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# Corporate Information

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## DIRECTORS

Dr. Chan Kong Sang, Jackie MBE, SBS

*(Chairman)*

Chan Chee Kheong

So Che Hung, Solon

Wong Chi Fai

Fan Man Seung, Vanessa

Cheung Ting Kau, Vincent

May Wai Kwan

Dr. Chow King Wai \*

Wan Choi Ha, Noven \*

*\* Independent Non-Executive Directors*

## COMPANY SECRETARY

Pai Hoi Yin, Isabella

## BANKERS

Bank of China

Nanyang Commercial Bank, Limited

Overseas Trust Bank Limited

## AUDITORS

Deloitte Touche Tohmatsu

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

## PRINCIPAL OFFICE

28th Floor

Emperor Group Centre

288 Hennessy Road

Wanchai

Hong Kong

## REGISTRARS *(in Bermuda)*

Butterfield Corporate Services Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

## REGISTRARS *(in Hong Kong)*

Secretaries Limited

5th Floor

Wing On Centre

111 Connaught Road Central

Hong Kong



## Notice of Annual General Meeting

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NOTICE IS HEREBY GIVEN that the annual general meeting of Global Food Culture Group Limited (the “Company”) will be held at 11/F, Safety Godown Industrial Building, 56 Ka Yip Street, Chai Wan, Hong Kong on 27th 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 31st March, 2002.
2. To re-elect retiring directors, to fix directors’ remuneration and to grant power to the board of directors to appoint additional director(s).
3. To re-appoint auditors and to authorise the board of directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

(A) “THAT

- (i) subject to sub-paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period, be and is hereby generally and unconditionally approved;
- (ii) 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 of the Company pursuant to the approval in sub-paragraph (i) of this resolution, otherwise than pursuant to a Rights Issue or the exercise of subscription or conversion rights under any warrants of the Company or any securities which are convertible into shares of the Company or any share option scheme, shall not exceed twenty per cent. of the nominal amount of the issued share capital of the Company on the date of this resolution and this approval shall be limited accordingly; and

(iii) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) 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 to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors 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),”

(B) “THAT

- (i) subject to sub-paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company and warrants to subscribe for shares in the capital of the Company, subject to and in accordance with all applicable laws and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of the share capital and warrants to subscribe for shares which the Company is authorised to repurchase pursuant to the approval in sub-paragraph (i) of this resolution shall not exceed ten per cent. of the aggregate nominal amount of the share capital of the Company in issue and ten per cent. of any outstanding warrants of the Company on the date of this resolution and the said approval shall be limited accordingly; and

(iii) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
  - (b) 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 to be held; and
  - (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution in general meeting.”
- (C) “THAT conditional upon resolution no. 4(B) above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors of the Company as mentioned in resolution no. 4(B) above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 4(A) above.”

By Order of the Board  
**Pai Hoi Yin, Isabella**  
*Company Secretary*

Hong Kong, 18th July, 2002

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Principal Office:*

28th Floor  
Emperor Group Centre  
288 Hennessy Road  
Wanchai  
Hong Kong

*Notes:*

- (i) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy in respect of the whole or any part of his holding of shares to attend and vote in his stead. A proxy need not be a member of the Company.
- (ii) In order to be valid, the form of proxy must be deposited at the principal office of the Company at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (iii) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting if the member so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.



## Biographies of Directors and Senior Executives

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### **DR. CHAN KONG SANG, JACKIE** MBE, SBS *Chairman*

Aged 48, is an international well-known actor and entertainer and has been awarded fellowship by the Hong Kong Academy for Performing Arts. He was chosen as one of the Ten Outstanding Young Persons of Hong Kong in 1986 and The Outstanding Young Persons of the World by Jaycees International in 1988. In 1992, the Taiwan Government honoured him as one of the Five Most Outstanding Young Chinese of the World. He was made a Member of the Most Excellent Order of the British Empire (MBE) in 1989 and was conferred the Honorary Doctorate of Social Science by the Hong Kong Baptist University in 1996. He was awarded the Silver Bauhinia Star by the Government of Hong Kong Special Administrative Region in 1999. He joined the Group in November 1998. He is also an executive director of Star East Holdings Limited, which is listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and a non-executive director of Emperor Entertainment Group Limited and Sing Pao Media Group Limited, both of which are listed on GEM Board of the Stock Exchange.

### **CHAN CHEE KHEONG** *Executive Director*

Aged 61, is a holder of a Master Degree in Economics. He has over 33 years’ experience in acting as artiste manager and producer in the entertainment industry. He joined the Group in November 1998.

### **SO CHE HUNG, SOLON** *Executive Director*

Aged 40, is a holder of a Bachelor Degree in Environmental Studies in Town Planning and Management. He has over 14 years’ experience in the entertainment management business. He joined the Group in November 1998.

### **WONG CHI FAI** *Executive Director*

Aged 46, is a member of the Hong Kong Society of Accountants. He has over 22 years’ experience in finance and management spanning a diverse range of businesses from manufacturing to property investment and development. He joined the Group in November 1998. He is also the joint managing director of Emperor International Holdings Limited and a director of Emperor (China Concept) Investments Limited, Emperor Technology Venture Limited, all of which are listed on Main Board of the Stock Exchange and Emperor Entertainment Group Limited which is listed on GEM Board of the Stock Exchange.

**FAN MAN SEUNG, VANESSA** *Executive Director*

Aged 39, is a solicitor qualified in Hong Kong, holding a Master Degree in Business Administration. She joined the Group in November 1998. She is also the joint managing director of Emperor International Holdings Limited and a director of Emperor (China Concept) Investments Limited and Emperor Technology Venture Limited, all of which are listed on Main Board of the Stock Exchange and Emperor Entertainment Group Limited which is listed on GEM Board of the Stock Exchange.

**CHEUNG TING KAU, VINCENT** *Executive Director*

Aged 60, is a solicitor qualified in Hong Kong and the United Kingdom. He graduated from University College, London with a Bachelor Degree in Laws and is the Managing Partner of Vincent T.K. Cheung, Yap & Co. He joined the Group in November 1998 as an executive director. He is also an independent non-executive director of Paul Y. – ITC Construction Holdings Limited, a non-executive director of Gold Peak Industries (Holdings) Limited, a non-executive director of Techtronic Industries Company Limited, an independent non-executive director of Datronix Holdings Limited, all of which are listed on Main Board of the Stock Exchange, and an independent non-executive director of Sing Pao Media Group Limited which is listed on GEM Board of the Stock Exchange.

**MAY WAI KWAN** *Executive Director*

Aged 59, joined the Group in January 2000 as Executive President and was appointed in September 2001 as an Executive Director. He is a member of the Hong Kong Management Association. He has over 30 years' experience in marketing & senior management spanning a diverse range of business from consumer products to hotel management in Hong Kong & Asia Pacific Region.

**DR. CHOW KING WAI** *Independent Non-Executive Director*

Aged 48, holds a doctorate from the University of Texas. He is a senior executive officer of The Hong Kong Institute of Education. He was appointed independent non-executive director of the Group in February 2000.

**WAN CHOI HA, NOVEN** *Independent Non-Executive Director*

Aged 34, was appointed an Independent Non-Executive Director in September 2000. She is a partner of a law firm, Messrs. Wan and Leung, in Hong Kong and has been a practising lawyer in Hong Kong for almost 9 years. She holds a Bachelor's degree in law from the University of Hong Kong. She is also an Independent Non-Executive Director of Massive Resources International Corporation Limited and New Chinese Medicine Holdings Limited.

**PAI HOI YIN, ISABELLA** *Company Secretary*

Aged 36, is a Certified Public Accountant, an associate member of the Hong Kong Society of Accountants, and a fellow member of the Association of Chartered Certified Accountants (UK). She was appointed the Company Secretary in July 2002.



# Chairman's Statement



For the year ended 31st March, 2002, the Company and its subsidiaries (collectively referred to as the "Group") recorded a loss of approximately HK\$49.1 million, as compared with a loss of approximately HK\$78.1 million for the last financial year. The turnover of the Group slightly decreased by 3.77% to approximately HK\$242.5 million from approximately HK\$252.0 million in last year.

## DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31st March, 2002.

## REVIEW OF OPERATIONS

The improvement in the results was mainly attributable to the Group's success in cost rationalization and cutting down loss-making operations. During the year, the Group also managed to dispose properties unrelated to the Group's core restaurant business. The drop in the turnover was mainly due to the closing down of Gather Food Camp in Causeway Bay and the temporary closure of some of the Group's restaurants for renovation.

