

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation of Financial Statements

These financial statements are prepared under historical cost convention as modified by the revaluation of investment properties and the valuation to fair value of other investments, and in accordance with accounting principles generally accepted in Hong Kong including Statements of Standard Accounting Practice ("SSAP") and Interpretations issued by the Hong Kong Society of Accountants, and with the disclosure requirements of the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited and of the Hong Kong Companies Ordinance.

In the current year, the Group has adopted the following new or revised SSAPs effective for accounting periods commencing on or after 1 April 2001:

SSAP 14 (Revised)	–	Leases
SSAP 26	–	Segment reporting
SSAP 30	–	Business combinations
SSAP 31	–	Impairment of assets

The relevant major effects on the Group's financial statements and disclosures are explained in the accounting policies and the notes to the financial statements set out below.

Certain comparative figures have been restated to conform with the current year's presentation.

#### (b) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year together with the Group's share of the net assets and post-acquisition results of the associated companies using the equity method of accounting.

#### (c) Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the acquisition over the Group's share of the fair values ascribed to the identifiable assets and liabilities as at the date of acquisition.

In accordance with SSAP 30, goodwill arising on acquisition occurring on or after 1 April 2001 is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life.

In prior years, goodwill arising on acquisitions was written off to reserves in the year of acquisition. The Group has adopted the transitional provisions of SSAP 30 that permits goodwill on acquisitions which occurred prior to the change in accounting policy, to remain eliminated against reserves.



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (d) Subsidiaries

A subsidiary is an entity over which the Company has direct or indirect control. In the case of limited companies, control means the continuing ability to exercise more than half of the voting rights or to appoint a majority of the directors. In the case of partnerships, control means the continuing ability to exercise more than half of the voting rights or to appoint the general partner.

The Company's interests in subsidiaries are stated at cost less provision for impairment losses.

#### (e) Associates

An associate is an entity, other than a subsidiary, over which the Group has the ability to exercise significant influence, including participation in financial and operating policy decisions.

Investments in associates are stated in the consolidated balance sheet at the Group's share of the net assets less provision for impairment losses and in the balance sheet of the Company at cost less provision for impairment losses.

#### (f) Fixed Assets and Depreciation

##### (1) *Investment Properties*

Properties which are intended to be held for long-term rental income purposes are classified as investment properties. Investment properties are revalued annually by independent professional valuers on an open market value basis. Changes in the value of investment properties are dealt with in the investment properties valuation reserve. If the total of this reserve is insufficient to cover a deficit on a portfolio basis, the excess of the deficit is charged to the profit and loss account. On disposal of a revalued investment property, the relevant revaluation surplus or deficit is transferred to the profit and loss account.

##### (2) *Other fixed assets*

Other fixed assets are stated at cost less depreciation less provision for impairment losses.

##### (3) *Depreciation*

Depreciation is calculated to write off the cost or valuation of assets over their estimated useful lives on the following bases:

Investment properties	Nil
Other assets	10-30% p.a. reducing balance method



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (g) Investment Securities

Investment securities are securities which are intended to be held on a continuous basis, for example for strategic reasons or to cement commercial relationships.

Investment securities are stated at cost less provision for impairment losses.

#### (h) Other Investments

Other investments are securities, other than investments in subsidiaries, associates and investment securities, the accounting policies for which are disclosed above. Other investments intended by the directors to be held for more than one year are classified as non-current assets and other investments intended by the directors to be held for less than one year are classified as current assets. Other investments are stated at fair value as at the balance sheet date, those listed on a stock exchange being based on the quoted market price of each investment at the balance sheet date, and those unlisted being stated at fair value as estimated by the directors. Changes in fair value are recognised in the profit and loss account as they arise.

#### (i) Impairment of Assets

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 on 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

#### (i) Operating Leases

Leases whereby substantially all the rewards and risks of ownership of assets remain with the leasing company are considered as operating leases. Rental payable and receivable under operating leases are accounted for on a straight line basis over the respective periods of the leases.

The amendments in the revised SSAP 14 have resulted in changes to the detailed information disclosed for operating leases which are included in notes 18 and 19. Comparative amounts have been restated to conform with the current year's presentation.



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (k) Foreign Currencies

Transactions in foreign currencies during the period are translated at exchange rates ruling at transaction dates. Monetary assets and liabilities in foreign currencies and the financial statements of overseas subsidiaries and associated companies are translated into Hong Kong Dollars at exchange rates ruling at the balance sheet date.

Differences on foreign currency translation are dealt with in the profit and loss account except that differences arising from the translation of overseas subsidiaries and associated companies are taken directly to the exchange reserve.

The main exchange rates used at the balance sheet date are:

US\$1.00 = HK\$7.80	(2001: HK\$7.80)
Baht 100 = HK\$17.89	(2001: HK\$17.33)

#### (l) Deferred Taxation

Provision is made for deferred tax using the liability method in respect of timing differences which are expected with reasonable probability to crystallise in the foreseeable future.

#### (m) Revenue Recognition

##### (1) Rental income

Rental income is recognised on a straight line basis over the periods of the leases.

