

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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 2002:

SSAP 1 (Revised)	–	Presentation of financial statements
SSAP 11 (Revised)	–	Foreign currency translation
SSAP 15 (Revised)	–	Cash flow statements
SSAP 34	–	Employee benefits

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of those SSAPs which have had a significant effect on the financial statements, are summarized as follows, and certain comparative figures have been restated to conform with the current year's presentation.

SSAP 1 prescribes the basis for the presentation of financial statements and sets out guidelines for the structure and minimum requirements for the content thereof. The principal impact of the revision of this SSAP is that a consolidated statement of changes in equity is now presented in place of the consolidated statement of recognized gains and losses that was previously required.

SSAP 11 prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the profit and loss accounts of overseas subsidiaries and associates are now translated to Hong Kong dollars at the weighted average exchange rates for the year, whereas previously they were translated at the exchange rates at the balance sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(a) Basis of Preparation of Financial Statements *(continued)*

SSAP 15 prescribes the revised format for the cash flow statement. The principal impact of the revision of this SSAP is that the consolidated cash flow statement now presents cash flows under three headings, cash flows from operating, investing and financing activities, rather than the five headings previously required. In addition, cash flows from overseas subsidiaries arising during the year are now translated to Hong Kong dollars at the exchange rates at the dates of the transactions, or at an approximation thereto, whereas previously they were translated at the exchange rates at the balance sheet date.

SSAP34 prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereto. This SSAP has had no material effect on amounts previously reported in the prior year's financial statements.

(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.

Goodwill arising on acquisitions previously written off to reserves in the year prior to 1 April 2001 remains eliminated against reserves with subsequent review of impairment.



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For the year ended 31 March 2003

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 2003

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 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, 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.

(j) 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.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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 associates 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 associates are taken directly to the exchange reserve.

On consolidation, the profit and loss accounts of overseas subsidiaries and associates are translated to Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated to Hong Kong dollars at the exchange rates at the balance sheet date. The resulting translation differences are included in the exchange reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated to Hong Kong dollars at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

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

US\$1.00 = HK\$7.80	(2002 : HK\$7.80)
Baht 100 = HK\$18.19	(2002 : HK\$17.89)

(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.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(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.

(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.

(n) Employee Benefits

(1) *Retirement scheme*

The Group participates in a defined contribution mandatory provident fund retirement benefits scheme in compliance with the Mandatory Provident Fund Schemes Ordinance. The assets of this scheme are held separately from those of the Group and administered independently. The Group's contributions are recognised in the profit and loss account when incurred.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(n) Employee Benefits *(continued)*

(2) Long service payments

Certain of the Group's employees have completed the required number of years of service in order to be eligible for long service payments under the Employment Ordinance in the event of termination of their employment, including retirement. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

The Group has had and continues to maintain a provision in respect of probable future long service payments expected to be made. The provision is based on an estimate of future payments which have been earned by the employees, including executive directors, from their service to the Group, net of the Group's employer contributions to the mandatory provident fund scheme.

(3) Share option scheme

The Group operated a share option scheme, details of which are provided in note 22. Upon the exercise of share options, no charge is recorded in the profit and loss account. The resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

2) SEGMENT INFORMATION

Segment information is presented on a primary reporting basis by business 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.

Turnover from external customers is after elimination of inter-segment turnover. The amount eliminated attributable to Investments is HK\$11,795,000 (2002: HK\$16,163,000).

No geographical analysis is provided this year as less than 10% of the Group's turnover, less than 10% of the consolidated profit of the Group and less than 10% of the Group's net assets are outside Hong Kong.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

2) SEGMENT INFORMATION (continued)

