1. GROUP REORGANISATION

The Company was incorporated as an exempted company with limited liability in Bermuda on 21 June 2000 under the Companies Act 1981 of Bermuda (as amended). On 17 August 2000, pursuant to a reorganisation to rationalise the structure of the Group in preparation for the listing of the shares of the Company on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company acquired the entire issued share capital of Profit Chain Investments Limited, the then holding company of the subsidiaries included in the Group reorganisation, and thereby became the holding company of the Group. The shares of the Company have been listed on the Stock Exchange since 8 September 2000. Further details of the Group reorganisation are set out in the Company's listing prospectus dated 29 August 2000.

2. CORPORATE INFORMATION

The Group is engaged in a wide range of construction, renovation and other contract works in the public and private sectors in Hong Kong.

In the opinion of the directors, the ultimate holding company is Winhale Limited, a company incorporated in the British Virgin Islands.

3. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs")

The following recently-issued and revised SSAPs and related Interpretations became effective and were adopted by the Group during the year:

- SSAP 9 (Revised) : "Events after the balance sheet date"
- SSAP 14 (Revised) : "Leases"
- SSAP 18 (Revised) : "Revenue"
- SSAP 26 : "Segment reporting"
- SSAP 28 : "Provisions, contingent liabilities and contingent assets"
- SSAP 29 : "Intangible assets"
- SSAP 30 : "Business combinations"
- SSAP 31 : "Impairment of assets"
- SSAP 32 : "Consolidated financial statements and accounting for investments in subsidiaries"
- Interpretation 12 : "Business combinations – subsequent adjustment of fair values and goodwill initially reported"
- Interpretation 13 : "Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves"

3. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs") *(continued)*

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of those SSAPs and Interpretations which have had a significant impact on the financial statement are summarised as follows:

SSAP 9 (Revised) prescribes which types of events occurring after the balance sheet date will require adjustment to the financial statements, and which will require disclosure but no adjustment. Its principal impact on these financial statements is that the proposed final dividend which is not declared and approved until after the balance sheet date is no longer recognised as a liability at the balance sheet date, but is disclosed as an allocation of retained earnings on a separate line within the capital and reserves section of the balance sheet. The prior year adjustment arising from the adoption of this new SSAP is detailed in note 14 to the financial statements.

SSAP 14 (Revised) prescribes the basis for lessors and lessees accounting for finance and operating leases, and the required disclosures in respect thereof. The new accounting measurement treatments under this revised SSAP may be accounted for retrospectively or prospectively. The revised SSAP requirements have not had a material effect on the amounts previously recorded in the financial statements, therefore no prior year adjustment has been required. The disclosure requirements under this revised SSAP have resulted in changes in detailed information of the disclosures as detailed in notes 27 and 33 to the financial statements.

SSAP 18 (Revised) prescribes the basis of recognition of revenue and was revised as a consequence of the revision to SSAP 9 described above. Proposed final dividends from subsidiaries that are declared and approved by the subsidiaries after the balance sheet date are no longer recognised in the Company's own financial statements for the year. The adoption of the SSAP has resulted in a prior year adjustment, further details of which are included in notes 13, 14 and 30 to the financial statements.

SSAP 26 prescribes the principles to be applied for reporting financial information by segment. It requires that management assess whether the Group's predominant risks or returns are based on business segments or geographical segments and determines one of these bases to be the primary segment information reporting format, with the other as the secondary segment information reporting format. The impact of this SSAP is the inclusion of significant additional segment reporting disclosures which are set out in note 5 to the financial statements.

SSAP 30 prescribes the accounting treatment for business combinations, including the determination of the date of acquisition, the method for determining the fair values of the assets and liabilities acquired, and the treatment of goodwill or negative goodwill arising on acquisition. This SSAP requires the disclosure of goodwill in the non-current assets section of the consolidated balance sheet. It requires that goodwill is amortised to the consolidated profit and loss account over its estimated useful life. Interpretation 13 prescribes the application of SSAP 30 to goodwill arising from acquisitions in previous years which remains eliminated against consolidated reserves. The adoption of these SSAP and Interpretation has not resulted in a prior year adjustment, for the reasons detailed in note 17 to the financial statements. The required new additional disclosures are included in notes 17 and 30 to the financial statements.

SSAP 31 prescribes the basis of recognition and the measurement criteria for impairments of assets. This SSAP is required to be applied prospectively and therefore, has no effect on amounts previously reported in prior year financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of investment properties, as further explained below.

