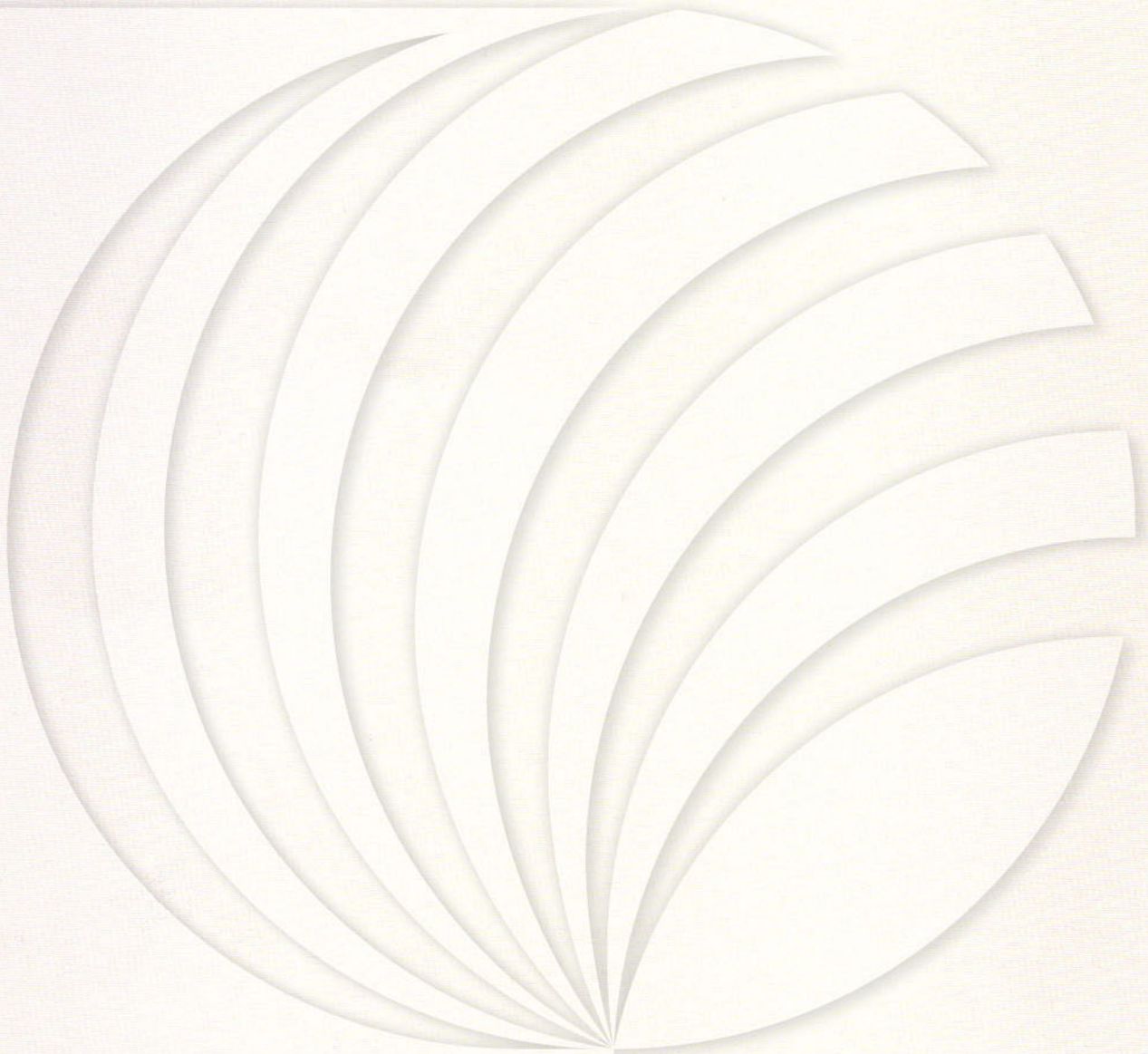




PIONEER GLOBAL GROUP LIMITED  
建生國際集團有限公司





**PIONEER GLOBAL GROUP LIMITED**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Rossana WANG GAW, *Chairman*  
Goodwin GAW, *Vice Chairman*  
Kenneth GAW, *Managing Director*  
Jane Kwai Ying TSUI, *General Manager and  
Company Secretary*  
Dr. Charles Wai Bun CHEUNG, J.P.  
The Hon Bernard Charnwut CHAN  
Arnold Tin Chee IP

### COMPANY SECRETARY

Jane Kwai Ying TSUI

### BANKERS

ABN-AMRO Bank  
Asia Commercial Bank Limited  
Bangkok Bank Public Company Limited  
Citibank, N.A.  
HSBC Republic (Suisse) SA  
Standard Chartered Bank

### SOLICITORS

Baker & McKenzie  
Chao and Chung  
Johnson, Stokes & Master

### AUDITORS

Fan, Mitchell & Co.