Business Segments

	Property		Investments		Information Technology		Consolidated	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Segment turnover	27,200	26,541	5,704	5,690	9,360	17,025	42,264	49,256
Segment result	8,981	7,995*	5,496	5,455*	(3,866)	(4,088)*	10,611	9,362*
Unallocated corporate expenses							(1,138)	(1,327)*
Operating profit							9,473	8,035
Share of profits and (losses) of associates								
– Listed	–	–	7,891	7,032	–	–	7,891	7,032
– Unlisted	(12,144)	(25,936)	–	–	–	(508)	(12,144)	(26,444)
Finance costs							(2,692)	(586)
Net profit/(loss) on disposal of assets less impairment provisions							1,860	(41,293)
Taxation							(2,254)	(2,126)
Minority interests							897	1,844
Net profit/(loss)							3,031	(53,538)
Segment assets and liabilities								
Segment assets	258,454	267,607	175,500	177,988	2,885	5,978	436,839	451,573
Investment in associates:								
– Listed	–	–	47,119	41,613	–	–	47,119	41,613
– Unlisted	153,783	114,970	–	–	–	–	153,783	114,970
Consolidated total assets							637,741	608,156
Segment liabilities	(64,786)	(33,250)*	(31,311)	(31,291)*	(4,463)	(3,602)	(100,560)	(68,143)*
Unallocated corporate liabilities							(1,791)	(1,650)*
Consolidated total liabilities							(102,351)	(69,793)
Other information								
Capital expenditure	116	43,450	17	90	28	185	161	43,725
Depreciation	621	749	123	163	277	201	1,021	1,113

* Segment results and liabilities and unallocated corporate expenses and liabilities for the year ended 31 March 2002 have been reclassified to conform with the current year's presentation following an internal review of allocation of overheads and liabilities.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

3) PROFIT/(LOSS) BEFORE TAXATION

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
(a) Charging		
Borrowing costs for interest expenses on bank loans & overdrafts	2,692	586
Auditors' remuneration	246	275
Depreciation and amortisation	1,021	1,113
Exchange losses	49	298
Provision for long service payments to employees	700	140
Contributions to mandatory provident fund	378	138
Rental payments under non-cancellable leases	3,192	2,071
(b) Crediting		
Share of results of listed associate	7,891	7,032
Share of results of unlisted associates	(12,144)	(26,444)
	(4,253)	(19,412)
Rental income from investment properties less direct outgoings	19,149	19,366
Listed investment income	1,571	3,384
Unlisted investment income	429	429
Interest income	3,704	1,878



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

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

	2003 HK\$'000	2002 HK\$'000
Net profit on disposal of other investments	124	820
Loss on disposal of fixed assets	(131)	(77)
Gain on disposal of investments in unlisted associates	452	–
Gain on forfeiture of deposit relating to an unlisted associate (note 21(c))	2,161	–
Unclaimed liabilities written back	–	1,505
Unrealised (decrease)/increase in fair value of other investments		
– listed	(162)	24
– unlisted	(292)	(16,884)
Impairment losses		
– Goodwill in respect of a subsidiary	–	(14,500)
– Goodwill in respect of an unlisted associate	(3,030)	(2,158)
– Provision for unlisted associates	(3,112)	(1,600)
– Recovery of (provision for) receivables, debtors and advances	5,850	(8,423)
	1,860	(41,293)



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

4) TAXATION

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Group		
Current provision		
Hong Kong	450	522
Overseas	306	246
Over provision in prior year		
Hong Kong	–	(73)
	756	695
Listed associate, overseas taxation	1,498	1,431
	2,254	2,126

Hong Kong profits tax has been provided at the rate of 16% (2002: 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\$1,630,000 (2002: HK\$1,500,000). This liability has not been provided for because it is not the present intention of the directors that the Group disposes of these properties.

5) PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The loss of the Company is HK\$2,237,000 (2002: Loss of HK\$40,548,000) and is included in determining the net profit attributable to shareholders in the consolidated profit and loss account.

6) EARNINGS/(LOSS) PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$3,031,000 (2002: Loss of HK\$53,538,000) and on the weighted average number of 749,036,972 shares in issue during the year (2002: on the weighted average number of 752,468,545 shares in issue during the year). No diluted earnings or loss per share have been presented for the years ended 31 March 2003 and 31 March 2002 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 2003

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:

	2003 HK\$'000	2002 HK\$'000
Fees	210	150
Basic salaries, housing and other allowances and benefits in kind	6,916	7,630
Contributions to mandatory provident fund	34	36
	7,160	7,816

The number of directors fell within emoluments bands as follows:

	2003	2002
<i>HK\$</i>		
Nil-1,000,000	5	5
1,000,001-1,500,000	-	-
2,500,001-3,000,000	2	1
3,000,001-3,500,000	-	1
	7	7