Basis of consolidation and presentation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2002. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The comparative amounts have been prepared using the merger basis of accounting. On this basis, the Company has been treated as the holding company of its subsidiaries acquired through the Group reorganisation since 1 April 2000, rather than from the date of their acquisition through the Group reorganisation on 17 August 2000. Accordingly, the consolidated results of the Group for the year ended 31 March 2001 included the results of the Company and its subsidiaries with effect from 1 April 2000 or since their respective dates of incorporation, where this is a shorter period, except for two subsidiaries which were acquired by the Group on 22 May 2000. The results of these two subsidiaries are included in the consolidated profit and loss account from the effective date of acquisition.

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

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

Joint venture companies

A joint venture company is a company set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

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

Joint venture companies *(continued)*

A joint venture company is treated as:

(a) a subsidiary, if the Company has unilateral control over the joint venture company;

(b) a jointly-controlled entity, if the Company does not have unilateral control, but has joint control over the joint venture company;

(c) an associate, if the Company does not have unilateral or joint control, but holds generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or

(d) a long term investment, if the Company holds less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

Jointly-controlled entities

A jointly-controlled entity is a joint venture company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post acquisition results and reserves of jointly-controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any impairment losses.

The results of jointly-controlled entities are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

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

Goodwill

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

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of 20 years.

In prior years, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. The Group has adopted the transitional provision of SSAP 30 that permits goodwill on acquisitions which occurred prior to the financial year commencing on 1 April 2001 to remain eliminated against consolidated reserves. Goodwill on subsequent acquisitions is treated according to the new accounting policy above.

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless where the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, other external events have subsequently occurred and reversed the effect of that event.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

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

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

If there is any indication that an impairment loss recognised for an asset may no longer exist or may have decreased, the recoverable amount is estimated and compared to the carrying amount. If there has been a change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognised, the carrying amount of the asset is increased to the recoverable amount, not exceeding the carrying amount the asset would have had if impairment loss had not previously been recognised.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets and depreciation

Fixed assets, other than investment properties, are stated at cost less accumulated depreciation and any impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20%
Machinery and equipment	20% – 24%
Furniture, fixtures and office equipment	20% – 24%
Motor vehicles	30%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

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

Construction, renovation and other contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the percentage of certified value of work performed to the contract sum for each contract.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences to the extent that it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) construction, renovation and other contracts, based on the percentage of completion basis as further explained in the accounting policy for “Construction, renovation and other contracts” above;

(b) consultancy and handling fee income, when services are rendered;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and

(e) dividends, when the shareholders’ right to receive payments has been established.

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

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained earnings within capital and reserves in the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

In previous years, the Company recognised proposed final dividends payable to shareholders, which was declared and approved after the balance sheet date, as a liability in its balance sheet. The Company also recognised proposed final dividends receivable from subsidiaries, which were declared and approved after the balance sheet date, as income in its profit and loss account for the year. The revised accounting treatments for dividends resulting from the adoption of SSAP 9 (Revised) and SSAP 18 (Revised) have given rise to prior year adjustments in both the Group's and the Company's financial statements, further details of which are included in notes 13, 14 and 30 to the financial statements.

Foreign currency transactions

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

Retirement benefits schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme has operated since 1 December 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also operated a Mandatory Provident Fund Exempted ORSO retirement benefits scheme for those employees who were eligible to participate in the scheme. This scheme operated in a way similar to the Mandatory Provident Fund retirement benefits scheme, except that when an employee left the scheme prior to his/her interest in the Group's employee contributions vesting fully, the ongoing contributions payable by the Group were reduced by the relevant amount of forfeited employer's contributions.

5. SEGMENT INFORMATION

SSAP 26 was adopted during the year, as detailed in note 3 to these financial statements. The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) the building construction segment engages in construction contract work as a main contractor or subcontractor, primarily in respect of building construction;

(b) the civil engineering works segment engages in roadworks, drainage and sewerage works, water supply works, utilities engineering works and landslip preventive and remedial works to slopes and retaining walls; and

(c) the renovation, repairs and maintenance segment engages in repairs, maintenance, renovation and fitting out of public housing and Government and other institutional buildings.

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

During the two years ended 31 March 2001 and 2002, the Group's business was principally engaged in Hong Kong and the directors consider that the Group operates within a single geographical segment. Accordingly, no geographical segment information is presented.

5. SEGMENT INFORMATION *(continued)*

Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments.