## G. Sushi

Despite the economic downturn, the turnover of G. Sushi, the sushi bar restaurant chain with 18 outlets as at 31st March, 2002, increased by 17.8% to HK\$178.6 million for the year. The management attributed the improvement to the Group's effective marketing strategies and the successful rejuvenation of the brand equity to suit the younger generation. Major promotion campaigns such as "Sakura Festival", "All Dishes \$1" and "Dreams Come True", a joint promotion campaign with MasterCard International, were well received by the public. The Group also received encouraging response for the two "third generation" G. Sushi outlets in Heng Fa Chuen and the Western District which were opened in November 2001, and another mega store in Mongkok which was opened in late December 2001. The management believed that the trendy design coupled with the cyber color tones and setting of the new outlets would attract a large young customer segment and contribute healthy revenue stream to the operation.

### **Suishaya Japanese Restaurant**

Suishaya Japanese Restaurant, a reputable high-end Japanese restaurant, underwent renovation in the month of August 2001 in order to maintain its image as a niche and modernized restaurant in Hong Kong. The renovation and the construction work of East Railway Extension around the restaurant led to a drop in the turnover during the year.

### **Global Forever Green Taiwanese Restaurant**

During the year, Global Forever Green Taiwanese Restaurant faced severe economic condition and keen competition from other Taiwanese restaurants in Hong Kong. A drop in turnover and a slight loss were recorded for the year as a result of the successful reforms in the menu of the restaurant. The reduction in the operating hours of the restaurant further reduced the loss of the operation. The management would continue to introduce local Taiwanese dishes and beverages to the menu and implement strict cost control measures to sustain the profit margin.

### **Fishermen's Wharf Chinese Seafood Restaurant**

The restaurant encountered a particularly difficult operating environment. Competitors in this industry have resorted to "cut throat" price reduction tactics due to the declining spending power in high consumption group after the September 11 incidence. The restaurant recorded a substantial operating loss of HK\$5.9 million during the year under review. As a result, the restaurant was closed down in April 2002.

### **Gather Food Camp Japanese Restaurant**

The repositioning of Gather Food Camp, an outlet offering Japanese buffet towards the middle-class customer segment was unsuccessful due to keen competition and location problem. As a result, the two Gather Camp outlets were closed down in January and September 2001 respectively.

## **REMUNERATION OF EMPLOYEES**

As at 31st March, 2002, the Group had 610 permanent employees and 124 part-time employees. Employees' cost (including directors' other emoluments) amounted to approximately HK\$86.6 million for the year. All permanent employees were under the remuneration policy of fixed monthly salary with discretionary bonus. There had been no change to the share option scheme adopted by the Company on 27th August, 1997 since 1st April, 2001.

No option had been granted under the scheme since its adoption.

## LIQUIDITY AND FINANCIAL RESOURCES

During the financial year ended 31st March, 2002, the Group had been funding its operation and capital expenditure through cash from operation, secured bank loans and unsecured loan from a substantial shareholder. Total assets of the Group and shareholders' deficit as at 31st March, 2002 were approximately HK\$122.3 million and HK\$7.3 million which were financed by current liabilities and non-current liabilities of HK\$115.0 million and HK\$14.6 million respectively.

Out of the Group's total debts of HK\$129.6 million, HK\$73.3 million was an unsecured loan from a substantial shareholder. An additional bank loan facility was also obtained subsequent to 31st March, 2002 and was partially drawn down to fully repay unsecured loan from the substantial shareholder. In order to provide additional working capital, an amount of HK\$9.5 million was raised through placement of 11.9 million new shares after the balance sheet date.

Together with the cash generated from the Group's operation in its ordinary course of business and the existing banking facilities, the Directors expect that the Group will have sufficient working capital for its operation.

The Group had limited exposure to the fluctuation in exchange rates and its bank borrowings, bank balances and cash were all denominated in Hong Kong dollars.

## CAPITAL STRUCTURE

Pursuant to a special resolution passed at a special general meeting of the Company held on 22nd February, 2002, the issued share capital of the Company was reduced by HK\$0.0995 on each of the shares of HK\$0.1 each in issue on 23rd February, 2002 (the "Capital Reduction") so that each issued share in the capital of the Company was treated as one fully-paid up ordinary share of HK\$0.0005 in the capital of the Company (the "Reduced Share"); each of the shares of nominal value of HK\$0.1 each on the authorized but unissued share capital of the Company following the Capital Reduction was subdivided ("Share Subdivision") into 200 shares of HK\$0.0005 each ("Subdivided Share"). The credit arising from the Capital Reduction was credited to the contributed surplus account of the Company and was applied to eliminate the accumulated losses of the Company. Subsequent to the Capital Reduction and Share Subdivision taking effect, every twenty new Reduced Shares and Subdivided Shares were consolidated into one share of HK\$0.01 each in the capital of the Company.

As mentioned above, 11.9 million shares were issued by way of placement subsequent to year ended 31st March, 2002.

As at 31st March, 2002, the Company had no outstanding warrants.

## CHARGES ON ASSETS

As at 31st March, 2002, certain assets of the Group with aggregate amount of HK\$41.6 million were pledged to secure general banking facilities granted to the Group.

## PROSPECTS

The management would continue to impose tight control over the operating costs and explore new operation mode and food variety to capture the changing market. With the solid foundation we have built and our well-tested management strengths during the past years, the management would consider expansion of the G. Sushi operation in Hong Kong and also entry into new markets such as China, Taiwan and Singapore. In addition, the management considers it essential to carry out a detailed review of the financial position and business operation of the Group and, subject to the result of such review, will explore suitable business opportunities.

Pursuant to the conditional sale and purchase agreements dated 27th June, 2002 ("Acquisition Agreements"), Super Empire Investments Limited ("Super Empire") conditionally agreed to acquire in aggregate 50,490,325 shares in the share capital of the Company ("Shares") at a consideration of approximately HK\$1.29 per share from Forever Rich Profits Limited (a company controlled by Mr. Yeung Sau Shing, Albert), Mr. Kong Ho Pak and Ms. Mo Yuk Ping. Super Empire and parties acting in concert with it were not interested in any Shares before the entering into of the Acquisition Agreements.

Completion of the Acquisition Agreements took place on 3rd July, 2002 and Super Empire and parties acting in concert with it are now interested in 50,490,325 Shares, representing about 70.69% of the total issued share capital of the Company. The aggregate consideration of approximately HK\$65,132,519 was satisfied in cash.

Super Empire is required under Rule 26 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued shares not already owned or agreed to be acquired by it or parties acting in concert with it.

## APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to all our shareholders and business associates for their encouragement, support and assistance and our heartfelt thanks to all the employees of the Group who have worked hard to provide excellent services and contributions to the Group.

**Chan Kong Sang, Jackie**

*Chairman*

Hong Kong, 18th July, 2002



## Directors' Report

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The directors present their annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31st March, 2002.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the operation of restaurants in Hong Kong.

All of the activities of the Group are based in Hong Kong and all of the Group's turnover and operating loss are derived from Hong Kong.

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2002, the percentage of turnover attributable to the Group's five largest customers was less than 30%. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 49% of the Group's total purchases of which the largest supplier accounted for approximately 16%.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

### RESULTS

The results of the Group for the year ended 31st March, 2002 are set out in the consolidated income statement on page 21.

### SHARE CAPITAL AND WARRANTS

Pursuant to a special resolution passed at a special general meeting of the Company held on 22nd February, 2002, the issued share capital of the Company was reduced by HK\$0.0995 on each of the shares of HK\$0.1 each in issue on 23rd February, 2002 (the "Capital Reduction") so that each issued share in the capital of the Company was treated as one fully-paid up ordinary share of HK\$0.0005 in the capital of the Company (the "Reduced Share"); each of the shares of nominal value of HK\$0.1 each in the authorised but unissued share capital of the Company following the Capital Reduction was subdivided ("Share Subdivision") into 200 shares of HK\$0.0005 each ("Subdivided Share"). The credit arising from the Capital Reduction was credited to the contributed surplus account of the Company and was then applied to eliminate the accumulated losses of the Company.

## **SHARE CAPITAL AND WARRANTS** *(continued)*

Subsequent to the Capital Reduction and Share Subdivision taking effect, every twenty new Reduced Shares and Subdivided Shares were consolidated into one share of HK\$0.01 each in the capital of the Company.

At 1st April, 2001, the Company had outstanding warrants in the amount of HK\$41,301,540. During the year, no warrants were exercised to subscribe for ordinary shares of the Company and all warrants expired on 31st October, 2001.

Details of movements during the year in the share capital and outstanding warrants of the Company are set out in notes 26 and 27 to the financial statements.

## **SHARE OPTIONS**

The Company's share option scheme (the "Scheme") was adopted pursuant to written resolutions of the shareholders of the Company passed on 27th August, 1997 for the primary purpose of providing incentives to directors and eligible employees. The Scheme will expire on 26th August, 2007. Under the Scheme, the board of directors of the Company may, at its discretion, grant options to eligible employees, including executive directors, of the Company or any of its subsidiaries to subscribe for shares in the Company.

The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company from time to time and the maximum number of shares in respect of which options may be granted to any one employee shall not exceed 25% of the maximum number of shares in respect of which options may be granted under the Scheme.