- (2) Share Options to Executive Directors

The Company granted share options to executive directors, details of which are provided in note 22.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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 (2002: four directors), details of whose emoluments are included above. The details of the remuneration of the remaining one (2002: one) highest paid individual are set out below:

	2003 HK\$'000	2002 HK\$'000
Salaries, allowances and benefits in kind	1,236	1,441
Contributions to mandatory provident fund	12	12
	1,248	1,453

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

- (2) Share Options to employees

The Company granted share options to employees, details of which are provided in note 22.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

8) FIXED ASSETS

	Investment Properties <i>HK\$'000</i>	Other Assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
At Valuation	241,044	–	241,044
At Cost	9,540	12,078	21,618
At 31 March 2002	250,584	12,078	262,662
Additions	–	161	161
Disposals	–	(328)	(328)
Exchange adjustment	89	8	97
Revaluation	(11,600)	–	(11,600)
At 31 March 2003	239,073	11,919	250,992
Accumulated Depreciation			
At 31 March 2002	1,900	7,960	9,860
Charge for the year	–	1,021	1,021
Disposals	–	(194)	(194)
Exchange adjustment	–	8	8
Adjustment to revaluation reserve	(1,900)	–	(1,900)
At 31 March 2003	–	8,795	8,795
Net book value			
At 31 March 2003	239,073	3,124	242,197
At 31 March 2002	248,684	4,118	252,802



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

8) FIXED ASSETS (continued)

Investment properties comprise the following:

	2003 HK\$'000	2002 HK\$'000
At valuation:		
Leasehold properties in Hong Kong – long term	69,000	71,400
Leasehold properties in Hong Kong – medium term	152,000	159,300
Freehold properties in Thailand	8,533	8,444
	229,533	239,144
At cost:		
Long term leasehold properties in Mainland China	7,950	7,950
Freehold property in Myanmar	1,590	1,590
	9,540	9,540
	239,073	248,684

Investment properties have been valued as follows:

- a) Properties in Hong Kong as at 31 March 2003 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. An updated valuation has not been obtained as the directors consider that any revaluation difference would not be significant to these financial statements.
- 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 2003

9) LISTED ASSOCIATE

	2003 HK\$'000	2002 HK\$'000
At cost	38,471	38,471
Attributable post acquisition reserves	5,812	2,645
Exchange reserve	1,841	–
Increase in fair value	995	497
Share of net assets	47,119	41,613
Market value	40,570	37,632

Particulars of the listed associate are as follows:



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

The Group holds 14.31% (2002: 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, and it accounts for this investment as an associate on the ground that the Group exercises significant influence.

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 continuing activity in that appointment. Furthermore the Group is the largest single shareholder in Siam Food. Significant influence is considered to have commenced for financial statements purposes on 1 April 2001.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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:

	2003 <i>Baht '000</i>	2002 <i>Baht '000</i>
Result for the year ended 31 March 2003:		
Turnover	2,140,110	1,717,046
Profit before the following items	236,281	195,988
Prior period adjustments	(12,434)	–
Share of result of associated company and a joint venture	59,412	59,268
Profit before taxation	283,259	255,256
Taxation	(57,401)	(55,910)
Net profit for the year	225,858	199,346
Balance sheet as at 31 March 2003:		
Property, plant and equipment and plantation	960,901	706,879
Associated company and joint venture	540,757	530,217
Other non-current assets	25,595	73,922
	1,527,253	1,311,018
Inventories	572,748	618,153
Other current assets	395,147	274,249
Current liabilities	(532,113)	(360,659)
	1,963,035	1,842,761
Represented by:		
Issued share capital, share premium and legal reserve	600,769	601,352
Retained earnings	1,362,266	1,241,409
Shareholders' funds at 31 March 2003	1,963,035	1,842,761



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

9) LISTED ASSOCIATE (continued)

Equity accounting requires, inter alia, that 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.

The fair value difference at the date Siam Food became an associate was HK\$4,974,000.