### REGISTERED OFFICE

Cedar House, 41 Cedar Avenue,  
Hamilton, HM 12, Bermuda

### PRINCIPAL OFFICE IN HONG KONG

29th Floor, Dah Sing Financial Centre,  
108 Gloucester Road, Wanchai, Hong Kong

### SHARE REGISTRARS & TRANSFER OFFICE IN BERMUDA

Butterfield Corporate Services Limited  
65 Front Street, Hamilton, Bermuda

### SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited  
17th Floor, Hopewell Centre  
183 Queen's Road East, Hong Kong

### INFORMATION

<http://www.pioneerglobalgroup.com>  
Bloomberg: 224HK Equity  
Reuters: 0224.HK



## CHAIRMAN'S STATEMENT

The fiscal period ended 31 March 2002 was a very difficult year in the face of global recession. The Group recorded a net loss of HK\$54 million (2001: Profit of HK\$195,000). The disappointing results were principally due to the share of loss of Global Gateway, L.P. and full provisions for our IT and venture investments. A detailed business review is provided in the Managing Director's Report on pages 4 to 6. The Directors do not recommend the payment of a final dividend (2001: Nil).

Although the challenging economic environment is likely to stay in the next year or two, it also provides attractive investment opportunities. In July 2002, we have become a strategic shareholder in the famous Dusit Thani Public Company Limited (Thailand) by acquiring 10.28% shareholding through a 50% owned associated company of the Group. Dusit Thani owns and manages luxury hotels & resorts in Thailand, East Asia and Middle East. It was recently voted among the top ten leading companies in Thailand by the Far Eastern Economic Review in their survey of Asia's leading companies.

Looking forward, we shall continue with our prudent growth strategy while maintaining financial stability.

Finally, I would like to thank our shareholders, directors and staff for their dedicated support throughout the year.

**Rossana Wang Gaw**

*Chairman*

Hong Kong, 18 July 2002



## MANAGING DIRECTOR'S REPORT

### BUSINESS REVIEW

For the year ended 31 March 2002, total revenues for the Group were HK\$49 million (2001: HK\$64 million) and operating profits were HK\$8 million (2001: HK\$20 million). The reduction in revenues and operating profits from last year were due principally to the decline in IT services income and the reclassification of an investment as a listed associate. During the year, the Group shared in net loss of associates of HK\$19 million and had a net loss on disposal of assets less provisions of HK\$41 million (2001: Profit of HK\$3 million). In light of the prevailing weak economic sentiment and for the sake of prudence, full impairment provisions of HK\$34 million were made for all our IT and venture investments. Taking into account the above mentioned one-time provision and share in net loss of associates, the Group's net loss attributable to shareholders was HK\$53.5 million (2001: Profit of HK\$195,000).

### Properties and Stock Investments

For the year ended 31 March 2002, the Group's rental properties contributed revenues of HK\$27 million (2001: HK\$29 million) and operating profits of HK\$15 million (2001: HK\$13 million). In August 2001, the Group acquired the 13/F of New Mandarin Plaza in Tsim Sha Tsui at HK\$40 million. The property is an office premise with approximate gross area of 19,500 sq.ft. and a 3-year lease term yielding 9.5% per annum.



During the year, dividend income from stock investments and interest income received were HK\$4 million and HK\$2 million respectively (2001: HK\$6 million and HK\$5 million respectively). The decline in dividend income was due to the re-classification of the Group's holdings in Siam Food Products Public Company Limited (the Group holds a stake of approximately 14.31% in the Thai listed company) as an associated company and accounted for using the equity method. As a result of the re-classification, Siam Food Products contributed share of profit of HK\$7 million to the Group as a listed associate.

In the past 2 years, the Group invested about HK\$20 million in Hong Kong & US venture companies, most of them are IT related. Although many of them are offering promising products and services, for the sake of prudence, the Group has made full provisions for all these investments in this reporting period.

## MANAGING DIRECTOR'S REPORT

### **Global Gateway, L.P. ("Global Gateway")**

Global Gateway, the 20:80 telecom infrastructure joint venture between the Group and Morgan Stanley Real Estate Funds, currently owns and operates telecom carrier hotel facilities in Hong Kong, Singapore, Seattle, and San Diego (total of about 1 million sq.ft. of space). As at 31 March 2002, Global Gateway had total assets of HK\$550 million. The Group is the managing partner contributing management and technical expertise to the joint venture.

During the year, Global Gateway completed all construction works at its facilities and no major new commitments were made. In Shanghai, Global Gateway has signed an MOU to lease and operate a 5,500 sq.ft. facility with a major local developer. The project is subject to the approval by local government authorities.

The Group's share of results of Global Gateway was a loss of HK\$26 million. The disappointing result was due to the severe downturn in global telecom industry. Looking forward to the coming fiscal year, we anticipate the operating loss will be lowered as revenue is steadily increasing together with the reduction in interest expenses.