Options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 per option. Options may be exercised 3 months from the date of grant of the share option to the fifth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company and not less than 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on the five trading days immediately preceding the date of grant of the options or the nominal value of the shares, whichever is the higher.

No option has been granted under the Scheme since its adoption.

## **RESERVES**

Movements during the year in the reserves of the Group and the Company are set out in note 28 to the financial statements.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 63 and 64.

## PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired furniture, fixtures and equipment at a cost of approximately HK\$19 million.

The Group's leasehold land and buildings were revalued at 31st March, 2002. The result of the revaluation was a net deficit of HK\$1,538,000 which has been charged to the income statement.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 16 to the financial statements.

## DIRECTORS AND SERVICE CONTRACTS

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

### Executive directors:

Dr. Chan Kong Sang, Jackie (*Chairman*)

Mr. Chan Chee Kheong

Mr. So Che Hung, Solon

Mr. Wong Chi Fai

Ms. Fan Man Seung, Vanessa

Mr. Cheung Ting Kau, Vincent

Mr. May Wai Kwan (appointed on 12th September, 2001)

### Independent non-executive directors:

Dr. Chow King Wai

Ms. Wan Choi Ha, Noven

In accordance with bye-law 86 (2) of the Company's Bye-laws, director who was appointed during the year, retires but shall be eligible for re-election at the forthcoming annual general meeting.

In accordance with bye-law 87 of the Company's Bye-laws, one-third of the directors will retire at the forthcoming annual general meeting and are eligible for re-election.

## **DIRECTORS AND SERVICE CONTRACTS** *(continued)*

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The term of office of each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

## **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## **DIRECTORS' INTERESTS IN SHARES**

At 31st March, 2002, the interests of the directors and their associates in the share capital of the Company and its associated corporations within the meaning of Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

<b>Name of director</b>	<b>Number of shares</b>	<b>Notes</b>
Dr. Chan Kong Sang, Jackie ("Dr. Jackie Chan")	5,489,900	(1)
Mr. Cheung Ting Kau, Vincent ("Mr. Vincent Cheung")	575,000	(2)

### *Notes:*

- (1) The shares are beneficially owned by Pariain Enterprises Corp., a company controlled by the discretionary trust of Dr. Jackie Chan.
- (2) The shares are beneficially owned by Giant Profit Investments Inc., a company controlled by the discretionary trust of Mr. Vincent Cheung.

Save as disclosed above, at 31st March, 2002, none of the directors or chief executives or their respective associates had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or chief executives, nor their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.



## SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholder had an interest of 10% or more in the issued share capital of the Company:

Name of substantial shareholder	Number of shares	Shareholding percentage
Forever Rich Profits Limited ("Forever Rich")	38,540,325	64.75%
Jumbo Wealth Limited ("Jumbo Wealth")	38,540,325	64.75%
Mr. Yeung Sau Shing, Albert ("Mr. Albert Yeung")	38,540,325	64.75%

The shares are registered in the name of and beneficially owned by Forever Rich, a company controlled by Mr. Albert Yeung. The entire issued share capital of Forever Rich was held by Jumbo Wealth on trust for The A & A Trust, a unit trust under the discretionary trust of Mr. Albert Yeung. Accordingly, Mr. Albert Yeung was deemed to be interested in the 38,540,325 shares held by Forever Rich.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31st March, 2002.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the Company's share option scheme disclosed above under the heading "SHARE OPTIONS", at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there is no restriction against such rights under the laws in Bermuda.

## **CODE OF BEST PRACTICE**

The Company has complied throughout the year ended 31st March, 2002 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that no full board meeting was held during the year as one of the directors was absent from Hong Kong.

## **AUDITORS**

A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

**Wong Chi Fai**

*Director*

Hong Kong, 18th July, 2002



# Auditors' Report

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## 德勤·關黃陳方會計師行

Certified Public Accountants  
26/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

香港中環干諾道中111號  
永安中心26樓

**Deloitte  
Touche  
Tohmatsu**

### **TO THE MEMBERS OF GLOBAL FOOD CULTURE GROUP LIMITED**

*(incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 21 to 62 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.

## **BASIS OF OPINION** *(continued)*

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 31st 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.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong, 18th July, 2002

# Consolidated Income Statement

For the year ended 31st March, 2002

	Notes	2002 HK\$'000	2001 HK\$'000
Turnover	5	242,516	252,006
Cost of goods sold		(75,792)	(85,339)
Direct operating expenses		(163,799)	(182,421)
		<b>2,925</b>	(15,754)
Other revenue	7	2,742	1,899
Selling and distribution costs	8	(9,908)	(17,344)
Administrative expenses		(23,319)	(26,504)
(Deficit) surplus on revaluation of leasehold land and buildings	16	(1,538)	266
Impairment loss arising on property, plant and equipment	9	(9,442)	—
Loss on disposal/write off of property, plant and equipment		(5,132)	(9,624)
Loss from operations	9	(43,672)	(67,061)
Finance costs	10	(5,520)	(10,477)
Share of result of an associate		—	(1,213)
Loss before tax		(49,192)	(78,751)
Income tax credit	14	104	652
Net loss for the year	28	<b>(49,088)</b>	<b>(78,099)</b>
Loss per share – Basic	15	<b>(HK\$0.82)</b>	<b>(restated) (HK\$1.96)</b>

There were no recognised gains or losses other than the net loss for the year.

# Consolidated Balance Sheet

At 31st March, 2002

	Notes	2002 HK\$'000	2001 HK\$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	16	91,753	112,481
Interests in subsidiaries not consolidated	18	—	—
Interest in an associate	19	—	—
		<u>91,753</u>	<u>112,481</u>
<b>Current Assets</b>			
Inventories		5,295	7,792
Trade debtors	21	1,793	1,168
Other debtors, deposits and prepayments		13,160	11,066
Pledged bank deposits	33	6,836	6,639
Bank balances and cash		3,424	1,942
		<u>30,508</u>	<u>28,607</u>
<b>Current Liabilities</b>			
Trade creditors	22	12,388	14,076
Bills payable – secured		—	2,438
Other creditors and accrued charges		16,539	14,775
Taxation payable		—	104
Obligations under finance leases – amount due within one year	23	67	24
Bank borrowings – amount due within one year	24	12,713	13,269
Loan from a shareholder	25	73,267	36,376
		<u>114,974</u>	<u>81,062</u>
<b>Net Current Liabilities</b>		<u>(84,466)</u>	<u>(52,455)</u>
<b>Total Assets Less Current Liabilities</b>		<u>7,287</u>	<u>60,026</u>

# Consolidated Balance Sheet

At 31st March, 2002

	Notes	2002 HK\$'000	2001 HK\$'000
<b>Capital and Reserves</b>			
Share capital	26	595	119,049
Reserves	28	(7,913)	(77,279)
		<u>(7,318)</u>	<u>41,770</u>
<b>Non-Current Liabilities</b>			
Obligations under finance leases			
– amount due after one year	23	261	—
Bank borrowings – amount due after one year	24	14,344	18,256
		<u>14,605</u>	<u>18,256</u>
		<u>7,287</u>	<u>60,026</u>

The financial statements on pages 21 to 62 were approved and authorised for issue by the Board of Directors on 18th July, 2002 and are signed on its behalf by:

**Wong Chi Fai**  
Director

**Fan Man Seung, Vanessa**  
Director

# Balance Sheet

At 31st March, 2002

	Notes	2002 HK\$'000	2001 HK\$'000
<b>Non-Current Asset</b>			
Investments in subsidiaries	17	18,194	31,509
<b>Current Assets</b>			
Debtors, deposits and prepayments		226	39
Amounts due from subsidiaries	20	41,596	42,870
Pledged bank deposits	33	6,836	6,639
Bank balances and cash		22	32
		<u>48,680</u>	<u>49,580</u>
<b>Current Liabilities</b>			
Creditors and accrued charges		865	666
Amounts due to subsidiaries		71	2,582
Loan from a shareholder	25	73,267	36,376
		<u>74,203</u>	<u>39,624</u>
<b>Net Current (Liabilities) Assets</b>		<u>(25,523)</u>	<u>9,956</u>
<b>Total Assets Less Current Liabilities</b>		<u>(7,329)</u>	<u>41,465</u>
<b>Capital and Reserves</b>			
Share capital	26	595	119,049
Reserves	28	(7,924)	(77,584)
		<u>(7,329)</u>	<u>41,465</u>

**Wong Chi Fai**  
Director

**Fan Man Seung, Vanessa**  
Director



# Consolidated Cash Flow Statement

For the year ended 31st March, 2002

	<i>Notes</i>	<b>2002</b> <i>HK\$'000</i>	2001 <i>HK\$'000</i>
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>30</b>	<b>(6,735)</b>	(30,211)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		<b>180</b>	326
Interest paid		<b>(1,879)</b>	(4,001)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>(1,699)</b>	(3,675)
<b>TAX REFUNDED</b>			
Hong Kong Profits Tax refunded		<b>—</b>	60
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(18,596)</b>	(7,186)
Proceeds from disposal of property, plant and equipment		<b>2,426</b>	272
Increase in amount due from an associate		<b>—</b>	(1,217)
Increase in bank deposits pledged		<b>(197)</b>	(380)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(16,367)</b>	(8,511)
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		<b>(24,801)</b>	(42,337)

