	13,193	10,535
Gain on disposal/dilution of interest in a subsidiary	(839)	(1,154)
Revaluation decrease of investment properties	–	2,500
Loss on disposal/dilution of interest in an associate	10,143	1,539
Unrealised loss on investments in securities	20,208	–
Impairment loss on interest in an associate	–	9,549
Allowances for amount due from an investee	7,644	–
Allowances for doubtful debts	–	3,892
Allowances for inventory obsolescence	–	689
Decrease in inventories	5,284	2,019
Decrease in trade and other receivables	6,632	4,196
Increase in amount due from an investee	(2,701)	–
Decrease in trade and other payables	13,354	6,986
Net cash inflow from operating activities	12,506	11,381

29. DISPOSAL OF A SUBSIDIARY

	2002	2001
	HK\$'000	HK\$'000
Net assets disposed of:		
Property, plant and equipment	157	206,692
Loan to a minority shareholder	–	14,328
Inventories	–	3,665
Trade and other receivables	5,485	7,258
Bank balances and cash	16,222	1,888
Trade and other payables	(7,689)	(5,528)
Taxation payable	(6,905)	–
Loan from a minority shareholder	–	(14,328)
Minority interests	(6,879)	(48,039)
Net assets	391	165,936
Reclassification to interests in an associate	–	(67,946)
Gain on disposal of a subsidiary	839	–
	1,230	97,990
Satisfied by:		
Cash consideration received	1,230	–
Distribution in specie to shareholders charged to share premium account	–	97,990
	1,230	97,990
Analysis of net outflow of cash and cash equivalents in connection with the disposal of a subsidiary:		
Cash consideration received	(1,230)	–
Bank balances and cash disposed of	16,222	1,888
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	14,992	1,888

The subsidiary disposed of during the year ended 31 March 2002 did not have a significant impact on the Group's cash flows or operating results for the year.

The subsidiary of which the Group's interest was disposed of during the year 2001 utilised HK\$295,000 of the Group's net operating cash flows, paid HK\$656,000 in respect of returns on investments and servicing of finance, received HK\$83,000 in respect of tax refund, utilised HK\$2,455,000 for investing activities and contributed HK\$3,501,000 for financing activities of that year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

30. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and premium	Bank borrowings	Amounts due to related companies	Amounts due to directors	Amounts due to minority shareholders	Loans from minority shareholders	Minority interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2000	475,723	140,144	–	180	6,068	21,958	72,238
Proceeds from issue of shares	18,939	–	–	–	–	–	–
Shares issued under scrip dividend scheme	(97,990)	–	–	–	–	–	–
New borrowings raised	–	13,661	7,046	213	–	–	–
Repayment during the year	–	(20,865)	–	–	(4,200)	–	–
Disposal of a subsidiary	–	–	(1,541)	–	–	(14,328)	(48,039)
Placing of shares of a subsidiary	–	–	–	–	–	–	2,827
Dividend paid to minority shareholders	–	–	–	–	–	–	(9,571)
Share of results for the year	–	–	–	–	–	–	(2,716)
Effect of foreign exchange rate changes	–	(1,310)	–	–	–	–	–
At 31 March 2001	396,672	131,630	5,505	393	1,868	7,630	14,739
Proceeds from issue of shares	550	–	–	–	–	–	–
New borrowings raised	–	–	564	2,721	–	–	–
Repayment during the year	–	(57,800)	–	–	–	–	–
Disposal of a subsidiary	–	–	–	–	–	–	(6,879)
Share of results for the year	–	–	–	–	–	–	(89)
Effect of foreign exchange rate changes	–	261	–	–	–	–	–
At 31 March 2002	397,222	74,091	6,069	3,114	1,868	7,630	7,771

31. MAJOR NON-CASH TRANSACTIONS

The proceeds on placing of shares of a subsidiary amounting to HK\$480,000 during the year ended 31 March 2001 was set off against other payables.

32. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Minimum lease payments paid under operating leases in respect of premises during the year	511	1,286

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

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Within one year	4	770
In the second to fifth year inclusive	–	3,080
Over five years	–	770
	4	4,620

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

The Group as lessor

Rental income earned during the year was approximately HK\$6,429,000 (2001: HK\$7,730,000).

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Within one year	–	8,231
In the second to fifth year inclusive	–	19,320
	–	27,551

The Company had no outstanding commitments under non-cancellable operating leases at the balance sheet date.

33. CAPITAL COMMITMENTS

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of		
– acquisition of property, plant and equipment	–	6,475
– investments in the PRC subsidiaries	–	848
– investments in the PRC jointly controlled entity	–	9,548
	–	16,871

The Company had no significant capital commitments at the balance sheet date.