Group	Building construction		Civil engineering works		Renovation, repairs and maintenance		Consolidated	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Contract revenue from external customers	**150,221**	167,934	**99,691**	64,320	**117,505**	114,286	**367,417**	346,540
Segment results	**4,337**	39,214	**5,869**	8,140	**4,182**	4,788	**14,388**	52,142
Interest and dividend income and unallocated gains							**1,336**	10,789
Unallocated expenses							**(23,860)**	(19,401)
Profit/(loss) from operating activities							**(8,136)**	43,530
Finance costs							**(426)**	(385)
Share of losses of jointly-controlled entities							**(33)**	(92)
Profit/(loss) before tax							**(8,595)**	43,053
Tax							**(468)**	(6,670)
Profit/(loss) before minority interests							**(9,063)**	36,383
Minority interests							**(115)**	(3,268)
Net profit/(loss) from ordinary activities attributable to shareholders							**(9,178)**	33,115
Segment assets	**73,990**	64,109	**17,456**	9,504	**20,632**	25,699	**112,078**	99,312
Interests in jointly-controlled entities							**18**	3,641
Unallocated assets							**73,299**	78,576
Total assets							**185,395**	181,529
Segment liabilities	**54,635**	41,174	**8,633**	5,277	**8,906**	14,155	**72,174**	60,606
Unallocated liabilities							**2,298**	6,208
Total liabilities							**74,472**	66,814
Other unallocated segment information:								
Depreciation and amortisation							**2,106**	946
Deficit on revaluation of investment properties							**1,900**	1,341
Capital expenditure							**2,823**	218

6. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the appropriate proportion of contract revenue from construction, renovation and other contracts.

An analysis of turnover, other revenue and gains is as follows:

	Group	
	2002	2001
	HK$'000	*HK$'000*
Contract revenue – turnover	**367,417**	346,540
Other revenue		
Consultancy and handling fee income	–	7,000
Interest income	**713**	2,636
Exchange gains, net	**308**	–
Sundry income	**315**	420
Rental income	–	460
Dividend income from listed investments	–	92
	1,336	10,608
Gains		
Gain on disposal of listed investments	–	116
Gain on disposal of fixed assets	–	65
	–	181
	1,336	10,789

7. WRITE BACK OF PRIOR YEARS' OVER-ESTIMATED COSTS

The write back of prior years' over-estimated costs represented the release of provisions for additional contract costs previously expected to have been required for difficulties encountered in certain contracts. These contracts were subsequently completed without the additional costs as previously anticipated. Accordingly, upon the completion of such contracts, the additional contract costs previously accrued were written back.

8. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	Group	
	2002	2001
	HK$'000	*HK$'000*
Auditors' remuneration	**680**	685
Depreciation	**1,316**	946
Deficit on revaluation of investment properties	**1,900**	1,341
Goodwill amortisation for the year *	**790**	–
Exchange losses/(gains), net	**(308)**	948
Staff costs (exclusive of directors' remuneration – *note 10*):		
Salaries and wages	**33,931**	29,723
Pension contributions	**1,118**	515
Less: Forfeited contributions	**(68)**	–
Net pension contributions	**1,050**	515
	34,981	30,238
Minimum lease payments under operating leases:		
Land and buildings	**657**	997
Equipment	**1,051**	476
Interest income	(713)	(2,636)
Gain on disposal of listed investments	–	(116)
Dividend income from listed investments	–	(92)
Gain on disposal of fixed assets	–	(65)

* The amortisation of goodwill for the year is included in "Other operating expenses" on the face of the consolidated profit and loss account.

9. FINANCE COSTS

	Group	
	2002	2001
	HK$'000	*HK$'000*
Interest on bank overdrafts and trust receipt loans	**414**	338
Interest on finance leases	**12**	47
	426	385

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange and Section 161 of the Companies Ordinance is as follows:

	Group	
	2002	2001
	HK$'000	*HK$'000*
Fees:		
Independent non-executive directors	**300**	175
Other emoluments for executive directors:		
Salaries, allowances and benefits in kind	**3,682**	3,160
Performance related bonuses	**3,000**	–
Pension scheme contributions	**36**	12
	6,718	3,172
	7,018	3,347

The number of directors whose remuneration fell within the following bands is as follows:

	Number of directors	
	2002	2001
Nil – HK$1,000,000	**2**	3
HK$1,000,001 – HK$1,500,000	**–**	2
HK$2,000,001 – HK$2,500,000	**3**	–

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2001: three) directors, details of whose remuneration are set out in note 10 above. The details of the remuneration of the remaining two (2001: two) non-director, highest paid employees are as follows:

	Group	
	2002	2001
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,738**	1,770
Pension scheme contributions	**30**	4
	1,768	1,774

The number of non-director, highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2002	2001
Nil-HK$1,000,000	**2**	2

12. TAX

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the year.

	Group	
	2002	2001
	HK$'000	*HK$'000*
Hong Kong:		
Provision for the year	**22**	6,670
Prior year underprovision	**446**	–
Tax charge for the year	**468**	6,670

The Group did not have any significant unprovided deferred tax in respect of the year (2001: Nil).

13. NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit/(loss) from ordinary activities attributable to shareholders for the year ended 31 March 2002 dealt with in the financial statements of the Company is profit of approximately HK$5,226,000 (period from 21 June 2000 (date of incorporation of the Company) to 31 March 2001: profit of approximately HK$112,000).