# Consolidated Cash Flow Statement

For the year ended 31st March, 2002

	Notes	2002 HK\$'000	2001 HK\$'000
<b>FINANCING</b>	31		
Loan from a shareholder		33,250	47,155
Repayment of bank loans		(5,835)	(9,634)
Repayment of obligations under finance leases		(61)	(47)
Proceeds from the issue of new shares		—	76,191
Expenses paid in connection with the issue of new shares		—	(2,605)
Repayment of loan from a shareholder		—	(76,090)
<b>NET CASH INFLOW FROM FINANCING</b>		<u>27,354</u>	<u>34,970</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		2,553	(7,367)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<u>(7,970)</u>	<u>(603)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<u><u>(5,417)</u></u>	<u><u>(7,970)</u></u>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank balances and cash		3,424	1,942
Bank overdrafts		(8,841)	(7,474)
Bills repayable within three months		—	(2,438)
		<u><u>(5,417)</u></u>	<u><u>(7,970)</u></u>

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 1. GENERAL

The Company is a listed public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. Its subsidiaries are principally engaged in the operation of restaurants in Hong Kong.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the financial statements, the directors have given careful consideration to the future liquidity of the Group in the light of its net current liabilities of approximately HK\$84,466,000 at 31st March, 2002. Since the year end, the directors have been taking active steps to improve the liquidity position of the Group. As explained in note 37(a), net proceeds of approximately HK\$9.5 million were received from the issue of 11,900,000 new shares to two independent investors. Also, as explained in note 37(c), an additional banking facility of HK\$100 million, which will be expired in June 2003, was obtained.

Furthermore, on the basis that the substantial shareholder has confirmed his willingness to grant further financial support to the Group, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

## 3. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants. The adoption of these SSAPs has led to a number of changes in the Group’s accounting policies. The revised accounting policies are set out in note 4. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts and disclosure for the prior year have been restated in order to achieve a consistent presentation.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 3. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

(continued)

In adopting SSAP 30 “Business Combinations” (“SSAP 30”), the Group has elected to restate goodwill previously eliminated against reserves. Accordingly, the amount of such goodwill has been remeasured in accordance with the requirements of SSAP 30. Accumulated amortisation in respect of goodwill between the date of acquisition of the relevant subsidiary and associate and the date of adoption of SSAP 30 has been recognised retrospectively. Following restatement, goodwill is presented as an asset in the balance sheet. Goodwill is amortised over its estimated useful life, i.e. over a period of 3 years.

The financial effect of the adoption of SSAP 30 described above is summarised as follows:

	<b>Accumulated losses</b>	<b>Goodwill reserve</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st April, 2000			
As originally stated	(100,732)	(28,717)	(129,449)
Restatement as an asset of goodwill held in reserves with retrospective recognition of accumulated amortisation	<u>(28,717)</u>	<u>28,717</u>	<u>—</u>
As restated	<u><u>(129,449)</u></u>	<u><u>—</u></u>	<u><u>(129,449)</u></u>

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, other than those excluded for the reasons referred to below, made up to 31st March each year.

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

### **Goodwill**

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

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

On disposal of a subsidiary or an associate, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Revenue recognition**

Sales of goods are recognised when goods are delivered.

Service fees are recognised when services are provided.

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

### **Investments in subsidiaries**

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

### **Interests in associates**

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates, less any identified impairment loss.

### **Property, plant and equipment**

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

Leasehold land and buildings are stated in the balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and amortisation and any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property, plant and equipment (continued)

Any revaluation increase arising on revaluation of leasehold land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

Depreciation and amortisation are provided to write off the cost or valuation of items of property, plant and equipment, over their estimated useful lives using the straight-line method, at the following rates per annum:

Leasehold land	Over the term of the leases
Buildings	Over the estimated useful lives of 50 years or over the term of the leases, if less than 50 years
Furnitures and equipment	10 – 33 $\frac{1}{3}$ %
Fixtures	10 – 20% or over the term of the leases, whichever is shorter
Motor vehicles	20 – 25%

Initial expenditure incurred for crockery, utensils, linens and uniforms is capitalised and no depreciation is provided thereon. The cost of subsequent replacement for these items is charged to the income statement as and when incurred.

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

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Impairment**

At each balance sheet date, the Group reviews the carrying amounts of its 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. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

### **Finance leases**

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as finance lease obligations. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

### **Inventories**

Inventories comprise food supplies and consumables and are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

### **Foreign currencies**

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



# Notes to the Financial Statements

For the year ended 31st March, 2002

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Foreign currencies** *(continued)*

On consolidation, the financial statements of subsidiaries which are denominated in currencies other than Hong Kong dollars and which operate overseas are translated into Hong Kong dollars at the rates ruling at the balance sheet date. All exchange differences arising on consolidation, are dealt with in the translation reserve.

### **Taxation**

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

### **Retirement benefits scheme**

The retirement benefit costs charged in the income statement represent the contributions payable in respect of the current year to the Group's Mandatory Provident Fund Scheme.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 5. TURNOVER

Turnover represents the net amounts received and receivable for goods sold and services rendered in the restaurants during the year, and is analysed as follows:

	<b>2002</b> <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Sale of goods	<b>220,965</b>	230,046
Services rendered	<b>21,551</b>	21,960
	<b><u>242,516</u></b>	<b><u>252,006</u></b>

Services rendered represent surcharge for services provided in the restaurants.

## 6. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group is principally engaged in the operation of restaurants in Hong Kong.

All of the activities of the Group are based in Hong Kong and all of the Group's turnover and operating loss are derived from Hong Kong.

## 7. OTHER REVENUE

	<b>2002</b> <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Bank interest income	<b>180</b>	326
Others	<b>2,562</b>	1,573
	<b><u>2,742</u></b>	<b><u>1,899</u></b>

## 8. SELLING AND DISTRIBUTION COSTS

Including in selling and distribution costs is an amount of HK\$Nil (2001: HK\$10 million) in respect of sole and exclusive right to use the name and likeness of Dr. Chan Kong Sang, Jackie ("Dr. Jackie Chan"), the Chairman of the Company, on the internet to promote any food and/or beverages and/or any related products for a term of one year since April 2000.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 9. LOSS FROM OPERATIONS

	<b>2002</b> <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Loss from operations has been arrived at after charging:		
Auditors' remuneration		
– Current year	<b>962</b>	1,066
– (Over)underprovision in prior year	<b>(200)</b>	390
	<b>762</b>	1,456
Depreciation and amortisation on		
– Owned assets	<b>21,119</b>	23,519
– Assets held under finance leases	<b>32</b>	16
Operating lease payments in respect of rented premises	<b>37,561</b>	43,647
Staff costs, including directors' other emoluments (note 11) and retirement benefits scheme contributions (note 13)	<b>86,565</b>	94,919

The impairment loss recognised of HK\$9,442,000 (2001: HK\$Nil) mainly represented the impairment in respect of furniture, fixtures and equipment and crockery, utensils, linens and uniforms of certain subsidiaries as a result of the cessation of the operations of certain outlets of these subsidiaries subsequent to the year end. The impairment loss recognised was the carrying amount of the above furniture, fixtures and equipment and crockery, utensils, linens and uniforms.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 10. FINANCE COSTS

	<b>2002</b> <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest on		
– Bank borrowings wholly repayable within five years	<b>1,092</b>	2,744
– Bank borrowings not wholly repayable within five years	<b>773</b>	1,252
– Finance leases	<b>14</b>	5
– Other borrowings	<b>3,641</b>	6,476
	<u><b>5,520</b></u>	<u>10,477</u>

## 11. DIRECTORS' EMOLUMENTS

	<b>2002</b> <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Fees to:		
Executive directors	<b>504</b>	558
Independent non-executive directors	<b>196</b>	142
	<u><b>700</b></u>	<u>700</u>
Other emoluments to executive directors:		
Salaries and other benefits	<b>847</b>	—
Retirement benefits scheme contributions	<b>49</b>	—
	<u><b>896</b></u>	<u>—</u>
	<u><b>1,596</b></u>	<u>700</u>

Emoluments of the directors were within the following band:

	<b>Number of directors</b>	
	<b>2002</b>	2001
Nil to HK\$1,000,000	<b>9</b>	9
	<u><b>9</b></u>	<u>9</u>

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2001: none) was a director of the Company as at 31st March, 2002, whose emoluments are included in note 11 above. The total emoluments of that director and the emoluments of the remaining four (2001: five) highest paid individuals were as follows:

	2002 HK\$'000	2001 HK\$'000
Salaries and other benefits	3,575	3,903
Retirement benefits scheme contributions	179	177
	<u>3,754</u>	<u>4,080</u>

Their emoluments were within the following bands:

	Number of individuals	
	2002	2001
Nil to HK\$1,000,000	4	4
HK\$1,500,001 to HK\$2,000,000	1	—
HK\$2,000,001 to HK\$2,500,000	—	1
	<u>5</u>	<u>5</u>

## 13. RETIREMENT BENEFITS SCHEME CONTRIBUTIONS

	2002 HK\$'000	2001 HK\$'000
Retirement benefits scheme contributions	3,852	2,510
Less: Forfeited contributions	(598)	(569)
	<u>3,254</u>	<u>1,941</u>

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of independent trustees.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 13. RETIREMENT BENEFITS SCHEME CONTRIBUTIONS *(continued)*

The retirement benefits cost charged to the income statement represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

The Group operated defined contribution retirement benefit scheme (“Retirement Schemes”) up to 30th November, 2000. Except for the balance as of 30th November, 2000 transferred from the Retirement Schemes to MPF Scheme, no forfeited contribution under the MPF Scheme is available to reduced the contributions payable in future years.