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 to this amount 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 year ended 31 March 2003 follows:



	2003 Baht '000	2002 <i>Baht '000</i>
Siam Food's profit before taxation as above	283,259	255,256

	2003 HK\$'000	2002 <i>HK\$'000</i>
Group's share before adjustment, translated into HK\$ at 2003: 0.1824 (2002: 0.1789)	7,393	6,535
Add: Fair value increment for the year	498	497
Group's share of profit	7,891	7,032

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

10) UNLISTED ASSOCIATES

	2003 HK\$'000	2002 HK\$'000
At cost	135,661	112,243
Goodwill written off	(5,188)	(5,188)
Impairment loss	(4,712)	(1,600)
Exchange reserves	46	(59)
Attributable post acquisition losses	(60,051)	(44,007)
Share of net assets	65,756	61,389
Amount due from associates	88,027	53,581
	153,783	114,970

Particulars of unlisted associates are as follows:

(a) Associates held by Group

Name of company	Main activity	Country of incorporation	Percentage of ordinary shares held	Effective Group percentage
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	Inactive	Hong Kong	50	50
Grandsworth Pte. Ltd.*	Investment	Singapore	50	50
iShipExchange Corporation*	e-procurement solutions providers	Cayman Islands	21	12
iShipExchange Limited	e-procurement platform services agent	Hong Kong	21	12
Strand Hotels International Limited (the hotels operate in Myanmar)	Hotels	British Virgin Islands	28	28
Winman Investment Limited	Real Estate	Hong Kong	35	35



NOTES TO FINANCIAL STATEMENTS

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10) UNLISTED ASSOCIATES (continued)

(b) Associate held by the Company

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

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

* operates in Hong Kong

(c) Additional information in respect of three major associates held by the Group as at 31 March 2003 is provided as follows.

(i) Global Gateway, L.P. ("Global Gateway")

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

(ii) Tidefull Investment Limited ("Tidefull")

The Group holds 50% equity interest of Tidefull Investment Limited. The principal activity of Tidefull Investment Limited is its investment holding of 28% in Chely Well Limited, a company incorporated in Hong Kong with its principal activity of property investment in Mainland China.

(iii) Grandsworth Pte. Ltd. ("Grandsworth")

The Group holds 50% equity interest of Grandsworth Pte. Ltd. The principal activity of Grandsworth Pte. Ltd. is its investment holding of approximately 10% in Dusit Thani Public Company Limited, a listed company in Thailand.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

10) UNLISTED ASSOCIATES (continued)

(c) Additional information in respect of three major associates held by the Group as at 31 March 2003 (continued)

The extracts of the financial information of the above three associates based on their unaudited consolidated financial statements as at 31 March 2003 are set out below:

	Global Gateway		Tidefull		Grandsworth*
	2003 US\$'000	2002 US\$'000	2003 HK\$'000	2002 HK\$'000	2003 S\$'000
Result for the year					
Turnover	3,823	1,623	–	–	460
Net profit/(loss)	(8,002)	(16,964)	(4)	(4)	214
Summarised balance sheet					
Total assets	71,613	70,659	86,709	85,644	14,734
Total liabilities	(37,433)	(40,712)	(84,998)	(83,929)	(14,520)
	34,180	29,947	1,711	1,715	214
Equity					
Partners' equity/ Share capital	63,933	51,802	–	–	–
Reserves	(29,753)	(21,855)	1,711	1,715	214
	34,180	29,947	1,711	1,715	214

* Grandsworth is a new investment during the year and comparative information is therefore not provided.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

11) INVESTMENTS

(a) Investment securities

	2003 HK\$'000	2002 HK\$'000
Listed shares in Hong Kong	108,456	108,456
Market value	43,363	46,832

Details of the listed investment securities are as follows:

Name	Country of incorporation	Listed in	Cost HK\$'000
Asia Financial Holdings Limited	Bermuda	Hong Kong	108,456 (2002: HK\$108,456)

As at 31 March 2003, the investment in Asia Financial Holdings Limited ("AFH") represented 4.1% (2002: 4.1%) interest in the ordinary share capital of AFH.