The comparative amount for 2001 has been restated by a prior year adjustment resulting in a net debit of HK$11,440,000 to the Company's net profit for that year, and a net credit of the same amount to the dividend receivable in the Company's balance sheet. The prior year adjustment reversed the dividend from a subsidiary which was declared and approved by the shareholders of the subsidiary after 31 March 2001, but was previously recognised by the Company as revenue in its financial statements for 2001. This change in accounting policy has arisen from the adoption of the revisions to SSAP 18, as further detailed in notes 3 and 30 to the financial statements.

This change in accounting policy has resulted in the change in the Company's net loss for the current year from approximately HK$6,214,000 to a net profit of approximately HK$5,226,000 due to the inclusion of the dividend of HK$11,440,000 approved and paid by the subsidiary during the current year, as disclosed above.

14. DIVIDENDS

	2002	2001
	HK$'000	*HK$'000*
Special dividend paid by a subsidiary of the Company to its then shareholders on 8 August 2000	–	10,000
Proposed final dividend – Nil (2001: HK6.5 cents) per ordinary share	–	11,440
	–	21,440

The special dividend of HK$10,000,000 in 2001 was paid by a subsidiary to its then shareholders prior to the Group reorganisation as set out in note 1 to the financial statements. The rates of dividends and the number of shares ranking for these dividends are not presented as the directors consider that such information is not meaningful for the purpose of these financial statements.

During the year, the Group adopted the revised SSAP 9 "Events after the balance sheet date", as detailed in note 3 to the financial statements. To comply with this revised SSAP, a prior year adjustment has been made to reclassify the proposed final dividend for the year ended 31 March 2001 of HK$11,440,000 which was recognised as a current liability at the prior year end, to the proposed final dividend reserve account within the capital and reserves section of the balance sheet. This change resulted in a decrease of HK$11,440,000 in the current liabilities as well as an increase of the same amount in the reserves of the Group and of the Company as at 31 March 2001.

15. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net loss from ordinary activities attributable to shareholders for the year of approximately HK$9,178,000 (2001: net profit of approximately HK$33,115,000), and the weighted average of approximately 209,780,000 (2001: approximately 176,416,000) ordinary shares in issue during the year, as adjusted to reflect the bonus issue during the year.

Diluted earnings/(loss) per share for the years ended 31 March 2002 and 2001 have not been calculated as no diluting events existed during these years.

16. FIXED ASSETS

Group	Investment properties	Leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost or valuation:						
At 1 April 2001	16,500	141	4,579	2,860	1,043	25,123
Additions	–	830	328	542	1,123	2,823
Disposals	–	–	(2,109)	(618)	–	(2,727)
Deficit on revaluation *(Note 8)*	(1,900)	–	–	–	–	(1,900)
At 31 March 2002	14,600	971	2,798	2,784	2,166	23,319
Accumulated depreciation:						
At 1 April 2001	–	135	4,291	2,219	774	7,419
Provided during the year	–	169	224	383	540	1,316
Disposals	–	–	(2,109)	(618)	–	(2,727)
At 31 March 2002	–	304	2,406	1,984	1,314	6,008
Net book value:						
At 31 March 2002	14,600	667	392	800	852	17,311
At 31 March 2001	16,500	6	288	641	269	17,704
Analysis of cost or valuation:						
At cost	–	971	2,798	2,784	2,166	8,719
At 31 March 2002 valuation	14,600	–	–	–	–	14,600
	14,600	971	2,798	2,784	2,166	23,319

16. FIXED ASSETS *(continued)*

The net book value of the fixed assets of the Group held under finance leases included in the total amount of motor vehicles at 31 March 2002, amounted to approximately HK$31,800 (2001: HK$127,000).

The Group's investment properties are situated in Hong Kong and are held under medium term leases. The investment properties were revalued on 31 March 2002 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers, at HK$14,600,000 (2001: HK$16,500,000) on an open market, existing use basis.

At 31 March 2002, an investment property of the Group with a carrying value of HK$2,300,000 (2001: HK$2,700,000) was pledged to secure general banking facilities granted to the Group (note 26).

17. GOODWILL

SSAP 30 was adopted during the year, as detailed in note 3 to the financial statements. The amounts of the goodwill capitalised as an asset or recognised in the consolidated balance sheet, arising from the acquisition of subsidiaries, are as follows:

Group

	HK$'000
Cost:	
At 1 April 2001	–
Acquisition of minority interests in subsidiaries	17,230
At 31 March 2002	17,230
Accumulated amortisation:	
At 1 April 2001	–
Amortisation provided during the year	(790)
At 31 March 2002	(790)
Net book value:	
At 31 March 2002	16,440
At 31 March 2001	–

As detailed in note 4 to the financial statements, the Group has adopted the transitional provision of SSAP 30 which permits goodwill in respect of acquisitions which occurred prior to the financial year commencing on 1 April 2001, to remain eliminated against consolidated reserves.