At 31st March, 2002, the total amount of forfeited contributions, which arose upon employees leaving the Retirement Scheme and which are available to reduce the contributions payable by the Group in the future years was approximately HK\$348,000 (2001: HK\$369,000).

## 14. INCOME TAX CREDIT

	2002 HK\$'000	2001 HK\$'000
Hong Kong Profits Tax		
Overprovision in prior years	104	584
Deferred taxation (Note 29)		
Credit for the year	—	68
	<u>104</u>	<u>652</u>

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

## 15. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year of HK\$49,088,000 (2001: HK\$78,099,000) and the weighted average number of 59,524,520 (2001: 39,943,171) shares in issue during the year. Loss per share for both years has been adjusted for the share consolidation on 23rd February, 2002, details of which are set out in note 26 to the financial statements.

No diluted loss per share has been presented for the year 2001 as the exercise of the Company's warrants did not result in any dilutive effect.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Crockery, utensils, linens and uniforms <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP					
COST OR VALUATION					
At 1st April, 2001	40,300	195,844	3,257	2,727	242,128
Additions	—	18,714	87	160	18,961
Disposals/written off	(3,200)	(8,129)	(19)	(450)	(11,798)
Deficit arising on revaluation	(2,340)	—	—	—	(2,340)
<b>At 31st March, 2002</b>	<b>34,760</b>	<b>206,429</b>	<b>3,325</b>	<b>2,437</b>	<b>246,951</b>
Comprising:					
At cost	—	206,429	3,325	2,437	212,191
At valuation – 2002	34,760	—	—	—	34,760
	34,760	206,429	3,325	2,437	246,951
DEPRECIATION AND AMORTISATION/IMPAIRMENT					
At 1st April, 2001	—	126,965	2,682	—	129,647
Provided for the year	835	20,113	203	—	21,151
Eliminated on disposals/ written off	(33)	(4,202)	(5)	—	(4,240)
Eliminated on revaluation	(802)	—	—	—	(802)
Impairment loss	—	9,125	—	317	9,442
<b>At 31st March, 2002</b>	<b>—</b>	<b>152,001</b>	<b>2,880</b>	<b>317</b>	<b>155,198</b>
NET BOOK VALUES					
<b>At 31st March, 2002</b>	<b>34,760</b>	<b>54,428</b>	<b>445</b>	<b>2,120</b>	<b>91,753</b>
At 31st March, 2001	40,300	68,879	575	2,727	112,481

# Notes to the Financial Statements

For the year ended 31st March, 2002

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

The Group's leasehold land and buildings are situated in Hong Kong and are held on medium-term leases.

Leasehold land and buildings of the Group in Hong Kong amounting to HK\$34,760,000 were revalued at 31st March, 2002 on an open market value basis by Mr. Tse Wai Chuen, FRICS, FHKIS, a director of Emperor International Holdings Limited ("Emperor International"). Mr. Yeung Sau Shing, Albert ("Mr. Albert Yeung") was deemed to be a substantial shareholder of both the Company and Emperor International.

The net deficit arising on revaluation of the leasehold land and buildings amounting to HK\$1,538,000 has been charged to the income statement.

If the leasehold land and buildings of the Group had not been revalued, they would have been included in these financial statements at cost less accumulated depreciation and amortisation of HK\$67,892,000 (2001: HK\$75,262,000).

The net book value of property, plant and equipment of the Group included an amount of HK\$333,000 (2001: HK\$99,000) in respect of furniture, fixtures and equipment held under finance leases.

## 17. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2002	2001
	HK\$'000	HK\$'000
Unlisted shares, at cost	88,174	88,174
Less: Impairment loss	(69,980)	(56,665)
	<u>18,194</u>	<u>31,509</u>

The cost of the unlisted shares is determined based on the underlying net assets of Everwin Capital Limited ("Everwin") and its subsidiaries at the time they became members of the Group pursuant to the corporate reorganisation in preparation for the listing of the Company's shares on the Stock Exchange in August 1997 (the "Reorganisation").



# Notes to the Financial Statements

For the year ended 31st March, 2002

## 17. INVESTMENTS IN SUBSIDIARIES (continued)

The impairment loss recognised mainly represented the recognition of a decrease in recoverable amount as determined by the discounted cashflow using discount rate of 7%. The impairment loss has taken into consideration of cessation of operations of certain outlets of subsidiaries subsequent to the year end.

Details of the principal subsidiaries of the Company as at 31st March, 2002 are set out in note 39.

## 18. INTERESTS IN SUBSIDIARIES NOT CONSOLIDATED

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Share of net liabilities of subsidiaries not consolidated	<u>—</u>	<u>—</u>

The Group holds 100% interest in Genryoku Sushi Company Limited (“Genryoku”) and Join Wind Investment Limited (“Join Wind”). Both companies were incorporated in Hong Kong and were principally engaged in the operation of restaurants. Following a group restructuring in April 1999, Genryoku entered into a voluntary winding up. As Join Wind has been operating at substantial losses, the Group has decided not to inject further capital in the Company and allowed it to be liquidated pursuant to a court order on 29th March, 2000 at the petition of its creditor on the basis of outstanding financial obligations. In the opinion of the directors of the Group, the Group has no control over the assets and operations of Genryoku and Join Wind and consequently neither subsidiary has been consolidated.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 19. INTEREST IN AN ASSOCIATE

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Share of net liabilities	(1,217)	(1,217)
Amount due from an associate	1,217	1,217
	<u>—</u>	<u>—</u>
	<u><u>—</u></u>	<u><u>—</u></u>

As at 31st March, 2002, the Group had interest in the following associate:

Name of entity	Place of incorporation	Principal place of operation	Class of share held	Percentage interest	Nature of business
eFoodland Limited	Hong Kong	Hong Kong	Ordinary	40%	Inactive

Amount due from an associate is unsecured, non-interest bearing and not repayable within next twelve months.

The Group's share of the post-acquisition losses of eFoodland Limited, to the extent that they exceed carrying amount of its equity investment in that company, have been provided for to the extent that the Group has made payments to satisfy obligations of the associate that the Group has guaranteed.

## 20. AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2002 HK\$'000	2001 HK\$'000
Amounts due from subsidiaries	414,876	398,205
Less: Allowance	(373,280)	(355,335)
	<u>41,596</u>	<u>42,870</u>
	<u><u>41,596</u></u>	<u><u>42,870</u></u>

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 21. TRADE DEBTORS

The Group does not define a fixed credit policy as its major trade debtors arise from credit card sales.