(b) Other investments

	2003 HK\$'000	2002 HK\$'000
Non-current		
Unlisted shares and debentures	3,607	2,788
Loans and other assets	1,454	1,454
	5,061	4,242
Current		
Listed shares and bonds		
In Hong Kong	145	1,223
Outside Hong Kong	20,251	15,233
	20,396	16,456
Market value	20,396	16,456

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



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

12) SUBSIDIARIES

	2003 HK\$'000	2002 HK\$'000
Unlisted shares, at cost	424,433	424,433
Amount due by subsidiaries	358,598	348,228
Provision for subsidiaries	(295,000)	(285,000)
	488,031	487,661

Particulars of subsidiary companies are as follows:

(a) Subsidiaries held by the Company

Name of company	Main activity	Country of incorporation	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 (operates in Hong Kong)	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	British Virgin Islands	1	US\$1	100
Glory East Limited (operates in Mainland China and in Myanmar)	Real Estate	Liberia	1	Nil	100
Golden Mile Limited (operates in Mainland China)	Real Estate	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 2003

12) SUBSIDIARIES (continued)

(b) Subsidiaries held by the Group

Name of company	Main activity	Country of incorporation	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	Real Estate	Hong Kong	70,000	HK\$10	100



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

12) SUBSIDIARIES (continued)

(b) Subsidiaries held by the Group (continued)

Name of company	Main activity	Country of incorporation	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 and Group Administration	Hong Kong	150,794,424	HK\$0.50	100
Sino Asset Developments Ltd.*	Inactive	British Virgin Islands	1	US\$1	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

** WHS is an equity joint venture registered in Mainland China and the Group's effective interest in WHS is 30.25%.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

13) DEBTORS, ADVANCES & PREPAYMENTS

	2003 HK\$'000	2002 HK\$'000
Trade and rental debtors	1,432	2,428
Advances & prepayments	5,378	5,101
Debtors, advances & prepayments	6,810	7,529

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

Aged analysis	2003 HK\$'000	2002 HK\$'000
0–30 days	693	1,610
31–60 days	360	452
61–90 days	318	14
> 90 days	61	352
	1,432	2,428

14) CREDITORS & ACCRUALS

	2003 HK\$'000	2002 HK\$'000
Trade creditors	674	985
Provision for long service payments	2,121	1,421
Accruals & other creditors	12,412	9,972
Creditors and accruals	15,207	12,378

Aged analysis	2003 HK\$'000	2002 HK\$'000
0–30 days	41	227
31–60 days	–	–
61–90 days	–	16
> 90 days	633	742
	674	985



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

15) SECURED BANK LOANS AND OVERDRAFTS

	2003 HK\$'000	2002 HK\$'000
Current		
Secured bank overdraft	–	1,222
Secured bank loans – within one year	64,400	32,401
	64,400	33,623
Non-current		
Secured bank loan		
More than one year but not exceeding two years	1,200	1,200
More than two years but not exceeding five years	3,600	3,600
More than five years	16,800	18,000
	21,600	22,800



16) SHARE CAPITAL

	No. of share of HK\$0.10 each	HK\$'000
Authorised		
At 31 March 2002	1,000,000,000	100,000
Increased during the year	1,000,000,000	100,000
At 31 March 2003	2,000,000,000	200,000
Issued and Fully Paid		
At 31 March 2002	749,484,917	74,948
Shares repurchased	(500,000)	(50)
At 31 March 2003	748,984,917	74,898

Pursuant to the annual general meeting of the Company held on 29th August 2002, the Company's authorised share capital was increased from HK\$100,000,000 to HK\$200,000,000 by the creation of 1,000,000,000 additional shares of HK\$0.1 each.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

17) RESERVES

At 31 March 2003

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 2002	304,836	64,120	(2,088)	157,020	(3,030)	(59,960)	460,898
Shares repurchased	(107)	–	–	–	–	–	(107)
Impairment losses							
– goodwill written off	–	–	–	–	3,030	–	3,030
Exchange on translation of							
– subsidiaries	–	–	153	–	–	–	153
– associates	–	–	1,946	–	–	–	1,946
Revaluation on							
investment properties	–	–	–	(9,700)	–	–	(9,700)
Profit for the year	–	–	–	–	–	3,031	3,031
At 31 March 2003	304,729	64,120	11	147,320	–	(56,929)	459,251
Dealt with by:							
Company and							
subsidaries	304,729	64,120	(1,876)	147,320	–	(2,690)	511,603
Listed associate	–	–	1,841	–	–	5,812	7,653
Unlisted associates	–	–	46	–	–	(60,051)	(60,005)
	304,729	64,120	11	147,320	–	(56,929)	459,251