The amounts of goodwill remaining in consolidated goodwill reserve, arising from the acquisition of subsidiaries prior to the financial year commencing on 1 April 2001, are both HK$5,035,000 as at 1 April 2001 and 31 March 2002. The amount of goodwill is stated at its cost.

18. INTERESTS IN SUBSIDIARIES

	Company 2002 HK$'000	Company 2001 HK$'000
Unlisted shares, at cost	**64,148**	64,148
Due from subsidiaries	**70,062**	34,486
Due to a subsidiary	**(23,363)**	(11,672)
	110,847	86,962

The amounts due from/(to) the subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Issued and paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Profit Chain Investments Limited	British Virgin Islands/ Hong Kong	US$70,000 Ordinary	100	–	Investment holding
Able Engineering Company Limited	Hong Kong	HK$3,899,000 Ordinary HK$11,211,000 Non-voting deferred *(Note a)*	–	100	Building construction, maintenance and civil engineering works
Gold Vantage Limited	Hong Kong	HK$100 Ordinary	–	100	Property holding
Excel Engineering Company Limited ("Excel")*	Hong Kong	HK$6,900,000 Ordinary	–	100	Building construction, maintenance and civil engineering works

18. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Issued and paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Gadelly Construction Company Limited ("Gadelly")*	Hong Kong	HK$2,000,000 Ordinary	–	100	Construction and plant hiring
Able Contractors Limited	Hong Kong	HK$10,000 Ordinary	–	100	Building construction
Able Maintenance Company Limited	Hong Kong	HK$10,000 Ordinary	–	100	Building construction and maintenance works

* Excel and Gadelly became wholly-owned subsidiaries of the Group following the acquisition of the remaining 48.55% equity interests by the Group during the year.

Note a: The deferred shares carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the company or to participate in any distribution on winding up.

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

19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2002	2001
	HK$'000	*HK$'000*
Share of net assets	**3,257**	3,280
Due from jointly-controlled entities	**261**	361
Due to a jointly-controlled entity	**(3,500)**	–
	18	3,641

The amounts due from/(to) jointly-controlled entities are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the jointly-controlled entities are as follows:

Name	**Business structure**	**Place of incorporation/ registration and operations**	**Percentage of Ownership interest**	**Percentage of Voting power**	**Percentage of Profit sharing**	**Principal activities**
AWG-JV Limited	Corporate	Hong Kong	50	50	50	Building construction
AWG-JV	Unincorporated	Hong Kong	50	50	50	Building construction

All the above investments in jointly-controlled entities are indirectly held by the Company.

20. CONSTRUCTION, RENOVATION AND OTHER CONTRACTS

		Group	
		2002	2001
	Note	***HK$'000***	*HK$'000*
Gross amount due from contract customers		**24,226**	22,692
Gross amount due to contract customers included in other payables and accruals	*25*	**(2,727)**	(126)
		21,499	22,566
Contract costs incurred plus recognised profits less recognised losses to date		**293,885**	387,735
Less: Progress billings		**(272,386)**	(365,169)
		21,499	22,566

As at 31 March 2002, retentions held by customers for contract works included in accounts receivable amounted to approximately HK$16.0 million (2001: HK$11.8 million).

As at 31 March 2002, advances received from customers for contract works included in accounts payables amounted to approximately HK$12.2 million (2001: HK$12.1 million).

21. ACCOUNTS RECEIVABLE

The payment terms of contract works were stipulated in the relevant construction contracts.

An aged analysis of accounts receivable as at the balance sheet date is as follows:

	Group	
	2002	2001
	HK$'000	*HK$'000*
1 – 3 months	**52,032**	43,880
4 – 6 months	**4,001**	12,820
Over 6 months	**15,538**	13,121
	71,571	69,821

22. OTHER RECEIVABLES

	Group	
	2002	2001
	HK$'000	*HK$'000*
Prepayments	**12,168**	1,868
Deposits and other debtors	**5,922**	15,606
	18,090	17,474

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2002	2001	**2002**	2001
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**10,746**	5,087	**1**	–
Time deposits	**25,885**	45,110	**–**	–
	36,631	50,197	**1**	–
Less: Pledged time deposits	**(18,915)**	(15,947)	**–**	–
	17,716	34,250	**1**	–

The time deposits pledged to banks were to secure general banking facilities granted to the Group (note 26).

24. ACCOUNTS PAYABLE/TRADE PAYABLES TO RELATED PARTIES

An aged analysis of accounts payable as at the balance sheet date is as follows:

	Group	
	2002	2001
	HK$'000	*HK$'000*
1– 3 months	**46,677**	40,354
4 – 6 months	**4,330**	3,899
Over 6 months	**18,440**	16,226
	69,447	60,479

As at 31 March 2002, retentions payable included in accounts payable under current liabilities amounted to approximately HK$12.2 million (2001: HK$12.1 million).