The following is an aged analysis of trade debtors at the balance sheet date:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
0 – 30 days	1,763	875
31 – 60 days	27	203
61 – 90 days	3	8
Over 90 days	—	82
	<u>1,793</u>	<u>1,168</u>

## 22. TRADE CREDITORS

The following is an aged analysis of trade creditors at the balance sheet date:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
0 – 30 days	5,809	6,165
31 – 60 days	5,144	5,456
61 – 90 days	1,435	1,770
Over 90 days	—	685
	<u>12,388</u>	<u>14,076</u>

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 23. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Amounts payable under finance leases:				
Within one year	85	25	67	24
In the second to fifth years inclusive	291	—	261	—
	<u>376</u>	<u>25</u>	<u>328</u>	<u>24</u>
Less: Future finance charges	(48)	(1)	N/A	N/A
	<u>328</u>	<u>24</u>	<u>328</u>	<u>24</u>
Present value of lease obligations				
Less: Amount due within one year shown under current liabilities			(67)	(24)
Amount due after one year			<u>261</u>	<u>—</u>

It is the Group's policy to lease certain of its furniture, fixtures and equipment under finance leases. The lease term is 5 years. For the year ended 31st March, 2002, the average effective borrowing rate was 6.26%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

The Company had no lease obligations at 31st March, 2002 or 31st March, 2001.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 24. BANK BORROWINGS

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Bank borrowings comprise:		
Bank loans	<b>18,216</b>	24,051
Bank overdrafts	<b>8,841</b>	7,474
Total	<b>27,057</b>	31,525
Less: Amount due within one year shown under current liabilities	<b>(12,713)</b>	(13,269)
Amount due after one year	<b><u>14,344</u></b>	<u>18,256</u>
The maturity of the above bank borrowings is as follows:		
Within one year or upon demand	<b>12,713</b>	13,269
More than one year but not exceeding two years	<b>3,906</b>	3,487
More than two years but not exceeding five years	<b>9,678</b>	11,598
More than five years	<b>760</b>	3,171
	<b><u>27,057</u></b>	<u>31,525</u>
Analysed as:		
Secured	<b>27,057</b>	27,954
Unsecured	<b>—</b>	3,571
	<b><u>27,057</u></b>	<u>31,525</u>

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 25. LOAN FROM A SHAREHOLDER

At 31st March, 2001, an amount of HK\$36,376,000 was owing to Mr. Albert Yeung, a deemed substantial shareholder of the Company. On 1st December, 2001, amounts including subsequent loans and accrued interest totalling HK\$61,302,000 were assigned by the deemed substantial shareholder to Forever Rich Profits Limited ("Forever Rich"), a substantial shareholder of the Company. The outstanding loan owing to Forever Rich was approximately HK\$73,267,000 (2001: HK\$Nil) as at 31st March, 2002. The loan was fully repaid subsequent to 31st March, 2002 as mentioned in note 37(c).

The loan is unsecured, bears interest at the best lending rate plus one percent and has no fixed repayment term.

## 26. SHARE CAPITAL

During the year, the following changes in the authorised and issued share capital of the Company took place:

	Notes	Par value of ordinary share HK\$	Number of ordinary shares	Amount HK\$'000
<i>Authorised:</i>				
At 1st April, 2000 and 31st March, 2001		0.10 each	5,000,000,000	500,000
Share Subdivision	(1)		995,000,000,000	—
			<hr/>	<hr/>
		0.0005 each	1,000,000,000,000	500,000
Share Consolidation	(1)		(950,000,000,000)	—
			<hr/>	<hr/>
At 31st March, 2002		0.01 each	<u>50,000,000,000</u>	<u>500,000</u>

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 26. SHARE CAPITAL (continued)

	Notes	Par value of ordinary share HK\$	Number of ordinary shares	Amount HK\$'000
<i>Issued and fully paid:</i>				
At 1st April, 2000		0.10 each	590,245,200	59,025
Issue of shares as part of the consideration for the right to use the name and likeness of Dr. Jackie Chan	(2)	0.10 each	5,000,000	500
Issue of shares pursuant to rights issue	(3)	0.10 each	595,245,200	59,524
At 31st March, 2001			1,190,490,400	119,049
Capital Reduction	(1)		—	(118,454)
Shares Consolidation	(1)	0.0005 each	1,190,490,400 (1,130,965,880)	595 —
At 31st March, 2002		0.01 each	<u>59,524,520</u>	<u>595</u>

### Notes:

- (1) Pursuant to a special resolution passed at a special general meeting of the Company held on 22nd February, 2002, the issued share capital of the Company was reduced by HK\$0.0995 on each of the shares of HK\$0.1 each in issue on 23rd February, 2002 (the "Capital Reduction") so that each issued share in the capital of the Company was treated as one fully-paid up ordinary share of HK\$0.0005 in the capital of the Company (the "Reduced Share"); each of the shares of nominal value of HK\$0.1 each in the authorised but unissued share capital of the Company following the Capital Reduction was subdivided ("Share Subdivision") into 200 shares of HK\$0.0005 each ("Subdivided Share"). The credit arising from the Capital Reduction was credited to the contributed surplus account of the Company and was applied to eliminate the accumulated losses of the Company.

Subsequent to the Capital Reduction and Share Subdivision taking effect, every twenty new Reduced Shares and Subdivided Shares were consolidated into one share of HK\$0.01 each in the capital of the Company ("Share Consolidation").

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 26. SHARE CAPITAL (continued)

Notes: (continued)

- (2) Pursuant to a resolution passed at a special general meeting of the Company held on 18th April, 2000, 5,000,000 shares of HK\$0.10 each were issued on 25th April, 2000 at HK\$1 each to Dr. Jackie Chan, the Chairman of the Company, as part of the consideration pursuant to the agreement under which Best Mix Limited, a wholly-owned subsidiary of the Company, was granted the sole and exclusive right to use the name and likeness of Dr. Jackie Chan on the internet to promote any food and/or beverages and/or any related products for a term of one year.
- (3) On 27th November, 2000, 595,245,200 new shares of HK\$0.10 each were issued by way of a rights issue on the basis of one rights share for every existing share then held at an issue price of HK\$0.128 per share ("Rights Issue"). The net proceeds of the Rights Issue of approximately HK\$73,586,000 were used by the Group to repay bank loans, other borrowings and the loan from a shareholder and to provide general working capital of the Group.

## 27. WARRANTS

At 1st April, 2001, the Company had outstanding warrants in the amount of HK\$41,305,540. During the year, no warrants were exercised to subscribe for ordinary shares of the Company and all warrants expired on 31st October, 2001.



# Notes to the Financial Statements

For the year ended 31st March, 2002

## 28. RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Special reserve HK\$'000	Goodwill reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>THE GROUP</b>						
At 1st April, 2000						
– as originally stated	148,517	—	(36,810)	(28,717)	(100,732)	(17,742)
– prior year adjustment (note 3)	—	—	—	28,717	(28,717)	—
– as restated	148,517	—	(36,810)	—	(129,449)	(17,742)
Premium arising from issue of shares in exchange for the right to use the name and likeness of Dr. Jackie Chan	4,500	—	—	—	—	4,500
Premium arising from Rights Issue	16,667	—	—	—	—	16,667
Rights Issue expenses	(2,605)	—	—	—	—	(2,605)
Net loss for the year	—	—	—	—	(78,099)	(78,099)
At 31st March, 2001	167,079	—	(36,810)	—	(207,548)	(77,279)
Credit arising from Capital Reduction	—	118,454	—	—	—	118,454
Elimination against accumulated losses	—	(118,454)	—	—	118,454	—
Net loss for the year	—	—	—	—	(49,088)	(49,088)
<b>At 31st March, 2002</b>	<b>167,079</b>	<b>—</b>	<b>(36,810)</b>	<b>—</b>	<b>(138,182)</b>	<b>(7,913)</b>

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 28. RESERVES (continued)

	Share premium HK\$'000	Contributed surplus HK\$'000	Special reserve HK\$'000	Goodwill reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>THE COMPANY</b>						
At 1st April, 2000	148,517	51,286	—	—	(217,846)	(18,043)
Premium arising from issue of shares on acquisition of right to use the name and likeness of Dr. Jackie Chan	4,500	—	—	—	—	4,500
Premium arising from Rights Issue	16,667	—	—	—	—	16,667
Rights Issue expenses	(2,605)	—	—	—	—	(2,605)
Net loss for the year	—	—	—	—	(78,103)	(78,103)
At 31st March, 2001	167,079	51,286	—	—	(295,949)	(77,584)
Credit arising from Capital Reduction	—	118,454	—	—	—	118,454
Elimination against accumulated losses	—	(118,454)	—	—	118,454	—
Net loss for the year	—	—	—	—	(48,794)	(48,794)
<b>At 31st March, 2002</b>	<b>167,079</b>	<b>51,286</b>	<b>—</b>	<b>—</b>	<b>(226,289)</b>	<b>(7,924)</b>

The special reserve of the Group represents the difference between the nominal amount of the shares of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the shares issued for the acquisition.

The contributed surplus of the Company represents the difference between the underlying consolidated net assets of Everwin and its subsidiaries and the nominal value of the Company's shares which were issued under the Reorganisation.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 28. RESERVES (continued)

In addition to accumulated profits, under the company law in Bermuda, the contributed surplus account of a company is also available for distribution to its shareholders. However, the company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

At 31st March, 2002 and 31st March, 2001, the Company had no reserves available for distribution to shareholders.

## 29. DEFERRED TAXATION

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	<b>HK\$'000</b>
Balance at beginning of the year	—	68
Credit for the year (note 14)	—	(68)
	<hr/>	<hr/>
Balance at end of the year	—	—
	<hr/> <hr/>	<hr/> <hr/>

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 29. DEFERRED TAXATION (continued)

At 31st March, 2002, the major components of unprovided deferred taxation (asset) liability were as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Tax effect of timing differences because of:		
Difference between tax depreciation allowances and accounting depreciation	(1,061)	2,777
Unutilised taxation losses	<u>(28,545)</u>	<u>(26,058)</u>
	<u><b>(29,606)</b></u>	<u><b>(23,281)</b></u>

The amount of unprovided deferred tax (credit) charge of the Group for the year is as follows:

	2002 HK\$'000	2001 HK\$'000
Tax effect of timing differences because of:		
Difference between tax depreciation allowances and accounting depreciation	(3,838)	149
Taxation losses	<u>(2,487)</u>	<u>(12,575)</u>
	<u><b>(6,325)</b></u>	<u><b>(12,426)</b></u>

Deferred taxation asset has not been recognised in the financial statements in respect of unutilised taxation losses available to offset future profits as it is not certain that the unutilised taxation losses will be utilised in the foreseeable future.