34. PLEDGE OF ASSETS

At 31 March 2002, certain of the Group's investment properties, leasehold land and buildings, plant and machinery and bank deposits with an aggregate carrying value of HK\$700,000 (2001: HK\$68,700,000), HK\$100,000,000 (2001: HK\$114,500,000), HK\$29,309,000 (2001: HK\$6,556,000) and HK\$nil (2001: HK\$8,799,000), respectively, were pledged to banks to secure loan facilities granted to the Group.

The Group's interests in two wholly-owned subsidiaries, Good Value Holdings Limited and Well Assessed Limited, were also pledged to a bank to secure loan facilities granted to the Group.

35. CONTINGENT LIABILITIES

At 31 March 2002, the Company had guarantees of approximately HK\$125,329,000 (2001: HK\$117,968,000) given to banks in respect of banking facilities granted to certain subsidiaries of the Company.

36. RETIREMENT BENEFITS SCHEME

Prior to 1 December 2000, the Company and its subsidiaries in Hong Kong operated a defined contribution retirement benefits scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of trustees.

With effect from 1 December 2000, the Group joined a Mandatory Provident Fund Scheme ("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 each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

The retirement benefit 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.

36. RETIREMENT BENEFITS SCHEME (continued)

Employees of subsidiaries in the PRC are members of the central pension scheme operated by the PRC government. These subsidiaries are required to contribute a certain percentage of their covered payroll to the central pension scheme to fund the benefits. The contributions are charged to the income statement in the year to which they related.

37. RELATED PARTY TRANSACTIONS

During the year, the Group had the following transactions with related parties:

Name of related party	Interested directors	Nature of transaction	2002	2001
			HK\$'000	HK\$'000
KPFF Holdings Limited	Cyril Fung Hing Chiu	Servicing income	11	–
Related companies in DFCT Group	Horace Yao Yee Cheong and Thomas John Kenan	Logistics income	362	401

Other than the above, at 31 March 2002, the Group also had loans from minority shareholders of HK\$7,630,000 (2001: HK\$7,630,000), details of which are disclosed in note 27. These loans are made by the minority shareholders to the related subsidiaries in the proportion of their interests in the respective subsidiaries, as appropriate.

These transactions were carried out at terms determined and agreed by the relevant parties.

38. POST BALANCE SHEET EVENTS

- (a) On 12 April 2002 and 25 April 2002, the Group and a third party entered into agreements whereby the Group disposed of its entire equity interest in Redruth and Dransfield (UK) Limited, both 95% owned subsidiaries of the Group and a piece of land, at an aggregate consideration of HK\$2,000,001.
- (b) Pursuant to a special resolution passed at a special general meeting on 12 June 2002, the Company deregistered from the Cayman Islands under section 226 of the Companies Law and redomiciled in Bermuda under section 132c of the Companies Act 1981 of Bermuda as an exempted company.
- (c) The Equity Injection Scheme was approved by the shareholders at a special general meeting on 22 July 2002.
- (d) Subsequent to the balance sheet date, share options for 11,400,000 shares of the Company were exercised for an aggregate consideration of HK\$1,328,000.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2002

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ establishment	Proportion of nominal value of issued share capital/ registered capital held by the Company		Issued and fully paid share capital/ registered capital	Principal activities
		Directly	Indirectly		
Dransfield Electronics Limited	Hong Kong	–	100%	HK\$1,800,000	Distribution of electronic household appliances
Dransfield Finance Limited	Hong Kong	100%	–	HK\$2	Provision of financial services to group companies
Dransfield Food and Beverage Limited	Hong Kong	–	95%	HK\$10,000	Trading of food and beverage products
Dransfield Secretarial & Administrative Services Limited	Hong Kong	–	100%	HK\$10,000	Provision of secretarial and management services
Dransfield Trading Limited	Hong Kong	–	100%	HK\$10,000	Trading of goods and services
Good Value Holdings Limited	British Virgin Islands/ Hong Kong	–	100%	US\$7	Property and investment holding
Grandom Investment Holding Limited	Hong Kong	–	90%	HK\$2,000,000	Property holding
Redruth Brewery (1742) Limited	United Kingdom	–	95%	£1,500,000	Production and distribution of brewery products
Shenyang Dransfield Industrial Development Ltd.	PRC	–	57%	RMB60,000,000	Production and distribution of edible oil

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment	Proportion of nominal value of issued share capital/ registered capital held by the Company		Issued and fully paid share capital/ registered capital	Principal activities
		Directly	Indirectly		
Victorison Logistic Service (Shenzhen) Co., Ltd.	PRC	–	100%	HK\$35,000,000	Provision of logistic services and property and investment holding
Well Assessed Limited	Hong Kong	–	100%	HK\$2	Property holding

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

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