Trade payables to related parties are unsecured, interest-free and have no fixed terms of repayment.

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2002	2001	**2002**	2001
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Gross amount due to contract customers – *note 20*	**2,727**	126	**–**	–
Accruals	**927**	920	**324**	–
	3,654	1,046	**324**	–

26. INTEREST – BEARING BANK AND OTHER BORROWINGS

		Group	
		2002	2001
	Note	***HK$'000***	*HK$'000*
Bank overdrafts, secured		**838**	–
Trust receipt loans, secured		–	2,107
Current portion of finance lease payables	*27*	**65**	87
		903	2,194

The banking facilities granted to the Group by certain banks as at 31 March 2002 were secured by:

(a) charges over the Group's time deposits of approximately HK$18.9 million (2001: HK$15.9 million); and

(b) an investment property of the Group with a carrying value at the balance sheet date of HK$2.3 million (2001: HK$2.7 million).

In addition, the Company has provided corporate guarantees against certain of the Group's banking facilities up to the extent of HK$29.8 million (2001: HK$21.8 million) as at 31 March 2002.

27. FINANCE LEASE PAYABLES

The Group leases certain of its motor vehicles for its construction business. These leases are classified as finance leases and have remaining lease terms of one year.

At 31 March 2002, the total future minimum lease payments under finance leases and their present values were as follows:

Group	Minimum lease payments 2002 HK$'000	Minimum lease payments 2001 HK$'000	Present value of minimum lease payments 2002 HK$'000	Present value of minimum lease payments 2001 HK$'000
Amounts payable:				
Within one year	**81**	108	**65**	86
In the second year	**–**	81	**–**	65
Total minimum finance lease payments	**81**	189	**65**	151
Future finance charges	**(16)**	(38)		
Total net finance lease payables	**65**	151		
Portion classified as current liabilities – *note 26*	**(65)**	(87)		
Long term portion	**–**	64		

SSAP 14 was revised and implemented during the year, as detailed in note 3 to the financial statements. Certain new disclosures are required and have been included above. The prior year comparative amounts for the new disclosures have also been included where appropriate.

28. DEFERRED TAX

	Group	
	2002	2001
	HK$'000	*HK$'000*
Balance at beginning and end of year	**120**	120

The principal component of the Group's deferred tax liabilities provided for at the balance sheet date is in respect of accelerated depreciation allowances.

The revaluation of the Group's investment properties does not constitute a timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

The Company has no significant potential deferred tax liabilities for which provision has not been made.

29. SHARE CAPITAL

Shares

	2002	2001
	HK$'000	*HK$'000*
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
Issued and fully paid:		
211,200,000 (2001: 160,000,000) ordinary shares of HK$0.10 each	**21,120**	16,000

During the year, the following movements in share capital were recorded:

(a) Pursuant to the resolution passed in a special general meeting on 23 April 2001, 16,000,000 ordinary shares of HK$0.10 each were allotted as the total consideration for the acquisition of 48.55% equity interests in Excel and Gadelly.

(b) During the year, a bonus issue of ordinary shares was made in the proportion of one ordinary share for every five ordinary shares held by members on the register of members on 20 July 2001, resulting in 35,200,000 ordinary shares being issued.

29. SHARE CAPITAL *(continued)*

A summary of the transactions during the year with reference to the above movements of the Company's ordinary share capital is as follows:

	Number of ordinary shares in issue	Share capital
		HK$'000
At 1 April 2001	160,000,000	16,000
Shares allotted for acquisition of 48.55% equity interests in subsidiaries *(note (a) above)*	16,000,000	1,600
Bonus issue *(note (b) above)*	35,200,000	3,520
At 31 March 2002	211,200,000	21,120

Share options

The Company operates a share option scheme, further details of which are set out under the heading "Share option scheme" in the Report of the Directors on page 18.

No share options have been granted since the commencement of the share option scheme.