The Company had no material unprovided deferred taxation at the balance sheet date.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 30. RECONCILIATION OF LOSS BEFORE TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Loss before tax	<b>(49,192)</b>	(78,751)
Share of results of an associate	—	1,213
Bank interest income	<b>(180)</b>	(326)
Interest expenses	<b>5,520</b>	10,477
Depreciation and amortisation	<b>21,151</b>	23,535
Deficit (surplus) on revaluation of leasehold land and buildings	<b>1,538</b>	(266)
Right to use the name and likeness of Dr. Jackie Chan	—	5,000
Loss on disposal/written off of property, plant and equipment	<b>5,132</b>	9,624
Impairment loss arising on property, plant and equipment	<b>9,442</b>	—
Decrease in inventories	<b>2,497</b>	967
Increase in trade debtors	<b>(625)</b>	(47)
(Increase) decrease in other debtors, deposits and prepayments	<b>(2,094)</b>	5,723
Decrease in trade creditors	<b>(1,688)</b>	(6,302)
Increase (decrease) in other creditors and accrued charges	<b>1,764</b>	(1,058)
	<hr/>	<hr/>
Net cash outflow from operating activities	<b><u>(6,735)</u></b>	<b><u>(30,211)</u></b>

# Notes to the Financial Statements

For the year ended 31st March, 2002

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

	Share capital and premium	Loan from a shareholder	Bank loans	Obligations under finance leases
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1st April, 2000	207,542	58,835	33,685	71
Issue of shares in exchange for the right to use the name and likeness of Dr. Jackie Chan	5,000	—	—	—
Proceeds from the issue of shares under Rights Issue	76,191	—	—	—
Rights Issue expenses	(2,605)	—	—	—
New loans raised	—	47,155	—	—
Interests payable	—	6,476	—	—
Repayments	—	(76,090)	(9,634)	(47)
Balance at 31st March, 2001	286,128	36,376	24,051	24
Capital Reduction and Share Consolidation ( <i>Note 26</i> )	(118,454)	—	—	—
New loans raised	—	33,250	—	—
Inception of finance lease	—	—	—	365
Interests payable	—	3,641	—	—
Repayments	—	—	(5,835)	(61)
<b>Balance at 31st March, 2002</b>	<b>167,674</b>	<b>73,267</b>	<b>18,216</b>	<b>328</b>

## 32. MAJOR NON CASH TRANSACTION

During the year, the Group entered into finance leases arrangements in respect of certain furniture, fixtures and equipment with a total capital value at the inception of the leases of HK\$365,000.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 33. PLEDGE OF ASSETS

At 31st March, 2002, certain of the Group's assets have been pledged to banks to secure general credit facilities granted to the Company and its subsidiaries. Details of the assets pledged are as follows:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Leasehold land and buildings	34,760	37,100
Bank deposits pledged	6,836	6,639
	<u>41,596</u>	<u>43,739</u>

## 34. CONTINGENT LIABILITIES

At 31st March, 2002, the Company had given corporate guarantees and pledged bank deposits in order to secure general banking facilities granted to subsidiaries. The amount utilised as at 31st March, 2002 amounted to approximately HK\$31,335,000 (2001: HK\$37,978,000).

At 31st March, 2002, the Group had no significant contingent liabilities.

## 35. CAPITAL COMMITMENTS

At 31st March, 2002, the Group had commitments for the acquisition of property, plant and equipment which were contracted for but not provided in the financial statements amounted to approximately HK\$283,000 (2001: HK\$Nil).

At 31st March, 2002, the Company had no capital commitments.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 36. OPERATING LEASE COMMITMENTS

At 31st March, 2002, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within one year	28,633	32,822
In the second to fifth years inclusive	16,309	21,577
	<u>44,942</u>	<u>54,399</u>

Operating lease payments represent rentals payable by the Group for certain of its office and restaurants properties. Leases are negotiated for an average term of three years and rentals are either fixed or determined based on 8% to 10% of turnover.

At 31st March, 2002, the Company had no significant commitments under operating leases.

## 37. POST BALANCE SHEET EVENTS

- (a) On 20th March, 2002, the Company entered into conditional subscription agreements with two independent investors pursuant to which Mr. Kong Ho Pak and Ms. Mo Yuk Ping subscribed for 6,000,000 and 5,900,000 new shares of HK\$0.01 each in the Company at a price of HK\$0.8 per share respectively. These new shares rank pari passu with the existing shares in all respects. The subscription was completed on 8th April, 2002. The net proceeds amounted to approximately HK\$9.5 million.



# Notes to the Financial Statements

For the year ended 31st March, 2002

## 37. POST BALANCE SHEET EVENTS *(continued)*

- (b) On 27th June, 2002, Forever Rich, the substantial shareholder of the Company, and Mr. Albert Yeung, a deemed substantial shareholder of the Company, entered into a conditional sale and purchase agreement with independent third parties, Super Empire Investments Limited ("Super Empire") and Mr. Wong Chun Loong, the controlling shareholder of Super Empire, pursuant to which Forever Rich agreed to sell and Super Empire agreed to purchase 38,540,325 shares of the Company. Simultaneously, Super Empire entered into conditional parallel purchase agreements with two independent investors pursuant to which Mr. Kong Ho Pak and Ms. Mo Yuk Ping agreed to sell and Super Empire agreed to purchase 6,050,000 and 5,900,000 shares of the Company respectively. These transactions were completed on 3rd July, 2002. Super Empire becomes the new substantial shareholder of the Company. Details of the transaction are set out in the Company's press announcement dated 2nd July, 2002.
- (c) On 26th June, 2002, an additional banking facility with amount of HK\$100 million was obtained. This banking facility is guaranteed by the former deemed substantial shareholder and will be expired in June 2003. On 27th June, 2002, this facility was drawn down to the extent of approximately HK\$74.4 million in order to fully repay the loan owing to Forever Rich.

## 38. RELATED PARTY TRANSACTIONS

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

- (a) During the year, amounts totalling HK\$22,670,000 (2001: HK\$47,155,000) were advanced by Mr. Albert Yeung, a deemed substantial shareholder of the Company. The loan is unsecured, bears interest at the best lending rate plus one percent and has no fixed repayment term. On 1st December, 2001, amounts totalling HK\$61,302,000 were assigned to Forever Rich, a substantial shareholder of the Company and is indirectly-controlled by the discretionary trust of Mr. Albert Yeung. During the year, amounts totalling HK\$10,580,000 (2001: HK\$Nil) were advanced by Forever Rich. The loan is unsecured, bears interest at the best lending rate plus one percent and has no fixed repayment term. During the year, no repayment was made either to Mr. Albert Yeung (2001: HK\$76,090,000) or Forever Rich and an accrued interest of approximately HK\$2,256,000 (2001: HK\$6,476,000) and HK\$1,385,000 (2001: HK\$Nil) were provided on the advances respectively.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 38. RELATED PARTY TRANSACTIONS (continued)

- (b) The Group also had the following transactions with companies in which a deemed substantial shareholder had beneficial interests:

Contracting party	Nature of transaction	Terms	Amount for the year ended 31st March, 2002 HK\$'000	Amount for the year ended 31st March, 2001 HK\$'000
China-V (HK) Ltd (note 1)	Purchase of food products	N/A	2,449	3,608
Hong Kong Daily News, Limited (note 1)	Advertising fee paid	N/A	171	131
Smart Ideal Limited (note 1)	Advertising fee paid	N/A	42	58
Ying Wong Property Limited (note 2)	Operating lease rental paid and forfeiture of rental deposit	8th July, 1999 until 7th April, 2001 at a monthly market rental of HK\$45,000 (exclusive of rates and charges) and forfeiture of rental deposit upon early termination of lease in May 2000	—	180

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 38. RELATED PARTY TRANSACTIONS (continued)

Contracting party	Nature of transaction	Terms	Amount for	Amount for
			the year ended 31st March, 2002 HK\$'000	the year ended 31st March, 2001 HK\$'000
Roseley Limited (note 2)	Operating lease rental paid and forfeiture of rental deposit	7th June, 1999 until 6th June, 2001 at a monthly market rental of HK\$32,000 (exclusive of rates and charges) and forfeiture of rental deposit upon early termination of lease in August 2000	—	193
A-Hing Limited (note 2)	Operating lease rental paid	Commenced from 2nd June, 2000 at a monthly market rental of HK\$14,000 (inclusive of rates)	169	140
Emperor Investment (Management) Limited ("EIML") (note 2)	Management fees paid	HK\$70,000 per month for the period from 1st April, 2000 to 30th September, 2001 and HK\$30,000 per month for the period from 1st October, 2001 to 31st March, 2002	600	840
EIML (note 2)	Professional fee and advertising agency commission paid	N/A	548	575