### **Pioneer iConcepts Limited ("Pioneer iConcepts")**

Revenues attributable to Pioneer iConcepts (the Group's 55% owned IT services subsidiary) for the year ended 31 March 2002 were HK\$17 million (2001: HK\$24 million). This represents a 29% decline from the same period in the previous year. As a result, Pioneer iConcepts had an operating loss of HK\$5 million for the period under review, compared to an operating profit of HK\$5 million in fiscal year ended 2001. As discussed in the interim review, the sharp decline in the operating results was due to the extremely challenging market environment in which even healthy companies cut or postponed IT spending decisions. Indeed, during the year several major IT implementation projects were postponed by clients which would have made a substantial difference to our results. While the management had made cost adjustments in view of the business environment, Pioneer iConcepts was unable to reverse its loss for the period under review.

On a conservative basis, the Group made a full provision of HK\$14 million for the goodwill of the IT businesses acquired by Pioneer iConcepts.

### **Financial Resources, Liquidity and Contingent Liabilities**

At 31 March 2002, the Group had cash balances of HK\$62 million (2001: 76 million) and unutilized bank facilities made available to Group companies amounted to HK\$170 million. At the balance sheet date, the debt to equity ratio was 11% (2001: 0.2%) and the net debt to equity ratio was 0% (2001: 0%). The total debt outstanding was \$56 million in HK currency (2001: HK\$1 million). The contingent liabilities including guarantees and commitments were HK\$9 million (2001: HK\$11 million).



## MANAGING DIRECTOR'S REPORT

### Employees

At 31 March 2002, the number of salaried staff was 57. The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Share options are granted by the Board of Directors to staff members as appropriate.

### OUTLOOK

Year 2001 had undoubtedly been an extremely difficult year for the telecommunications industry. With multi-billion dollars bankruptcy filings by many industry leaders such as Global Crossing, Exodus, Williams Communications, and others, the telecommunications and data center industries are in unprecedented turmoil. Our strategy is to focus on increasing the yield on our current portfolio while keeping a very prudent view on any market opportunity.

On 2 July 2002, an associated company held 50% by the Group (the other 50% held by the Gaw family) acquired 10.28% of Dusit Thani Public Company Limited ("Dusit Thani"). Dusit Thani is a company listed on the Stock Exchange of Thailand and is the leading owner and operator of hotels in the country. Dusit Thani has 20 hotels with about 5,000 rooms under its management (under the Dusit brand and the Royal Princess brand), of which 9 hotels are wholly or majority owned by the company. Of the 20 hotels operated by Dusit Thani, 16 of the hotels are located in major business and tourism centers of Thailand, 2 are in Indonesia, 1 is in the Philippines, and 1 is in Dubai. For the year ended 31 December 2001, Dusit Thani recorded audited revenue and net profit of Thai Baht 2,537 million and 341 million respectively. We believe that Thailand's economy is emerging from the Asian Financial Crisis and the tourism sector is particularly promising. This investment will give the Group a good exposure in that sector and we look forward to working together with the management and shareholders of Dusit Thani.

In the coming fiscal year, the Group will continue to look for further investment opportunities in hotels and properties.

### APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to all the employees for their contribution.

### Kenneth Gaw

*Managing Director*

Hong Kong, 18 July 2002



## DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 March 2002.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and associated companies and partnerships are shown on Notes 9, 10 and 12. An analysis of the Group's turnover and contribution to results by principal activity and geographical area of operations is set out in Note 2 to the financial statements.

### FINANCIAL STATEMENTS AND DIVIDENDS

The consolidated profit and loss account for the year ended 31 March 2002 and the balance sheet for the Group and the Company as at 31 March 2002 are set out in the financial statements on pages 17 to 55.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2002 (2001: Nil). No interim dividend for the 6 months ended 30 September 2001 had been declared.

### SHARE CAPITAL AND RESERVES

Details of movements in issued share capital and reserves during the year are set out in Note 16 and Note 17 to the financial statements.

### FIXED ASSETS

Details of movements in fixed assets are set out in Note 8 to the financial statements.

### SUBSIDIARIES

Details of the subsidiary companies as at 31 March 2002 are set out in Note 12 to the financial statements.

### BORROWINGS

Details of borrowings are set out in Note 15 to the financial statements.



## DIRECTORS' REPORT

### INTEREST CAPITALISED

No interest expense was capitalised during the year.

### MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers being trade customers and tenants of the Group accounted for 28% of the Group's combined turnover on IT services and property rental & management, the largest trade customer accounting for 7%. The five largest suppliers of goods and services accounted for less than 42% of the Group's expenditure on goods and services.

### DIRECTORS

The directors in office during the year and up to the date of this report were:

Mrs. Rossana WANG GAW

Mr. Goodwin GAW

Mr. Kenneth GAW

Ms. Jane Kwai Ying TSUI

Dr. Charles Wai Bun CHEUNG, J.P.