##### (2) Rendering of services

Services income is recognised when the services are rendered.

##### (3) Dividend income

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividend income from unlisted investments is recognised when the Group's right to received payment is established.

##### (4) Interest income

Interest income is recognised on a time proportion basis.



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (m) Revenue Recognition *(continued)*

##### *(5) Sales of investments*

Profits and losses on sales of investments are recognised when the transaction is completed and represent the difference between the estimated net proceeds and the carrying amount of the investments.

### 2) SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary reporting basis by business segment; and (ii) on a secondary reporting basis by geographical segment.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Unallocated items mainly comprise corporate, financing expenses and non-operating items shown below.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

In determining the Group's geographical segments, revenues are attributed based on the geographical location of customers and assets are attributed based on the geographical location of the assets. Segment assets comprise tangible assets.

Turnover from external customers is after elimination of inter-segment turnover. The amount eliminated attributable to Investments is HK\$16,163,000 (2001: HK\$16,494,000).



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 2) SEGMENT INFORMATION (continued)

#### Business Segments

	Property		Investments		Information Technology		Consolidated	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
<b>Segment turnover</b>	<b>26,541</b>	28,884	<b>5,690</b>	11,008	<b>17,025</b>	24,021	<b>49,256</b>	63,913
<b>Segment result</b>	<b>15,414</b>	12,694	<b>1,088</b>	5,350	<b>(5,457)</b>	5,293	<b>11,045</b>	23,337
Unallocated corporate expenses							<b>(3,010)</b>	(3,367)
Operating profit							<b>8,035</b>	19,970
Share of profits and (losses) of associates								
– Listed	-	-	<b>7,032</b>	-	-	-	<b>7,032</b>	-
– Unlisted	<b>(25,936)</b>	(9,483)	-	-	<b>(508)</b>	(4,074)	<b>(26,444)</b>	(13,557)
Finance costs							<b>(586)</b>	(9,220)
Net (loss)/profit on disposal of assets less impairment provisions							<b>(41,293)</b>	2,883
Taxation							<b>(2,126)</b>	(1,210)
Minority interests							<b>1,844</b>	1,329
Net (loss)/profit							<b>(53,538)</b>	195
<b>Segment Assets and Liabilities</b>								
Segment assets	<b>267,607</b>	241,062	<b>177,988</b>	230,473	<b>5,978</b>	10,707	<b>451,573</b>	482,242
Investment in associates:								
– Listed	-	-	<b>41,613</b>	-	-	-	<b>41,613</b>	-
– Unlisted	<b>114,970</b>	121,788	-	-	-	-	<b>114,970</b>	121,788
Consolidated total assets							<b>608,156</b>	604,030
Segment liabilities	<b>(31,638)</b>	(6,591)	<b>(31,200)</b>	-	<b>(3,602)</b>	(4,216)	<b>(66,440)</b>	(10,807)
Unallocated corporate liabilities							<b>(3,353)</b>	(3,503)
Consolidated total liabilities							<b>(69,793)</b>	(14,310)
<b>Other information</b>								
Capital expenditure	<b>43,450</b>	277	<b>90</b>	520	<b>185</b>	119	<b>43,725</b>	916
Depreciation	<b>749</b>	611	<b>163</b>	206	<b>201</b>	304	<b>1,113</b>	1,121



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 2) SEGMENT INFORMATION (continued)

#### Geographical Segments

	Turnover by Geographical Market		Segment Assets	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Hong Kong	<b>47,874</b>	57,251	<b>424,026</b>	428,256
Overseas	<b>1,382</b>	6,662	<b>27,547</b>	53,986
	<b>49,256</b>	63,913	<b>451,573</b>	482,242

	Capital Expenditure		Depreciation	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Hong Kong	<b>43,591</b>	880	<b>939</b>	904
Overseas	<b>134</b>	36	<b>174</b>	217
	<b>43,725</b>	916	<b>1,113</b>	1,121



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 3) PROFIT/(LOSS) BEFORE TAXATION

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
<b>(a) Charging</b>		
Interest expenses on bank loans & overdraft	<b>586</b>	6,951
Amortisation of premium for a forward exchange rate contract	-	536
Other borrowing costs	-	1,733
Total borrowing costs	<b>586</b>	9,220
Auditors' remuneration	<b>275</b>	377
Depreciation and amortisation	<b>1,113</b>	1,121
Exchange losses	<b>298</b>	-
Provision for long service payments to employees	<b>140</b>	618
Contributions to mandatory provident fund	<b>138</b>	51
Rental payments under non-cancellable leases	<b>2,071</b>	1,561
<b>(b) Crediting</b>		
Share of results of listed associate	<b>7,032</b>	-
Share of results of unlisted associates	<b>(26,444)</b>	(13,557)
	<b>(19,412)</b>	(13,557)
Exchange gains	-	355
Rental income from investment properties less direct outgoings	<b>19,366</b>	21,446
Listed investment income	<b>3,384</b>	5,313
Unlisted investment income	<b>429</b>	313
Interest income	<b>1,878</b>	5,382
Unclaimed dividend declared by subsidiary reversed	-	239





## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 3) PROFIT/(LOSS) BEFORE TAXATION *(continued)*

#### (c) Net (loss)/profit on disposal of assets less impairment provisions

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Net profit on disposal of other investments	<b>820</b>	97
Loss on disposal of fixed assets	<b>(77)</b>	(128)
Write off of investments in Malaysia and their related balances	-	2,750
Final settlement in relation to assets disposed to a related party	-	9,357
Unclaimed liabilities written back	<b>1,505</b>	-
Unrealised (decrease)/increase in fair value of other investments		
– listed	<b>24</b>	22
– unlisted	<b>(16,884)</b>	(3,081)
Impairment losses		
– Goodwill in respect of a subsidiary	<b>(14,500)</b>	-
– Goodwill in respect of an unlisted associate	<b>(2,158)</b>	-
– Provision for an unlisted associate	<b>(1,600)</b>	-
– Provision for receivables, debtors and advances	<b>(8,423)</b>	(6,134)
	<b>(41,293)</b>	2,883



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 4) TAXATION

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Group		
Current provision		
Hong Kong	<b>522</b>	76
Overseas	<b>246</b>	–
(Over)/Under provision in prior year		
Hong Kong	<b>(73)</b>	–
Overseas	<b>–</b>	1,134
	<b>695</b>	1,210
Listed associate, overseas taxation	<b>1,431</b>	–
	<b>2,126</b>	1,210

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated Hong Kong source assessable profits for the year. Overseas tax in respect of the Group and the listed associate has been provided at the applicable rates in the countries in which the tax is levied.

In respect of deferred taxation, the Group has not made provision for potential liabilities representing taxation in the event of future disposal of certain properties amounting to HK\$1,500,000 (2001: HK\$1,360,000). This liability has not been provided for because it is not the present intention of the directors that the Group dispose of these properties.

### 5) (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The loss of the Company is HK\$40,548,000 (2001: Profit of HK\$6,259,000) and is included in determining the net loss attributable to shareholders in the consolidated profit and loss account.

### 6) (LOSS)/EARNINGS PER SHARE

Loss per share is calculated on loss attributable to shareholders amounting to HK\$53,538,000 (2001: Profit of HK\$195,000) and on the weighted average number of 752,468,545 shares in issue during the year (2001: on the weighted average number of 611,761,549 shares in issue during the year). No diluted loss or earnings per share have been presented for the years ended 31 March 2002 and 31 March 2001 as the exercise prices of the share options granted by the Company were higher than the fair value per share at the balance sheet date.



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 7) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

#### a) Directors' Emoluments

- (1) Details of Directors' remuneration charged to the Group's profit and loss account are set out below:

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Fees	<b>150</b>	270
Basic salaries, housing and other allowances and benefits in kind	<b>7,630</b>	8,609
Contributions to mandatory provident fund	<b>36</b>	12
	<b>7,816</b>	8,891

The number of directors fell within emoluments bands as follows:

	<b>2002</b>	2001
HK\$		
Nil-1,000,000	<b>5</b>	4
1,000,001-1,500,000	<b>-</b>	2
2,500,001-3,000,000	<b>1</b>	-
3,000,001-3,500,000	<b>1</b>	2
	<b>7</b>	8

- (2) Share Options to Executive Directors

	<b>Adjusted exercise price per share</b>		
	<b>HK\$1.940<sup>#</sup></b>	<b>HK\$1.581<sup>*</sup></b>	<b>Total</b>
At 31 March 2001	21,718,554	25,582,172	47,300,726
Adjustments	(91,990)	(108,355)	(200,345)
At 31 March 2002	21,626,564	25,473,817	47,100,381

<sup>#</sup> granted on 24 October 1996

<sup>\*</sup> granted on 6 March 1997

The adjustments during the year represent amendments made in accordance with the Share Option Scheme to both the exercise price and the number of options issued consequent on shares repurchased during the year. No options were granted to or exercised by directors during the year.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 7) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

#### (b) Other Senior Management's Emoluments

- (1) During the year, the five highest paid individuals included four directors (2001: three directors), details of whose emoluments are included above. The details of the remuneration of the remaining one (2001: two) highest paid individual are set out below:

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Salaries, allowances and benefits in kind	<b>1,441</b>	2,623
Contributions to mandatory provident fund	<b>12</b>	8
	<b>1,453</b>	2,631

The remuneration of the individual fell within the band of HK\$1,000,001 – HK\$1,500,000.

- (2) Share Options to employees

	<b>Adjusted exercise price of HK\$0.653 per share</b>
At 30 August 2001	1,833,666
Adjustments	(7,767)
At 31 March 2002	1,825,899

On 30 August 2001, an aggregate number of 1,833,666 share options were granted to employees of the Company for a consideration of HK\$2. Out of the 1,825,899 outstanding options at 31 March 2002, 1,659,607 options are exercisable during the period from 30 August 2001 to 29 August 2006 and 166,292 options are exercisable during the period from 30 August 2001 to 29 August 2004.

The adjustments during the year represent amendments made in accordance with the Share Option Scheme to both the exercise price and the number of options issued consequent on shares repurchased during the year. No options were exercised during the year.