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 38. RELATED PARTY TRANSACTIONS (continued)

Contracting party	Nature of transaction	Terms	Amount for the year ended 31st March, 2002 HK\$'000	Amount for the year ended 31st March, 2001 HK\$'000
EIML (note 2)	Accounting services fees paid	N/A	—	100
Emperor Entertainment Limited (note 3)	Promotion fee paid	N/A	399	—
Ulferts of Sweden (Far East) Limited (note 2)	Purchase of furniture	N/A	67	—
Emperor Stage Limited (note 4)	Promotion fee paid	N/A	—	482

### Notes:

- China-V (HK) Limited and Hong Kong Daily News, Limited are indirect wholly-owned subsidiaries of Emperor Technology Venture Limited ("ETV"). Smart Ideal Limited is an indirectly 70% owned subsidiary of ETV, a listed company of which Mr. Albert Yeung was deemed to be a substantial shareholder.
- Ying Wong Property Limited, Roseley Limited, A-Hing Limited, EIML and Ulferts of Sweden (Far East) Limited are indirect wholly-owned subsidiaries of Emperor International, a listed company of which Mr. Albert Yeung was deemed to be a substantial shareholder.
- Emperor Entertainment Limited is an indirect wholly-owned subsidiary of Emperor Entertainment Group Limited, a company listed on GEM Board of the Stock Exchange of which Mr. Albert Yeung was deemed to be a substantial shareholder.
- Emperor Stage Limited is an indirect wholly-owned subsidiary of Questrel Holdings Limited, a company controlled by Mr. Albert Yeung.

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

At 31st March, 2002, the particulars of the principal subsidiaries of the Company are as follows:

Name of subsidiary	Place of incorporation/ operations	Nominal value of issued share capital	Percentage of issued share capital attributable to the Group	Principal activities
Billion Motion Limited	Hong Kong	HK\$10,000	100%	Property holding
Bright Crystal Development Limited	Hong Kong	HK\$2	100%	Inactive*
Century Creations Limited	Hong Kong	HK\$10,000	100%	Property holding
Everwin Capital Limited	British Virgin Islands	US\$10,000	100%*	Investment holding
Genroyku Sushi (HK) Limited	Hong Kong	HK\$2	100%	Operation of restaurants
Global Food Culture Trading Limited	Hong Kong	HK\$2	100%	Purchasing agent of the Group
Glory Brain Limited	Hong Kong	HK\$2	100%	Property holding
Golden Finder Limited	Hong Kong	HK\$2	100%	Property holding
Golden Top Enterprise Limited	Hong Kong	HK\$2	100%	Inactive*
Kindfield Limited	Hong Kong	HK\$2	100%	Operation of a restaurant
Maxbest Limited	Hong Kong	HK\$2	100%	Property holding
Mega Benefit Limited	Hong Kong	HK\$2	100%	Inactive*

# Notes to the Financial Statements

For the year ended 31st March, 2002

## 39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operations	Nominal value of issued share capital	Percentage of issued share capital attributable to the Group	Principal activities
Rich Delight Limited	Hong Kong	HK\$2	100%	Operation of a restaurant
Suishaya Japanese Restaurant (Kowloon) Limited	Hong Kong	HK\$2	100%	Operation of a restaurant
Top Popular Limited	Hong Kong	HK\$2	100%	Operation of restaurants and became inactive during the year

\* Other than Everwin which is directly held by the Company, all subsidiaries are indirectly held by the Company.

+ These subsidiaries were principally engaged in property holding and became inactive during the year.

The above table lists the subsidiaries of the Company which principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had any loan capital outstanding at the end of the year or at any time during the year.

# Financial Summary

	Year ended 31st March,				
	1998	1999	2000	2001	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>RESULTS</b>					
Turnover	<u>503,858</u>	<u>390,050</u>	<u>277,901</u>	<u>252,006</u>	<u>242,516</u>
Profit (loss) from operations	69,474	(133,209)	(97,531)	(67,061)	<b>(43,672)</b>
Finance costs	(10,409)	(8,688)	(6,046)	(10,477)	<b>(5,520)</b>
Share of results of associates	—	(904)	(4)	(1,213)	—
Loss on deconsolidation of subsidiaries	—	—	(6,770)	—	—
Profit (loss) before tax	59,065	(142,801)	(110,351)	(78,751)	<b>(49,192)</b>
Income tax (expense) credit	(10,536)	918	(586)	652	<b>104</b>
Profit (loss) after tax	48,529	(141,883)	(110,937)	(78,099)	<b>(49,088)</b>
Minority interests	377	312	—	—	—
Net profit (loss) for the year	<u>48,906</u>	<u>(141,571)</u>	<u>(110,937)</u>	<u>(78,099)</u>	<u><b>(49,088)</b></u>
Earning (loss) per share					
Basic	<u>HK\$2.24</u>	<u>(HK\$5.36)</u>	<u>(HK\$3.76)</u>	<u>(HK\$1.96)</u>	<u><b>(HK\$0.82)</b></u>

# Financial Summary

	At 31st March				
	1998	1999	2000	2001	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS AND LIABILITIES</b>					
Total assets	377,974	226,570	173,253	141,088	<b>122,261</b>
Total liabilities	(175,797)	(95,812)	(131,970)	(99,318)	<b>(129,579)</b>
Minority interests	(1,619)	—	—	—	—
Balance (deficit) of shareholders' funds	<u>200,558</u>	<u>130,758</u>	<u>41,283</u>	<u>41,770</u>	<u><b>(7,318)</b></u>

*Notes:*

1. Earning (loss) per share have been adjusted for the share consolidation on 23rd February, 2002.
2. Prior periods figures have been adjusted to reflect the change in accounting policy for the adoption of SSAP 30.





**Global Food Culture Group Limited**  
**環球飲食文化集團有限公司\***  
(Incorporated in Bermuda with limited liability)

**Proxy Form**

**Form of proxy for use at the Annual General Meeting to be held on 27th August, 2002**

I/We<sup>1</sup> \_\_\_\_\_  
of \_\_\_\_\_  
being the registered holder(s) of \_\_\_\_\_  
shares<sup>2</sup> of HK\$0.01 each in the capital of the above-named Company, HEREBY APPOINT THE CHAIRMAN OF THE MEETING or<sup>3</sup> \_\_\_\_\_  
of \_\_\_\_\_  
as my/our proxy to vote and act for me/us at the Annual General Meeting (and at any adjournment thereof) of the said Company to be held at 11/F, Safety Godown Industrial Building, 56 Ka Yip Street, Chai Wan, Hong Kong on 27th August, 2002 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the Resolutions set out in the Notice convening the said Meeting and at such Meeting (and at any adjournment thereof) to vote for me/us and in my/our name(s) in respect of the Resolutions as indicated below<sup>4</sup>.

Resolutions	FOR	AGAINST
1. To receive and consider the audited consolidated financial statements and the reports of the Directors and Auditors for the year ended 31st March 2002.		
2. (a) To re-elect each of the retiring Directors who offers himself/herself for re-election. (b) To authorise the board of directors to fix directors' remuneration. (c) To grant power to the board of directors to appoint additional director(s).		
3. To re-appoint Deloitte Touche Tohmatsu as Auditors and to authorise the Board of Directors to fix their remuneration.		
4. A. To grant the Directors of the Company a general mandate to allot shares in the capital of the Company. B. To grant a general mandate to Directors to repurchase shares of the Company. C. To add nominal amount of the repurchased shares to the general mandate pursuant to Resolution 4A.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2002. Signed: \_\_\_\_\_

**Notes:**

1. Full name(s) and address(es) to be inserted in BLOCK CAPITALS.
2. Please insert the number of shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the Company registered in your name(s).
3. If any proxy other than the Chairman is preferred, strike out "the Chairman of the Meeting" here and insert the name and address of the proxy desired in the space provided. ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALLED BY THE PERSON WHO SIGNS IT.
4. IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, TICK THE APPROPRIATE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST THE RESOLUTION, TICK THE BOX MARKED "AGAINST". Failure to complete any or all the boxes will entitle your proxy to cast his vote or abstain at his discretion; or if in respect of a particular proposed resolution there is no specific direction, the proxy will, in relation to that particular resolution, vote or abstain at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than those referred to in the Notice convening the Meeting.
5. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.
6. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s), and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.
7. To be valid, this form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited at the Company's principal place of business in Hong Kong at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the Meeting or any adjourned meeting.
8. The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
9. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

\* For identification purpose only