The Hon Bernard Charnwut CHAN

Mr. Arnold Tin Chee IP

In accordance with the Company's Bye-Laws, Mr. Kenneth Gaw and Ms. Jane Kwai Ying Tsui retire, and being eligible, offer themselves for re-election.

Neither Mr. Kenneth Gaw nor Ms. Jane Kwai Ying Tsui has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation.

### BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS

#### Executive Directors

Mrs. Rossana WANG GAW (*Chairman*)

Aged 56. Appointed to the Board in 1980 and has been Chairman of the Group since February 1999. She is the Managing Director of Pioneer Estates Limited. She is responsible for the management of the real estate sector in the Group. Mrs. Gaw has eight years of experience in the garment manufacturing industry and over 20 years of experience in real estate investments. Mrs. Gaw is a graduate of the University of California, Berkeley, and holds a degree in Business Administration.



## DIRECTORS' REPORT

Mr. Goodwin GAW (*Vice-Chairman*)

Aged 33. Appointed to the Board in 1994 and became Vice Chairman of the Group in August 1996. Mr. Gaw is also the Chairman & CEO of Global Gateway, L.P.. He graduated with a Bachelor of Science degree in Civil Engineering from the University of Pennsylvania, a finance degree from Wharton Business School and a Master of Science degree in Construction Management from Stanford University. He is the son of Mrs. Rossana Wang Gaw.

Mr. Kenneth GAW (*Managing Director*)

Aged 31. Appointed to the Board in 1994 and became Managing Director of the Group in February 1999. Mr. Gaw is also a director of Siam Food Products Public Company Limited and was director and Deputy Chairman of Wah Kwong Shipping Holdings Limited until the company was privatised in July 2000. He graduated with a Bachelor of Science degree in Applied Mathematics and Economics from Brown University (Magna Cum Laude). Before joining the Group, Mr. Gaw worked in the structured finance group at Goldman, Sachs & Co. in New York and in corporate finance at Goldman Sachs (Asia) Limited in Hong Kong. Mr. Gaw was the Chairman of Young Entrepreneurs' Organisation Hong Kong Chapter for 2001-2002. He is the son of Mrs. Rossana Wang Gaw.

Ms. Jane Kwai Ying TSUI (*General Manager and Company Secretary*)

Aged 58. Appointed to the Board in 1984. She is responsible for the day to day operation of the Group, including general administration. She is also responsible for all company secretarial matters of the Group. Ms. Tsui previously worked in the banking sector for about three years before joining the Group in 1980.

### **Independent non-executive Directors**

Dr. Charles Wai Bun CHEUNG, J.P.

Aged 66. Appointed to the board in 1986. He is the Group Chief Executive and Executive Deputy Chairman of Mission Hills Group. He is a non-executive director of both K. Wah International Holdings Limited and K. Wah Construction Materials Limited. Dr. Cheung is also a non-executive director of Prime Investments Holdings Limited. He is a director of Global Business Bank, a publicly listed bank in Philippines. Dr. Cheung holds an honorary doctor degree, a master degree and a bachelor of science degree in business administration. He had been in the banking business for over twenty-two years and held senior management positions. Dr. Cheung was a former director and adviser of the Tung Wah Group of Hospitals. He is a Vice Chairman of Guangdong Province Golf Association.



## DIRECTORS' REPORT

The Hon Bernard Charnwut CHAN

Aged 37. Appointed to the Board in 1994, is the youngest member of the Legislative Councillor of the Hong Kong Special Administrative Region. A graduate of Pomona College in California, U.S.A., he holds the positions of Deputy Managing Director of Asia Financial Group and Executive Director of Asia Insurance and Asia Commercial Bank. He serves as the Chairman of the Standing Committee on Disciplined Services Salaries and Conditions of Service; a Director of The Hong Kong Mortgage Corporation Ltd. and a Council Member of Lingnan University. He is also a member of the Mandatory Provident Fund Schemes Advisory Committee, the Process Review Panel of Securities & Futures Commission, the Hong Kong Government's Business Advisory Group, the Hong Kong Sports Development Board, the Fight Crime Committee, the Elderly Commission and the Committee on Financial Assistance for Family Members of Those Who Sacrifice Their Lives to Save Others. In addition, he serves as the Chairperson of The Hong Kong Council of Social Service and the Vice Chairperson of Community Investment & Inclusion Fund Committee.

Mr. Arnold Tin Chee IP

Aged 39. Appointed to the Board in 1999. He is a director of Altus Capital Limited where he is involved in the supervision and management of corporate finance and advisory work for companies in Hong Kong. He is also a director of Altus Asset Management Limited, an adviser specializing in private equity investments particularly in Hong Kong and China. Between 1989 and March 1997, Mr. Ip worked for Standard Chartered Asia Limited and was a director of Yuanta Securities (Hong Kong) Company Limited thereafter until January 2001 specializing in a broad range of corporate finance and advisory activities for companies based in Hong Kong and China.

Mr. Ip's work focuses on fund raising for listed and unlisted companies including development capital raising for unlisted companies.