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 8) FIXED ASSETS

	<b>Investment Properties</b> <i>HK\$'000</i>	<b>Other Assets</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At Valuation	210,346	–	210,346
At Cost	9,540	13,103	22,643
At 31 March 2001	219,886	13,103	232,989
Additions	41,770	1,955	43,725
Disposals	–	(2,995)	(2,995)
Exchange adjustment	220	15	235
Revaluation	(11,292)	–	(11,292)
<b>At 31 March 2002</b>	<b>250,584</b>	<b>12,078</b>	<b>262,662</b>
Accumulated Depreciation			
At 31 March 2001	1,900	9,453	11,353
Charge for the year	–	1,113	1,113
Disposals	–	(2,617)	(2,617)
Exchange adjustment	–	11	11
<b>At 31 March 2002</b>	<b>1,900</b>	<b>7,960</b>	<b>9,860</b>
Net book value			
<b>At 31 March 2002</b>	<b>248,684</b>	<b>4,118</b>	<b>252,802</b>
At 31 March 2001	217,986	3,650	221,636



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 8) FIXED ASSETS (continued)

Investment properties comprises the following:

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
At valuation:		
Leasehold properties in Hong Kong – long term	<b>71,400</b>	35,600
Leasehold properties in Hong Kong – medium term	<b>159,300</b>	166,000
Freehold properties in Thailand	<b>8,444</b>	6,846
	<b>239,144</b>	208,446
At cost:		
Long term leasehold properties in Mainland China	<b>7,950</b>	7,950
Freehold property in Myanmar	<b>1,590</b>	1,590
	<b>9,540</b>	9,540
	<b>248,684</b>	217,986

Investment properties have been valued as follows:

- a) Properties in Hong Kong as at 31 March 2002 by AA Property Services Limited, professional valuers, on an open market value basis.
- b) Properties in Thailand as at 31 March 2002 by Nexus Property Consultants Company Limited, professional valuers, on an open market value basis.
- c) The other properties which are stated at cost, have not been valued as the directors consider that any revaluation difference would not be significant to these financial statements.

Certain properties outside Hong Kong are registered in the names of nominees.

Other assets comprised of furniture and fixtures and motor vehicles.



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 9) LISTED ASSOCIATE

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
At cost, transferred from investment securities	<b>38,471</b>	–
Attributable post acquisition reserves	<b>2,645</b>	–
Increase in fair value	<b>497</b>	–
Share of net assets	<b>41,613</b>	–

Particulars of the listed associate are as follows:

	<b>Main activity</b>	<b>Country of incorporation</b>	<b>Class of Shares held</b>
Siam Food Products Public Company Limited	Canned fruits for exports	Thailand	Ordinary



The Group holds 14.31% (2001: 14.31%) of the ordinary share capital of Siam Food Products Public Company Limited ("Siam Food") which is listed on the Stock Exchange of Thailand.

The market value of the shareholding in Siam Food at the balance sheet date was HK\$37,631,614 (2001: HK\$15,863,000).

This investment was previously classified as investment securities and accounted for in accordance with the accounting policy for investment securities.

The directors have decided to account for the investment in Siam Food as an associate on the ground that the Group exercises significant influence over Siam Food, including participation in financial and operating policy decisions.

In the opinion of the directors the Group exercises significant influence over Siam Food following the appointment of Mr. Kenneth Gaw, the Group's managing director, as a director of Siam Food and his activity in that appointment. Furthermore the Group is the largest shareholder in Siam Food. Significant influence is considered to have commenced shortly before 1 April 2001, which means for the purpose of these financial statements on that date.

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 9) LISTED ASSOCIATE *(continued)*

Siam Food draws up its audited financial statements to 31 December of each year and it publishes unaudited financial information quarterly. The currency of its financial statements is the Thai Baht. Financial information summarized from published sources is as follows:

Baht '000

Result for the year ended 31 March 2002:

Turnover	1,717,046
Profit before the following item	195,988
Share of result of associated company and a joint venture	59,268
Profit before taxation	255,256
Taxation	(55,910)
Net profit for the year	199,346

Balance sheet as at 31 March 2002:

Property, plant and equipment and plantation	706,879
Associated company and joint venture	530,217
Other non-current assets	73,922
	1,311,018
Inventories	618,153
Other current assets	274,249
Current liabilities	(360,659)
	1,842,761

Represented by:

Issued share capital, share premium and legal reserve	601,352
Retained earnings	1,241,409
Shareholders' funds at 31 March 2002	1,842,761
Shareholders' funds at 31 March 2001	1,751,878

Equity accounting requires, inter alia, that:

- a date of acquisition be identified; in this case the deemed date of acquisition of significant influence is 1 April 2001.
- as at the date of acquisition the cost of the investment is compared with the fair values of the underlying net assets; in this case it was determined that the excess of the Group's share of the book value of Siam Food's net assets over the cost of the investment was represented by a fair value difference ascribed collectively to Siam Food's property, plant, equipment and capitalized plantation cost.





## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 9) LISTED ASSOCIATE *(continued)*

Net assets at 31 March 2001	Baht 1,752 million
Group's share of net assets, translated into HK\$ at 0.1733	HK\$43,445,000
Cost of investment	HK\$38,471,000
Excess ascribed to fair value difference	HK\$4,974,000

As the depreciation rates for property, plant and equipment have recently been increased by Siam Food, prospectively, the directors consider it reasonable to amortise the fair value difference of HK\$4,974,000 over a 10 year period effective 1 April 2001 so that each year HK\$497,400 is included in the Group's share of Siam Food's net profit. However, the Group's accounting policy on impairment of assets will be applied annually in accordance with SSAPs issued by the Hong Kong Society of Accountants.

A reconciliation from Siam Food's profit to the Group's attributable share of profit for the year 31 March 2002 follows:

	<i>Baht '000</i>
Siam Food's profit before taxation as above	255,256
	<i>HK\$'000</i>
Group's share before adjustment, translated into HK\$ at 0.1789	6,535
Add: Annual fair value increment	497
Group's share of profit	7,032

### 10) UNLISTED ASSOCIATES

	<b>2002</b> <b>HK\$'000</b>	2001 <i>HK\$'000</i>
At cost	<b>112,243</b>	92,038
Goodwill written off to reserves	<b>(5,188)</b>	(5,188)
Impairment loss	<b>(1,600)</b>	-
Exchange reserves	<b>(59)</b>	-
Attributable post acquisition losses	<b>(44,007)</b>	(17,563)
Share of net assets	<b>61,389</b>	69,287
Amount due from associates	<b>53,581</b>	52,501
	<b>114,970</b>	121,788



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 10) UNLISTED ASSOCIATES *(continued)*

Particulars of unlisted associates are as follows:

#### (a) Associates held by Group

Name of company	Main activity	Country of incorporation/ registration	Percentage of ordinary shares held	Effective Group percentage
Bonalink Company Limited	Inactive	Hong Kong	33	33
Bonaview Company Limited	Inactive	Hong Kong	20	20
Easy Group (BVI) Holdings Ltd.	Investment	British Virgin Islands	28	28
Global Gateway, L.P.	Telecom Infrastructure	United States	20	20
Grand Prospect Enterprise Limited	Investment	Hong Kong	50	50
iShipExchange Corporation	e-procurement solutions providers	Cayman Islands	32	18
iShipExchange Limited	e-procurement platform services agent	Hong Kong	32	18
Strand Hotels International Limited	Hotel	British Virgin Islands	28	28
Winman Investment Limited	Real Estate	Hong Kong	35	35



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 10) UNLISTED ASSOCIATES *(continued)*

#### (b) Associate held by the Company

Name of company	Main activity	Country of incorporation/ registration	Percentage of ordinary shares held	Effective Group percentage
Tidefull Investment Limited	Investment	Liberia	50	50

#### (c) Global Gateway, L.P.

The Group holds 20% equity interest of Global Gateway, L.P., principal activities of Global Gateway, L.P. are telecom infrastructure and related services.

The extracts of the financial information of Global Gateway, L.P., based on its unaudited consolidated financial statements for the years ended 31 March 2002 and 31 March 2001, are set out below:

(1) Results for the year ended 31 March

	2002 US\$'000	2001 US\$'000
Turnover	1,623	1,566
Net loss	(16,964)	(4,853)

(2) Summarised balance sheet at 31 March

	2002 US\$'000	2001 US\$'000
Total assets	70,659	90,277
Total liabilities	(40,712)	(56,103)
Minority interests	-	(345)
	29,947	33,829
Partners' Equity		
Equity	51,802	38,715
Reserves	(21,855)	(4,886)
	29,947	33,829



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 11) INVESTMENTS

#### (a) Investment securities

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Listed Shares		
In Hong Kong	<b>108,456</b>	108,456
Outside Hong Kong	-	38,755
	<b>108,456</b>	147,211
Market value	<b>46,832</b>	68,401

Details of the listed investment securities are as follows:

Name	Incorporated in	Listed in	Cost HK\$'000	Market Value HK\$'000
Asia Financial Holdings Limited	Bermuda	Hong Kong	108,456 (2001: HK\$108,456)	46,832 (2001: HK\$52,469)

As at 31 March 2002, the investment in Asia Financial Holdings Limited ("AFH") represented 4.1% (2001: 4.3%) interest in the ordinary share capital of AFH.

#### (b) Other investments

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
<b>Non-current</b>		
Listed Shares		
In Hong Kong	-	1,254
Outside Hong Kong	-	3,483
	-	4,737
Unlisted shares and debentures	<b>2,788</b>	17,776
Loans and other assets	<b>1,454</b>	1,454
	<b>4,242</b>	23,967
<b>Current</b>		
Listed shares and bonds		
In Hong Kong	<b>1,223</b>	-
Outside Hong Kong	<b>15,233</b>	-
	<b>16,456</b>	-
Market value	<b>16,456</b>	-

The market value of other investments was the same as fair value.