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

17) RESERVES (continued)

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 loss							
– goodwill written off	–	–	–	–	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 2003

17) RESERVES (continued)

At 31 March 2003

Company

	Share Premium HK\$'000	Contributed Surplus HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31 March 2002	304,836	403,929	(257,649)	451,116
Shares repurchased	(107)	–	–	(107)
Loss for the year	–	–	(2,237)	(2,237)
At 31 March 2003	304,729	403,929	(259,886)	448,772



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\$144,043,000 (2002: HK\$146,280,000).

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)
At 31 March 2002	304,836	403,929	(257,649)	451,116

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

18) CONTINGENT LIABILITIES AND COMMITMENTS

	Group		Company	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Guarantees				
– for banking facilities granted to subsidiaries	–	–	121,060	132,224
– to bankers in lieu of utility deposits	260	370	–	–
– for payment of banking facilities to an associate	651	1,191	–	–
Commitments				
– to purchase foreign currency (USD10,000,000)	78,488	–	78,488	–
– to sell Hong Kong Dollars	78,488	–	78,488	–
– for further investment in other investments	819	1,638	–	–
– for credit facilities made to an associate	1,573	1,673	1,573	1,673
– for total future minimum lease payments				
– not later than one year	963	3,192	–	–
– later than one year and not later than five years	–	963	–	–



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Not later than one year	20,904	16,926
Later than one year but not later than five years	16,920	16,108
	37,824	33,034

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\$300 million (2002: HK\$326 million) were pledged to secure banking and other loan facilities to the extent of HK\$215 million (2002: HK\$226 million) of which HK\$86 million (2002: HK\$56 million) was utilised at that date.



21) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of bank loans and overdraft

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Bank loans and overdraft up to three months, included in cash and cash equivalents	63,200	32,423
Three months and beyond	1,200	1,200
As shown in the consolidated balance sheet	64,400	33,623

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(b) Analysis of changes in financing during the year

As at 31 March 2003

	Share Capital and Share Premium <i>HK\$'000</i>	Bank Loan included in Non-current Liabilities <i>(note 15)</i> <i>HK\$'000</i>	Bank Loan repayable beyond three months and included in Current Liabilities <i>(note 21(a))</i> <i>HK\$'000</i>	Minority Interests <i>HK\$'000</i>
At 31 March 2002	379,784	22,800	1,200	2,517
Share of losses	–	–	–	(897)
Distribution to minority shareholders	–	–	–	(379)
Shares repurchased	(157)	–	–	–
Transfer from non-current to current liabilities	–	(1,200)	1,200	–
Bank loan repaid	–	–	(1,200)	–
At 31 March 2003	379,627	21,600	1,200	1,241

As at 31 March 2002

At 31 March 2001	380,760	–	–	5,358
Unclaimed liabilities written back	–	–	–	(1,134)
Share of losses	–	–	–	(1,844)
Shares repurchased	(976)	–	–	–
Relating to subsidiaries acquired	–	–	–	281
Distribution to minority shareholders	–	–	–	(144)
Bank loan raised	–	22,800	1,200	–
At 31 March 2002	379,784	22,800	1,200	2,517



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(c) Material non-cash transaction

In August 2001, an unrelated shareholder (“Acquirer”) in an unlisted associate, Strand Hotels International Limited (“SHIL”), entered into a contract to purchase all shares of SHIL from other shareholders, including the Group. The Acquirer failed to complete the purchase and as a result, the deposit, which was in a form of loan receivable was forfeited to the other shareholders. The loan receivable transferred to the Group amounted to HK\$2,161,000.

(d) Reclassification to Creditors and Accruals

The reclassification to creditors and accruals of HK\$1,219,000 represents a bank loan and overdraft facility of a former non-wholly owned subsidiary, which was acquired in January 2000. This loan and overdraft facility was guaranteed by and secured over assets owned by a former owner of the company. Since the company commenced its winding-up, the Group has not received any claim from the bank.