From 1984 to 1988 Mr. Ip worked at Arthur Andersen & Co in London specializing in taxation and qualified as a chartered accountant in 1988.

Mr. Ip is a graduate of Trinity College, Cambridge University.



### DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY

As at 31 March 2002, the interests of the directors in the share capital of the Company, as recorded in the register maintained by the Group pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), were as follows:

Name of Directors	Personal	Family	Corporate	Other	Total	Number of share options* granted and remained outstanding
Rossana Wang Gaw	–	–	15,089,732 <sup>#</sup>	<i>Note 1</i>	138,238,433	8,172,564
Goodwin Gaw	–	–	–	–	–	17,187,428
Kenneth Gaw	1,734,750	–	8,122,000 <sup>##</sup>	<i>Note 2</i>	36,314,524	17,187,428
Jane Kwai Ying Tsui	600,750	–	–	–	600,750	4,552,961
Charles Wai Bun Cheung	–	–	–	–	–	–
Bernard Charnwut Chan	–	–	–	–	–	–
Arnold Tin Chee Ip	–	–	–	–	–	–

Notes:

1. Family trust of which members of the family of Mrs. Rossana Wang Gaw are amongst the beneficiaries held an aggregate of 123,148,701 shares.
2. Family trust of which Mr. Kenneth Gaw is a beneficiary held an aggregate of 26,457,774 shares.

\* The relevant share options were granted pursuant to the share option scheme of the Company approved at the Company's special general meeting held on 3 September 1996.

<sup>#</sup> Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 15,089,732 Shares.

<sup>##</sup> Mr. Kenneth Gaw owns the entire issued share capital of Fortune South China Limited, which was beneficially interested in 8,122,000 Shares.

Save as disclosed above, none of the directors, chief executives or their associates had any interests in the share capital of the Company or any of its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Section 28 of the SDI Ordinance (including interests which they are deemed or taken to have under Section 31 of Part I of the Schedule to the SDI Ordinance) or which are required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein.



## DIRECTORS' REPORT

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 31 March 2002, according to the register kept by the Company under Section 16(1) of the SDI Ordinance and so far as was known to the directors, the following person, other than the directors, was interested or taken or deemed to be interested in 10 percent or more in nominal value of the issued share capital of the Company:

Name of shareholder	Number of shares	Percentage of the issued share capital
Forward Investments Inc.	174,277,635	23.25%

### SHARE OPTION SCHEME

On 3 September 1996, a Share Option Scheme (the "Scheme") was approved by the shareholders of the Company, under which the directors of the Company may, at its discretion, offer any employee (including an executive director) of the Company options to subscribe for shares in the Company subject to the terms and conditions stipulated in the Scheme. The summary of terms and particulars of outstanding options under the Scheme are made pursuant to the requirements as contained in Chapter 17 of the Listing Rules of the Stock Exchange.



#### Summary of the Scheme

(a) *Purpose of the Scheme*

To provide the participants to subscribe for ordinary shares in the Company ("Shares") 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) of the Company options to subscribe for the Company's shares.

(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 other share option schemes of the Company, shall not exceed 10% of the issued share capital of the Company. The Scheme expired on 2 September 2001 and no option shall be granted under the Scheme.

*(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 (the "average closing price") and (ii) the nominal amount of the Company's share.

*(h) Remaining life of the Scheme*

The Scheme expired on 2 September 2001.

On 30 August 2001, an aggregate number of 1,833,666 share options with exercisable price at HK\$0.65 were granted to employees of the Company pursuant to the Scheme. The average closing price of the Company's share immediately before the date of grant was HK\$0.35.



## DIRECTORS' REPORT

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

No. of options*	Exercise price*	Date of grant	Exercise period
<i>To executive directors</i>			
21,626,564	HK\$1.940	24 October 1996	24 October 1996 to 23 October 2006
25,473,817	HK\$1.581	6 March 1997	6 March 1997 to 5 March 2007
<hr/>			
47,100,381			
<hr/>			
<i>To employees</i>			
1,659,607	HK\$0.653	30 August 2001	30 August 2001 to 29 August 2006
166,292	HK\$0.653	30 August 2001	30 August 2001 to 29 August 2004
<hr/>			
1,825,899			
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\* 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 during the year.

### DIRECTORS' INTEREST IN CONTRACTS

The directors had no interest, direct or indirect, either during the financial year or at the end thereof in any significant contracts to which the Company or its subsidiaries was a party.

### PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in Bermuda, the jurisdiction in which the Company is incorporated.

### PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year, the Company repurchased on the Stock Exchange a total of 3,188,000 shares of HK\$0.10 each of the Company at an aggregate consideration of HK\$975,869. Repurchased shares were cancelled subsequent to the repurchases. Details of the shares repurchased are set out below:

Month of repurchase	Number of shares	Price per share		Aggregate consideration
		Highest	Lowest	
February 2002	2,104,000	0.320	0.270	639,200
March 2002	1,084,000	0.310	0.305	336,669
	3,188,000			975,869

Save as aforesaid, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed shares during the year.