30. RESERVES

Group	Share premium account HK$'000	Contributed surplus HK$'000	Goodwill reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2000	–	11,421	–	49,317	60,738
Issue of shares to the public	27,000	–	–	–	27,000
Share issue expenses	(7,358)	–	–	–	(7,358)
Capitalisation issue of shares	(12,800)	–	–	–	(12,800)
Goodwill arising on acquisition of subsidiaries	–	–	(5,035)	–	(5,035)
Net profit for the year	–	–	–	33,115	33,115
Special dividend *(Note 14)*	–	–	–	(10,000)	(10,000)
Proposed final 2001 dividend	–	–	–	(11,440)	(11,440)
At 31 March 2001 and 1 April 2001	6,842	11,421	(5,035)	60,992	74,220
Issue of shares	28,800	–	–	–	28,800
Share issue expenses	(519)	–	–	–	(519)
Issue of bonus shares	(3,520)	–	–	–	(3,520)
Net loss for the year	–	–	–	(9,178)	(9,178)
At 31 March 2002	31,603	11,421	(5,035)	51,814	89,803
Reserves retained by:					
Company and subsidiaries	31,603	11,421	(5,035)	52,167	90,156
Jointly-controlled entities	–	–	–	(353)	(353)
At 31 March 2002	31,603	11,421	(5,035)	51,814	89,803
Reserves retained by:					
Company and subsidiaries	6,842	11,421	(5,035)	61,312	74,540
Jointly-controlled entities	–	–	–	(320)	(320)
At 31 March 2001	6,842	11,421	(5,035)	60,992	74,220

The amount of goodwill arising on the acquisition of subsidiaries remains to be eliminated against goodwill reserve as explained in note 17 to the financial statements.

30. RESERVES *(continued)*

Company	Share premium account	Contributed surplus	Retained profits/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Arising on acquisition of subsidiaries	–	64,048	–	64,048
Applied in payment of 1,000,000 shares allotted nil paid on incorporation	–	(100)	–	(100)
Issue of shares to the public	27,000	–	–	27,000
Share issue expenses	(7,358)	–	–	(7,358)
Capitalisation issue of shares	(12,800)	–	–	(12,800)
Net profit for the period (as restated)	–	–	112	112
Proposed final 2001 dividend	–	–	(11,440)	(11,440)
	6,842	63,948	(11,328)	59,462
At 31 March 2001 and beginning of year:				
As previously reported	6,842	63,948	112	70,902
Prior year adjustment:				
SSAP 18 (Revised) – the effect of dividend from a subsidiary no longer recognised as income for the year *(notes 3 and 14)*	–	–	(11,440)	(11,440)
As restated	6,842	63,948	(11,328)	59,462
Arising on acquisition of minority interests in subsidiaries	28,800	–	–	28,800
Share issue expenses	(519)	–	–	(519)
Issue of bonus shares	(3,520)	–	–	(3,520)
Net profit for the year	–	–	5,226	5,226
At 31 March 2002	31,603	63,948	(6,102)	89,449

The contributed surplus of the Group represents the difference between the nominal value of the shares and share premium account of the subsidiaries acquired pursuant to the Group reorganisation as set out in note 1 to the financial statements, over the nominal value of the share capital of the Company's shares issued in exchange therefor.

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the same Group reorganisation, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of contributed surplus in certain circumstances.

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2002 *HK$'000*	2001 *HK$'000*
Profit/(loss) from operating activities	(8,136)	43,530
Depreciation	1,316	946
Deficit on revaluation of investment properties	1,900	1,341
Gain on disposal of fixed assets	–	(65)
Gain on disposal of listed investments	–	(116)
Goodwill amortisation	790	–
Dividend income from listed investments	–	(92)
Interest income	(713)	(2,636)
Increase/(decrease) in net amounts due to jointly-controlled entities	3,600	(140)
Decrease in amount due from a director	–	5,334
Increase in gross amount due from contract customers	(1,534)	(13,136)
Increase in accounts receivable	(1,750)	(14,998)
Increase in other receivables	(616)	(10,965)
Increase in accounts payable	8,968	13,419
Increase/(decrease) in gross amount due to contract customers	2,601	(1,341)
Increase/(decrease) in other payables and accruals	7	(7,350)
Increase in trade payables to related parties	41	131
Net cash inflow from operating activities	6,474	13,862

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(b) Analysis of changes in financing during the year

	Issued capital (including share premium) *HK$'000*	Finance lease obligations *HK$'000*	Minority interests *HK$'000*
Balance at 1 April 2000	200	390	–
Cash inflow/(outflow) from financing activities, net	22,642	(239)	–
Dividend paid to minority shareholders	–	–	(1,340)
Subsidiaries acquired during the year	–	–	11,127
Share of profits after tax of subsidiaries	–	–	3,268
Balance at 31 March 2001 and 1 April 2001	22,842	151	13,055
Cash outflow from financing activities, net	(519)	(86)	–
Share of profits after tax of subsidiaries	–	–	115
Issue of ordinary shares for acquisition of minority interests in subsidiaries	30,400	–	–
Minority interests in subsidiaries acquired during the year	–	–	(13,170)
Balance at 31 March 2002	52,723	65	–

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(c) Acquisition of subsidiaries