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 12) SUBSIDIARIES

	<b>2002 HK\$'000</b>	2001 HK\$'000
Unlisted shares, at cost	<b>424,433</b>	424,433
Amount due by subsidiaries	<b>348,228</b>	324,843
Provision for subsidiaries	<b>(285,000)</b>	(250,000)
	<b>487,661</b>	499,276

Particulars of subsidiary companies are as follows:

#### (a) Subsidiaries held by the Company

Name of company	Main activity	Country of incorporation/ registration	No. of issued shares	Par value	Percentage of equity held
Asian Champion Limited (operates in Hong Kong)	Investment	Liberia	2	US\$1,000	100
Brilliant Valley Investment Limited*	Investment	Liberia	1	Nil	100
Fortune Far East Limited (operates in U.S.A.)	Investment	Liberia	1	US\$1,000	100
Future Star Company Limited*	Investment	Liberia	1	Nil	100
Glory East Limited*	Investment	Liberia	1	Nil	100
Golden Mile Limited*	Investment	Liberia	1	Nil	100
Green Harmony Global Co., Ltd (operates in Thailand)	Investment	British Virgin Islands	1	US\$1	100
Pearl River Investment Limited*	Investment	Liberia	1	Nil	100
Pine International Limited*	Investment	British Virgin Islands	1	HK\$1	100
Pioneer Global Communications Limited*	Investment	British Virgin Islands	1	US\$1	100
Pioneer (USA) Holdings, Inc.	Investment	United States	1	Nil	100
Shining Galaxy Limited*	Investment	Liberia	1	Nil	100
Wise Champion Limited*	Investment	Liberia	1	Nil	100



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 12) SUBSIDIARIES (continued)

#### (b) Subsidiaries held by the Group

Name of company	Main activity	Country of incorporation/ registration	No. of issued shares	Par value	Percentage of equity held
Anpona Investments Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Bright Orient Holdings Limited	Investment	Hong Kong	2	HK\$1	100
Dearwood Estates Limited	Investment	Hong Kong	2	HK\$10	100
Dragon Phoenix Land Investment Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Fomax Limited	Computer Consultancy Services	Hong Kong	10,000	HK\$1	55
Forerunner Investments Limited	Investment	Hong Kong	3,000,000	HK\$1	60
Gamolon Investments Limited	Real Estate	Hong Kong	100	HK\$10	100
Golden Joy Technology Limited	Computer Consultancy Services	Hong Kong	5,000	HK\$1	55
Internet Group Technology Company Limited (operates in Hong Kong)	Investment	British Virgin Islands	1	US\$1	55
PGG Development Company Limited (formerly known as Boulevard Garments Corporation Limited)	Investment	Hong Kong	70,000	HK\$10	100



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 12) SUBSIDIARIES *(continued)*

#### (b) Subsidiaries held by the Group *(continued)*

Name of company	Main activity	Country of incorporation/ registration	No. of issued shares	Par value	Percentage of equity held
Pioneer Estates Limited	Real Estate	Hong Kong	100	HK\$10	100
Pioneer Global Gateway Asia Limited*	Investment	British Virgin Islands	1	US\$1	100
Pioneer Global Gateway LLC*	Investment	United States	1	Nil	100
Pioneer Global Gateway USA Limited*	Investment	British Virgin Islands	1	US\$1	100
Pioneer iConcepts Limited	Computer Consultancy Services	Hong Kong	36,363,636	HK\$1	55
Pioneer iNetwork Limited	Inactive	Hong Kong	2	HK\$1	100
Pioneer Industries (Holdings) Limited	Investment	Hong Kong	150,794,424	HK\$0.50	100
Wuhan Huazhong Science Union Software Development Co., Ltd. ("WHS")	Software Development	Mainland China	Nil	Nil	55**

Except as indicated, the companies' principal countries of operation are the same as that of their incorporation.

\* No definite country of operation

\*\* The Group's effective interest in WHS is 30.25%.



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 13) DEBTORS, ADVANCES & PREPAYMENTS

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Trade and rental debtors	<b>2,428</b>	2,278
Advances & prepayments	<b>5,101</b>	5,000
Debtors, advances & prepayments	<b>7,529</b>	7,278

The Group does not allow credit to its tenants and allows an average credit period of 30 days to its trade customers.

<b>Aged analysis</b>	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
0-30 days	<b>1,610</b>	730
31-60 days	<b>452</b>	686
61-90 days	<b>14</b>	-
> 90 days	<b>352</b>	862
	<b>2,428</b>	2,278

### 14) CREDITORS & ACCRUALS

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Trade creditors	<b>985</b>	357
Accruals & other creditors	<b>11,393</b>	12,013
Creditors and accruals	<b>12,378</b>	12,370

<b>Aged analysis</b>	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
0-30 days	<b>227</b>	137
31-60 days	<b>-</b>	24
61-90 days	<b>16</b>	-
> 90 days	<b>742</b>	196
	<b>985</b>	357





## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 15) SECURED BANK LOANS AND OVERDRAFTS

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
<b>Current</b>		
Secured bank overdraft*	<b>1,222</b>	1,123
Secured bank loans – within one year	<b>32,401</b>	–
	<b>33,623</b>	1,123
<b>Non-current</b>		
Secured bank loan		
More than one year but not exceeding two years	<b>1,200</b>	–
More than two years but not exceeding five years	<b>3,600</b>	–
More than five years	<b>18,000</b>	–
	<b>22,800</b>	–

\* As at 31 March 2002, this bank overdraft was advanced to a former subsidiary and secured by the property and guarantee of a former director of this subsidiary.