22) SHARE OPTION SCHEME

On 3 September 1996, a Share Option Scheme (the “Scheme”) was approved by the shareholders, under which the directors of the Company may, at its discretion, offer any employee (including any executive director) options to subscribe for shares in the Company subject to the terms and conditions stipulated in the Scheme.

Summary of the Scheme

(a) Purpose of the Scheme

To provide the participants to subscribe for ordinary shares in the Company with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole.

(b) Participants of the Scheme

The Board may at its discretion, grant to any employee (including any executive director) options to subscribe for the Company’s shares.

22) SHARE OPTION SCHEME *(continued)*

(c) Maximum number of shares available for issue under the Scheme

The maximum number of the shares in respect of which options may be granted under the Scheme will be such number of shares, when aggregated with shares already subject to any share option schemes of the Company, shall not exceed 10% of the issued share capital of the Company.

(d) Maximum entitlement to any one participant

Under the Scheme, no options may be granted to any one employee which if exercised in full would result in the total number of the Company's shares already issued and issuable to him under all the options granted to him exceeding 25% of the aggregate number of shares of the Company for the time being issued and issuable under the Scheme.

(e) Period and payment on acceptance of options

Under the Scheme, the offer of an option to acquire shares must be accepted in writing in such manner as the Board of Directors may prescribe within 2 days from the date of grant and upon payment of a nominal consideration of HK\$1 in total by the participant to the Company.

(f) Period within which the shares must be taken up under an option

Within ten years from the date of grant or such shorter period as the Board of Directors will specify at the time of grant.

(g) The basis of determining the exercise price

The exercise price of the options is determined by the Board of Directors and will not be less than the greater of (i) an amount equal to 80% of the average closing price of the Company's share as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the date of grant and (ii) the nominal amount of the Company's share.

(h) Life of the Scheme

The Scheme expired on 2 September 2001 but without prejudice to the rights attached to outstanding options granted prior to expiry.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

22) SHARE OPTION SCHEME (continued)

As at 31 March 2003, the Company had outstanding options to subscribe for an aggregate of 48,893,641 (2002: 48,926,280) shares in the Company. Summary of the outstanding options is as follows:

Number of options		At 31 March 2003	Exercise price*	Date of grant	Exercise period
At 1 April 2002	Adjustment*				
To executive directors					
21,626,564	(14,427)	21,612,137	HK\$1.941	24 October 1996	24 October 1996 to 23 October 2006
25,473,817	(16,994)	25,456,823	HK\$1.582	6 March 1997	6 March 1997 to 5 March 2007
		47,068,960			
To employees					
1,659,607	(1,108)	1,658,499	HK\$0.653	30 August 2001	30 August 2001 to 29 August 2006
166,292	(110)	166,182	HK\$0.653	30 August 2001	30 August 2001 to 29 August 2004
		1,824,681			
Total		48,893,641			

* Adjustments were made during the year in accordance with the Share Option Scheme to both the exercise prices and the number of options consequent on shares repurchased during the year. No options were exercised and no options lapsed during the year. The names of the executive directors and their individual entitlements to share options are set out in the Directors' Report.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

23) SUBSEQUENT EVENT

In July 2003, Grand Prospect Enterprise Limited, incorporated in Hong Kong was converted from an associated company into a subsidiary of the Group with 51% directly owned by the Group and 49% owned by the Gaw Family, a related party. On 11 July 2003, Grand Prospect Enterprise Limited entered into contract arrangements to acquire 100% of the Orchid Fund Four (the "Fund") at the total consideration of Baht 870 million (approximately HK\$163 million). The Fund is a Thai property fund which currently owns a 382-room hotel, Garden Beach Resort (the "Hotel"), in Pattaya, Thailand. The consideration was determined after arm's length negotiations with reference to an independent valuation of the Hotel. The Group's share of investment is 51% representing an amount of Baht 443.7 million (approximately HK\$83 million). As the acquisition constitutes a notifiable transaction of the Company under the Listing Rules, a public announcement was made on 15 July 2003.

24) APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 15 to 57 have been approved by the Board of Directors on 15 July 2003.