	2002	2001
	HK$'000	*HK$'000*
Net assets acquired:		
Fixed assets	–	335
Listed investments	–	2,836
Gross amount due from contract customers	–	1,900
Accounts receivable	–	12,795
Other receivables	–	651
Pledged time deposits	–	4,024
Cash and cash equivalents	–	13,882
Accounts payable	–	(13,346)
Tax payable	–	(158)
Minority interests	–	(11,127)
	–	11,792
Goodwill on acquisition	–	5,035
	–	16,827
Satisfied by cash consideration	–	16,827

Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	2002	2001
	HK$'000	*HK$'000*
Cash consideration paid	–	(16,827)
Cash and cash equivalents acquired	–	13,882
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	–	(2,945)

For the year ended 31 March 2001, the subsidiaries acquired in that year contributed approximately HK$120 million to turnover and approximately HK$6.5 million to the consolidated profit after tax and before minority interests.

For the year ended 31 March 2001, the subsidiaries acquired in that year utilised approximately HK$1,366,000 in respect of the Group's net operating cash flows, paid approximately HK$1,807,000 in respect of the net returns on investments and servicing of finance, paid approximately HK$484,000 in respect of tax and contributed approximately HK$3,628,000 to investing activities.

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(d) Major non-cash transaction

During the year, the Company issued a total of 16,000,000 ordinary shares of HK$0.10 each for the acquisition of the remaining 48.55% equity interests in subsidiaries.

32. CONTINGENT LIABILITIES

(a) At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2002	2001	**2002**	2001
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees in respect of performance bonds in favour of contract customers	**5,263**	3,470	–	–
Guarantees given to banks in connection with facilities granted to subsidiaries	–	–	**29,800**	21,800
	5,263	3,470	**29,800**	21,800

As at 31 March 2002, the guarantees given to banks in connection with facilities granted to a subsidiary by the Company were utilised to the extent of approximately HK$838,000 (2001: HK$2,107,000).

(b) At the balance sheet date, the Group had the following outstanding litigation:

On 6 March 2002, a High Court action was commenced by an employee of a subcontractor against Able Engineering Company Limited ("Able") and another respondent in respect of a claim for employee's compensation under the Employee's Compensation Ordinance for personal injury sustained by the employee in an accident which occurred in the course of her employment.

No settlement has yet been reached for the above case up to the date of approval of the financial statements and no judgement has been entered against Able in respect of the claims. However, the directors are of the opinion that the claim is covered by insurance and will not have any material adverse impact on the Group.

Save as disclosed above, as at 31 March 2002, the Company and the Group had no other material contingent liabilities.

33. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties and office equipment under operating lease arrangements. Leases for properties are negotiated for terms ranging from three to four years.

At 31 March 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2002	2001
	HK$'000	*HK$'000*
		(Restated)
Within one year	**327**	327
In the second to fifth years, inclusive	**13**	340
	340	667

SSAP 14 (Revised), which was adopted during the year, requires lessees under operating leases to disclose the total future minimum operating lease payments, rather than only the payments to be made during the next year as was previously required. Accordingly, the prior year comparative amounts for operating leases as lessee above have been restated to accord with the current year's presentation.

34. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the year:

(a) On 9 March 2001, the Group entered into a conditional sales and purchase agreement to acquire the remaining 48.55% equity interests in each of Excel and Gadelly from the minority shareholders of each of Excel and Gadelly (the "Acquisition"). Pursuant to the resolution passed by the shareholders of the Company in a special general meeting on 23 April 2001, the Acquisition was approved and 16,000,000 new ordinary shares of HK$0.10 each were allotted and issued on 27 April 2001, the date of completion of the Acquisition, as payment of the consideration for the Acquisition. For the purpose of recording the cost of investment in the books and records of the Group, the amount of the consideration for the Acquisition of HK$30,400,000 was determined by the Company according to the closing price of HK$1.9 of the shares of the Company as quoted on the Stock Exchange on 27 April 2001.

(b) Other transactions

		Group	
		2002	2001
	Notes	***HK$'000***	*HK$'000*
Subcontracting construction fees paid to close family members of Mr. Ngai Chun Hung	*(i)*	**3,239**	1,779
Rental expenses for leasing of land and buildings paid to a related company of which the shareholders are the minority interests of Excel	*(ii)*	**27**	302
Rental expenses for leasing of land and buildings paid to a related company in which a director of subsidiaries is a controlling shareholder	*(ii)*	**154**	–

Notes:

(i) The terms for the subcontracting construction fees were determined in accordance with relevant agreements entered into between the Group and the relevant related parties, with reference to the Group's estimated costs.

(ii) These transactions were conducted on mutually agreed terms.

The directors of the Company consider that the above transactions were carried out in the ordinary course of business.

35. COMPARATIVE AMOUNTS

As further explained in note 3 to the financial statements, due to the adoption of certain new and revised SSAPs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been restated and reclassified to conform with the current year's presentation.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 18 June 2002.