### AUDIT COMMITTEE

During the year, the Audit Committee held meetings twice to discuss with management and the external auditors the accounting principles and practices adopted by the Group as well as internal control and financial reporting matters. The members of the Audit Committee are Dr. Charles Wai Bun Cheung, J.P., The Hon Bernard Charnwut Chan and Mr. Arnold Tin Chee Ip.

### COMPLIANCE WITH THE CODE OF BEST PRACTICE

During the year, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange, except that the independent non-executive directors have no specific term of office, but they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws.

### AUDITORS

The financial statements have been audited by Fan, Mitchell & Co. who retire, and being eligible, offer themselves for re-appointment.

On Behalf of the Board  
**Rossana Wang Gaw**  
*Chairman*

Hong Kong, 18 July 2002



## AUDITORS' REPORT

To the members of

**Pioneer Global Group Limited**

*(Incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 17 to 55 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### BASIS OF OPINION



We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2002 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**FAN, MITCHELL & CO.**

*Certified Public Accountants*

Hong Kong, 18 July 2002

## CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended 31 March 2002

	notes	2002 HK\$'000	2001 HK\$'000
Turnover	2	<b>49,256</b>	63,913
Properties operating expenses		<b>(3,970)</b>	(8,428)
Purchases for resale		<b>(4,200)</b>	(1,823)
Staff costs		<b>(25,063)</b>	(25,595)
Depreciation & amortisation		<b>(1,113)</b>	(1,121)
Other operating expenses		<b>(6,875)</b>	(6,976)
		<b>(41,221)</b>	(43,943)
Operating profit	2	<b>8,035</b>	19,970
Share of profits and (losses) of associates			
Listed		<b>7,032</b>	–
Unlisted		<b>(26,444)</b>	(13,557)
		<b>(11,377)</b>	6,413
Finance costs	3a	<b>(586)</b>	(9,220)
Net (loss)/profit on disposal of assets less impairment provisions	3c	<b>(41,293)</b>	2,883
		<b>(53,256)</b>	76
Taxation	4	<b>(2,126)</b>	(1,210)
		<b>(55,382)</b>	(1,134)
Minority interests		<b>1,844</b>	1,329
(Loss)/profit attributable to shareholders		<b>(53,538)</b>	195
(Loss)/earnings per share (HK cents)	6	<b>(7.11)</b>	0.03



## CONSOLIDATED BALANCE SHEET

At 31 March 2002

	<i>notes</i>	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
<b>Non-current assets</b>			
Fixed assets	8	<b>252,802</b>	221,636
Listed associate	9	<b>41,613</b>	–
Unlisted associates	10	<b>114,970</b>	121,788
Investment securities	11	<b>108,456</b>	147,211
Other investments	11	<b>4,242</b>	23,967
Receivables		–	6,630
		<b>522,083</b>	521,232
<b>Current assets</b>			
Debtors, advances & prepayments	13	<b>7,529</b>	7,278
Other investments	11	<b>16,456</b>	–
Cash and bank balances		<b>62,088</b>	75,520
		<b>86,073</b>	82,798
<b>Current liabilities</b>			
Creditors & accruals	14	<b>12,378</b>	12,370
Secured bank loans & overdrafts	15	<b>33,623</b>	1,123
Taxation		<b>992</b>	817
		<b>(46,993)</b>	(14,310)
Net current assets		<b>39,080</b>	68,488
Total assets less current liabilities		<b>561,163</b>	589,720
<b>Non-current liabilities</b>			
Secured bank loan	15	<b>(22,800)</b>	–
Minority interests		<b>(2,517)</b>	(5,358)
Net assets		<b>535,846</b>	584,362
<b>Capital &amp; reserves</b>			
Share capital	16	<b>74,948</b>	75,267
Reserves	17	<b>460,898</b>	509,095
Shareholders' funds		<b>535,846</b>	584,362



## BALANCE SHEET

At 31 March 2002

	<i>notes</i>	<b>2002 HK\$'000</b>	2001 HK\$'000
Non-current assets			
Subsidiary companies	12	<b>487,661</b>	499,276
Receivables		-	6,630
		<b>487,661</b>	505,906
Current assets			
Debtors, advances & prepayments		<b>327</b>	1,111
Other investments		<b>11,447</b>	-
Cash and bank balances		<b>58,474</b>	61,236
		<b>70,248</b>	62,347
Current liabilities			
Creditors & accruals		<b>645</b>	665
Secured bank loan		<b>31,200</b>	-
		<b>(31,845)</b>	(665)
Net current assets		<b>38,403</b>	61,682
Net assets		<b>526,064</b>	567,588
Capital & reserves			
Share capital	16	<b>74,948</b>	75,267
Reserves	17	<b>451,116</b>	492,321
Shareholders' funds		<b>526,064</b>	567,588



## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2002

	<i>notes</i>	<b>2002 HK\$'000</b>	2001 HK\$'000
Net cash inflow from operating activities	21a	<b>1,999</b>	37,386
Returns of investments and servicing of finance			
Interest income		<b>1,878</b>	5,382
Dividends from investment securities		<b>3,151</b>	5,129
Dividends from other investments		<b>662</b>	497
Dividends from listed associate		<b>2,459</b>	–
Interest expenses		<b>(586)</b>	(9,220)
Distribution to minority shareholders	21c	<b>(144)</b>	(120)
Net cash inflow from investments and servicing of finance		<b>7,420</b>	1,668
Taxation			
Hong Kong profits tax refunded		<b>435</b>	–
Hong Kong profits tax paid		<b>–</b>	(839)
Overseas tax paid		<b>(955)</b>	(12,288)
Net tax paid		<b>(520)</b>	(13,127)
Investing activities			
Purchase of fixed assets		<b>(43,725)</b>	(916)
Investment in unlisted associates		<b>(20,415)</b>	(64,300)
Capital repayment from unlisted associates		<b>210</b>	1,131
Net advances to unlisted associates		<b>(1,080)</b>	(7,668)
Proceeds from non-current receivables		<b>390</b>	–
Proceeds on disposal of other investments		<b>50,925</b>	6,140
Purchase of other investments		<b>(63,300)</b>	(14,125)
Proceeds on disposal of fixed assets		<b>301</b>	43
Net cash outflow to investing activities		<b>(76,694)</b>	(79,695)
Net cash outflow before financing		<b>(67,795)</b>	(53,768)



## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2002

	<i>notes</i>	<b>2002 HK\$'000</b>	2001 HK\$'000
Financing			
Issue of shares			
– Open Offer		–	163,079
– Open Offer expenses		–	(812)
– Shares repurchased	21c	<b>(976)</b>	–
Long term bank loans raised	21c	<b>22,800</b>	–
Other bank loans raised/(repaid)	21c	<b>1,200</b>	(21,298)
Net cash inflow from financing		<b>23,024</b>	140,969
(Decrease)/increase in cash and cash equivalents		<b>(44,771)</b>	87,201
Cash and cash equivalents at the beginning of the year		<b>74,397</b>	(12,567)
Effect of foreign exchange rate changes		<b>39</b>	(237)
Cash and cash equivalents at the end of the year		<b>29,665</b>	74,397
Analysis of the balances of cash and cash equivalents			
Bank balances, cash and deposits placed with banks up to three months' maturity		<b>62,088</b>	75,520
Bank overdrafts and loans repayable up to three months	21b	<b>(32,423)</b>	(1,123)
		<b>29,665</b>	74,397



## CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2002

	<i>notes</i>	<b>2002 HK\$'000</b>	2001 HK\$'000
(Deficit)/surplus on revaluation of investment properties	17	<b>(11,292)</b>	6,525
Exchange differences on translation of the financial statements of overseas subsidiaries and associate	17	<b>632</b>	(4,680)
Net (losses)/gains not recognised in the profit and loss account		<b>(10,660)</b>	1,845
Net (loss)/profit for the year		<b>(53,538)</b>	195
Total recognised gains and losses		<b>(64,198)</b>	2,040
Goodwill credited in reserves on recognition as impairment in the profit and loss account		<b>16,658</b>	–
		<b>(47,540)</b>	2,040



## 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	<b>-</b>	2,750
Final settlement in relation to assets disposed to a related party	<b>-</b>	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

	Share Capital and Share Premium <i>HK\$'000</i>	Bank Loan under Non-current Liabilities <i>HK\$'000</i>	Bank loans and overdraft repayable beyond three months <i>HK\$'000</i>	Minority Interests <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.



## SCHEDULE OF THE GROUP'S PROPERTIES

For the year ended 31 March 2002

The following is a list of properties held for investment as at 31 March 2002:

Location/Lot No.	Type of Property	Lease Term	Group's Effective Interest
1. Pioneer Building, 213 Wai Yip Street, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 294	Industrial	Medium-term	100%
2. 12th Floor and the roof and car parking spaces Nos. 24 and 25, Edwick Industrial Centre, 4-30 Lei Muk Road, Kwai Chung, New Territories 98/1210 shares of and in the remaining portion of Kwai Chung Town Lot No. 302	Industrial	Medium-term	100%
3. 13th Floor, Tower A and portion of the 12th Floor occupied by the Staircase of Tower A, Mandarin Plaza, No 14 Science Museum Road, Kowloon 846/30000 shares of and in Kowloon Inland Lot No.10599	Office	Long-term	100%
4. 6th Floor, On Lok Yuen Building, Nos. 25, 27 and 27A Des Voeux Road Central, Hong Kong 5/81 shares of and in Inland Lot No. 2178	Office	Long-term	100%
5. Flat A2 on 8th Floor and 1 car parking space No. 147 Block A, Evergreen Villa, 43 Stubbs Road, Hong Kong 11/2530 shares of and in Inland Lot No. 7891	Residential	Long-term	100%
6. Flat D2 on 17th Floor and 1 car parking space No. 233 Block D, Evergreen Villa, 43 Stubbs Road, Hong Kong 11/2530 shares of and in Inland Lot No. 7891	Residential	Long-term	100%
7. Tower Park Condominium Units 5D, 12A, 12B & 22D, 52/35 Sukhumvit Soi 3, Bangkok 10500, Thailand	Residential	Freehold	100%
8. Building No. (B39/90) at Baho-Si Residential Area, Baho-Si quarter Lanmadaw Township, Yangon, Myanmar	Residential	Freehold	100%
9. Apartments A and B on 19th Floor, Wah Tai Mansion, No. 388 ZhaojiaBang Road, Shanghai, People's Republic of China	Residential	Long-term	100%