### 16) SHARE CAPITAL

	<b>No. of share of HK\$0.10 each</b>	<b>HK\$'000</b>
Authorised		
At 31 March 2002 and 31 March 2001	100,000,000	100,000
Issued and Fully Paid		
At 31 March 2001	752,672,917	75,267
Shares repurchased	(3,188,000)	(319)
<b>At 31 March 2002</b>	<b>749,484,917</b>	<b>74,948</b>



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 17) RESERVES

At 31 March 2002

#### Group

	Share Premium HK\$'000	Capital Reserve & Contributed Surplus HK\$'000	Exchange Reserve HK\$'000	Investment Properties Revaluation Reserve HK\$'000	Goodwill HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31 March 2001	305,493	64,120	(2,720)	168,312	(19,688)	(6,422)	509,095
Shares repurchased	(657)	-	-	-	-	-	(657)
Impairment losses recognised	-	-	-	-	16,658	-	16,658
Exchange on translation of							
- subsidiaries	-	-	691	-	-	-	691
- associate	-	-	(59)	-	-	-	(59)
Revaluation on investment properties	-	-	-	(11,292)	-	-	(11,292)
Loss for the year	-	-	-	-	-	(53,538)	(53,538)
At 31 March 2002	304,836	64,120	(2,088)	157,020	(3,030)	(59,960)	460,898
Dealt with by:							
Company and subsidiaries	304,836	64,120	(2,029)	157,020	(3,030)	(19,095)	501,822
Listed associate	-	-	-	-	-	3,142	3,142
Unlisted associates	-	-	(59)	-	-	(44,007)	(44,066)
	304,836	64,120	(2,088)	157,020	(3,030)	(59,960)	460,898



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 17) RESERVES (continued)

At 31 March 2001

#### Group

	Share Premium HK\$'000	Capital Reserve & Contributed Surplus HK\$'000	Exchange Reserve HK\$'000	Investment Properties Revaluation Reserve HK\$'000	Goodwill HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31 March 2000	168,315	64,120	1,960	161,787	(19,688)	(6,617)	369,877
Open Offer proceeds	137,990	-	-	-	-	-	137,990
Open Offer expenses	(812)	-	-	-	-	-	(812)
Revaluation of investment properties	-	-	-	6,525	-	-	6,525
Adjustment on translation of subsidiaries	-	-	(4,680)	-	-	-	(4,680)
Profit for the year	-	-	-	-	-	195	195
At 31 March 2001	305,493	64,120	(2,720)	168,312	(19,688)	(6,422)	509,095
Dealt with by:							
Company and subsidiaries	305,493	64,120	(2,720)	168,312	(19,688)	11,141	526,658
Unlisted associates	-	-	-	-	-	(17,563)	(17,563)
	305,493	64,120	(2,720)	168,312	(19,688)	(6,422)	509,095



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 17) RESERVES (continued)

At 31 March 2002

#### Company

	Share Premium HK\$'000	Contributed Surplus HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31 March 2001	305,493	403,929	(217,101)	492,321
Shares repurchased	(657)	–	–	(657)
Loss for the year			(40,548)	(40,548)
<b>At 31 March 2002</b>	<b>304,836</b>	<b>403,929</b>	<b>(257,649)</b>	<b>451,116</b>



The contributed surplus arose in 1989 as a result of the Group reorganisation and represented the difference between the nominal value of the Company's shares allotted under the reorganisation scheme and the consolidated shareholders' funds of the acquired subsidiary company. The contributed surplus is distributable as dividend under Bermudian Law and the Bye-Laws of the Company.

The reserves of the Company available for distribution to shareholders as at the balance sheet date, calculated in accordance with the Bermuda Companies Act, amount to HK\$146,280,000 (2001: HK\$186,828,000).

At 31 March 2001

#### Company

	Share Premium HK\$'000	Contributed Surplus HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31 March 2000	168,315	403,929	(223,360)	348,884
Open Offer proceeds	137,990	–	–	137,990
Open Offer expenses	(812)	–	–	(812)
Profit for the year	–	–	6,259	6,259
At 31 March 2001	305,493	403,929	(217,101)	492,321

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 18) CONTINGENT LIABILITIES AND COMMITMENTS

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Guarantees				
– for banking facilities granted to subsidiaries	-	-	<b>132,224</b>	108,224
– to bankers in lieu of utility deposits	<b>370</b>	334	-	-
– for payment of banking facilities to				
– an existing associate	<b>1,191</b>	2,669	-	-
– a former associate	-	1,560	-	-
Commitments				
– for further investment in other investments	<b>1,638</b>	1,996	-	-
– for credit facilities made to an associate	<b>1,673</b>	2,240	<b>1,673</b>	2,240
– for total future minimum lease payments				
– not later than one year	<b>3,192</b>	871	-	-
– later than one year and not later than five years	<b>963</b>	1,162	-	-
	<b>9,027</b>	10,832	<b>133,897</b>	110,464



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 19) OPERATING LEASE RECEIVABLE

At the balance sheet date, the Group's total future minimum lease payments to be received under non-cancellable rental leases in respect of investment properties are as follows:

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Not later than one year	<b>16,926</b>	14,979
Later than one year but not later than five years	<b>16,108</b>	14,070
	<b>33,034</b>	29,049

### 20) PLEDGE OF ASSETS

At the balance sheet date, properties, investments and bank balances of the Group with an aggregate book value of approximately HK\$326 million (2001: HK\$244 million) were pledged to secure banking and other loan facilities to the extent of HK\$226 million (2001: HK\$160 million) of which HK\$ 56 million (2001: Nil) was utilised at that date.



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 21) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

#### (a) Reconciliation of (loss)/profit before taxation to net cash inflow from operating activities

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
(Loss)/profit before taxation	<b>(53,256)</b>	76
Share of net losses of associates	<b>19,412</b>	13,557
Net loss/(profit) on disposal of assets less impairment provisions	<b>41,293</b>	(2,883)
Claims paid in respect of investments	-	(793)
Unclaimed dividend declared by subsidiary reversed	-	(239)
Depreciation & amortisation	<b>1,113</b>	1,121
Interest expenses	<b>586</b>	9,220
Interest income	<b>(1,878)</b>	(5,382)
Investment income		
- listed	<b>(3,384)</b>	(5,313)
- unlisted	<b>(429)</b>	(313)
Provision for long service payments	<b>140</b>	618
(Increase)/decrease in debtors, advances and prepayments	<b>(2,153)</b>	14,234
Increase in creditors and accruals	<b>239</b>	13,656
Exchange adjustment	<b>316</b>	(173)
Net cash inflow from operating activities	<b>1,999</b>	37,386

#### (b) Reconciliation of bank loans and overdraft

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Bank loans and overdraft up to three months, included in cash and cash equivalents	<b>32,423</b>	1,123
Three months and beyond	<b>1,200</b>	-
As shown in the consolidated balance sheet	<b>33,623</b>	1,123



## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 21) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

#### (c) Analysis of changes in financing during the year

As at 31 March 2002

	<b>Share Capital and Share Premium</b> <i>HK\$'000</i>	<b>Bank Loan under Non-current Liabilities</b> <i>HK\$'000</i>	<b>Bank loans and overdraft repayable beyond three months</b> <i>HK\$'000</i>	<b>Minority Interests</b> <i>HK\$'000</i>
At 31 March 2001	380,760	–	–	5,358
Unclaimed liabilities written back	–	–	–	(1,134)
Share of losses	–	–	–	(1,844)
Shares repurchased	(976)	–	–	–
Minority interest in subsidiary acquired	–	–	–	281
Distribution to minority shareholders	–	–	–	(144)
Net cash inflow from financing	–	22,800	1,200	–
At 31 March 2002	379,784	22,800	1,200	2,517

As at 31 March 2001

At 31 March 2000	218,493	–	21,298	8,283
Unclaimed liabilities written back	–	–	–	(1,476)
Share of losses	–	–	–	(1,329)
Net proceeds from Open Offer	162,267	–	–	–
Net cash outflow to financing	–	–	(21,298)	(120)
At 31 March 2001	380,760	–	–	5,358





## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 21) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

#### (d) Purchase of a subsidiary

	HK\$'000
Net assets acquired	
Cash and bank balances	1,028
Debtors and prepayments	281
Minority interest	(281)
<hr/>	
Cash consideration	1,028
<hr/>	
Net cash outflow in respect of purchase:	
Cash consideration	1,028
Less: Cash and bank balances purchased	(1,028)
<hr/>	
Net cash outflow in investing activities	–
<hr/>	

### 22) RETIREMENT SCHEME

The Group had no retirement scheme or provident fund arrangements for any employees including directors until December 2000. From 1 December 2000, the Group has established Mandatory Provident Fund (MPF) Scheme for employees in compliance with MPF Ordinance. All the assets under the scheme is held separately from the Group under independently administered funds. The accumulated provision made by the Group for long service payments for employees, including directors, at the balance sheet date is HK\$1,421,000 (2001: HK\$1,281,000).

### 23) SUBSEQUENT EVENT

In April 2002, the Group and the Gaw family, a related party, formed a 50:50 associated company with a nominal share capital. On 2 July 2002, the associated company acquired a 10.28% shareholding in Dusit Thani Public Company Limited, a Thai company listed on the Stock Exchange of Thailand which owns and operates a chain of luxury hotels and resorts in Thailand and elsewhere in Southeast Asia and Middle East. The total consideration for the acquisition was Thai Baht 350 million (approximately HK\$66 million), which was wholly financed by a Thai Baht loan facility granted by a bank. The Group and the Gaw family each provided guarantee and/or security separately to the bank for 50% of the loan facility in proportion to their equity interests in the associated company.

### 24) APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 17 to 55 have been approved by the Board of Directors on 18 July 2002.