## FIVE YEARS FINANCIAL SUMMARY

*For the years ended 31 March*

	1998 <i>HK\$000</i>	1999 <i>HK\$000</i>	2000 <i>HK\$000</i>	2001 <i>HK\$000</i>	<b>2002</b> <b><i>HK\$000</i></b>
<b>RESULTS</b>					
Turnover	102,619	156,420	184,559	63,913	49,256
Profit/(loss) attributable to shareholders	(51,127)	(341,592)	(90,672)	195	(53,538)
Dividends	–	–	501,782	–	–
Earnings/(loss) per share (HK cents)	(12.73)	(70.95)	(18.07)	0.03	(7.11)
<b>BALANCE SHEET</b>					
Total assets	2,340,520	2,102,420	582,843	604,030	608,156
Total liabilities	(562,787)	(844,474)	(154,505)	(14,310)	(69,793)
Minority interests	(114,910)	(108,611)	(8,283)	(5,358)	(2,517)
	1,662,823	1,149,335	420,055	584,362	535,846
<b>Capital and reserves</b>					
Share capital	44,752	50,178	50,178	75,267	74,948
Reserves	1,618,071	1,099,157	369,877	509,095	460,898
Shareholders' funds	1,662,823	1,149,335	420,055	584,362	535,846




## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the shareholders of Pioneer Global Group Limited (the "Company") will be held at the principal place of business of the Company in Hong Kong at 29th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong on 29 August 2002 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2002.
2. To re-elect Directors and to fix their remuneration.
3. To re-appoint Auditors and to authorise the Directors to fix their remuneration.
4. To consider as special business and, if thought fit, adopt with or without amendment, the following resolutions as ordinary resolutions:

### ORDINARY RESOLUTIONS

- 
- A. **"THAT** the authorised share capital of the Company be and is hereby increased from HK\$100,000,000 to HK\$200,000,000 by the creation of 1,000,000,000 additional new shares of HK\$0.10 each, such new shares to rank pari passu in all respects with the existing shares of the Company."
  - B. **"THAT** the Directors be and are hereby granted an unconditional general mandate to repurchase issued shares in the capital of the Company in accordance with all applicable laws and subject to the following conditions:
    - (a) such mandate should not extend beyond the Relevant Period (defined in sub-paragraph (c) below);
    - (b) the aggregate nominal amount of share capital purchased or agreed conditionally or unconditionally to be purchased by the Directors of the Company pursuant to this Resolution should not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution; and
    - (c) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

      - (i) the conclusion of the next Annual General Meeting of the Company;

## NOTICE OF ANNUAL GENERAL MEETING

- (ii) the expiration of the period within which the next Annual general Meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting."

C. **"THAT** the Directors be and are hereby granted an unconditional general mandate to issue and allot additional shares in the capital of the Company and to make or grant offers, agreements and options in respect thereof, subject to the following condition:

- (a) such mandate should not extend beyond the Relevant Period (defined in sub-paragraph (c) below) save that the Directors may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors, otherwise than pursuant to a Rights Issue (as defined in sub-paragraph (c) below) or pursuant to the grant or exercise of options issued under any share option scheme adopted by the Company or pursuant to any scrip dividend scheme or with the consent of the Company in general meeting, should not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution; and
- (c) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of next Annual General Meeting of the Company;
- (ii) the expiration of the period within the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.



## NOTICE OF ANNUAL GENERAL MEETING

“Right Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

- D. **“THAT** the general mandate granted to the Directors to issue and dispose of additional shares pursuant to Ordinary Resolution 4C set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution 4B set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the Resolution.”



By Order of the Board  
**Jane Kwai Ying Tsui**  
*Secretary*

Hong Kong, 18 July 2002

*Notes:*

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him; a proxy need not also be a member of the Company.
2. The instrument appointing a proxy or attorney or other authority (if any) under which it is signed, or a notarially executed copy of such power or authority shall be deposited at 29th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the Meeting.
3. There will be no closure of the Transfer Books and Register of Members.