

# NOTES TO THE ACCOUNTS

## I PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment. The activities of the subsidiary and associated companies are shown in notes 13 and 14 to the accounts respectively.

## 2 PRINCIPAL ACCOUNTING POLICIES

### (a) Basis of preparation

The accounts have been prepared under historical cost convention as modified by the revaluation of investment properties and investments in certain associated companies and in accordance with accounting principles generally accepted in Hong Kong.

In 2002, the Group adopted and implemented the following revised or new Statement of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants:

SSAP 9 (revised)	Events after the balance sheet date
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

The effect of adopting of these new and revised SSAPs, together with the principal accounting policies adopted in the preparation of these accounts, is set out below:

### (b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary companies made up to 31st March and the Group's attributable share of post acquisition results and reserves of its associated companies.

Results attributable to subsidiary and associated companies acquired or disposed of during the year are included in the consolidated profit and loss accounts from the date of acquisition or up to the date of disposal as applicable.

The profit and loss on disposal of subsidiary companies or associated companies is determined as the difference between the net disposal proceeds and the Group's share of net assets at the date of disposal including the attributable amount of goodwill or negative goodwill which remains unamortised.

All significant intercompany transactions and balances within the Group are eliminated.

# NOTES TO THE ACCOUNTS *(Continued)*

## 2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### (c) Subsidiary Companies

A company is a subsidiary company if the Group holds for the long-term of more than half of the issued equity share capital, controls more than half of the voting power or controls the composition of the board of directors.

In the Company's balance sheet, investments in subsidiary companies are stated at costs less provision. Provision is made when, in the opinion of the directors, there is impairment in value other than temporary in nature. The results of subsidiary companies are accounted for by the Company on the basis of dividend income.

### (d) Associated companies

An associated company is a company, not being a subsidiary company, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss accounts includes the Group's share of the results of associated companies, and the consolidated balance sheet includes the Group's share of net assets of the associated companies under the equity method.

In the Company's balance sheet, investments in associated companies are stated at cost or valuation less provision. Provision is made when, in the opinion of the Directors, there is a diminution in value other than temporary in nature.

### (e) Goodwill

Goodwill represents the difference between the cost of an acquisition over the fair values ascribed to the Group's share of the net assets of the acquired subsidiary and associated companies at the effective date of acquisition. Goodwill is included in the balance sheet as a separate asset and amortised using the straight line method over its estimated useful life of not more than twenty years. Where the fair values ascribed to the net assets exceed the purchase consideration, such differences are recognised as income in the year of acquisition or over the weighted average useful life of the non-monetary assets.

In previous years, goodwill was taken directly to reserves. This accounting policy has been changed to conform with SSAP 30 Business combinations and such change has no effect to the accounts for the year.

The carrying amount of goodwill is reviewed annually and provision is only made where, in the opinion of the Directors, there is a long-term impairment in value.

# NOTES TO THE ACCOUNTS *(Continued)*

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## 2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### (f) Investments

Investments intended to be held for the long-term are included under non-current assets and carried at cost less provision. Provision is made when, in the opinion of the directors, there is impairment in value other than temporary in nature.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are included under current assets and are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of short-term investments are recognised in the profit and loss account.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the assets. Cost of purchase includes transaction costs. Profits or losses on disposal of investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

### (g) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental being negotiated at arm's length. Investment properties are carried at their open market values based on annual professional valuations by independent valuers at the balance sheet date. Increases in valuation are credited to the investment properties revaluation reserve; decreases are first set off against earlier valuation reserves on a portfolio basis and charged to the profit and loss account. Upon the disposal of an investment property, any relevant revaluation surplus realised is transferred to the profit and loss account.

No depreciation is provided on investment properties held on leases of more than twenty years.

### (h) Properties under development

Properties under development comprise land at cost or valuation, construction costs, an appropriate proportion of overhead expenditure and interest attributable to the development, and profit taken to date, less sales instalments received and provisions for possible losses.

### (i) Properties held for sale

Properties held for sale are stated at the lower of cost and estimated net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

# NOTES TO THE ACCOUNTS *(Continued)*

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## 2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### (j) Construction contracts in progress

Construction contracts in progress are stated at cost less progress payments and provision for foreseeable losses.

### (k) Deferred taxation

Deferred taxation is provided at the current rate of taxation under the liability method in respect of material timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

### (l) Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### (m) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Rentals applicable to operating leases net of any incentives received from the lessors are charged to the profit and loss account on a straight-line basis over the lease terms.

### (n) Revenue recognition

Sales of properties are recognised only when the sale agreements are completed or when the relevant building occupation permit is issued by the Building Authorities whichever is the later. Management fee is recognised when services are rendered. Rental income is recognised over the periods of the respective leases on a straight-line basis. Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable. Dividend income is recognised when the right to receive payment is certain. Revenue from construction contracts in progress is recognised using the percentage of completion method, measured by reference to the cost incurred to date compared with the estimated total cost of the contracts.

## NOTES TO THE ACCOUNTS *(Continued)*

### 2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

#### (o) Foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates ruling at that date. Exchange differences arising are dealt with in the profit and loss account.

#### (p) Related parties

Related parties are individuals and companies, including subsidiary and associated companies, where the individual, company or group 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.

### 3 TURNOVER

	2002 HK\$	2001 HK\$
Rental	4,256,544	4,150,665
Management fee	5,498,677	4,639,241
Interest	2,463,002	6,215,558
Construction supervision fee	1,450,554	1,970,740
	<u>13,668,777</u>	<u>16,976,204</u>

## NOTES TO THE ACCOUNTS *(Continued)*

### 4 OTHER REVENUES

	2002 HK\$	2001 HK\$
Profit on sales of short-term investments	—	1,990,993
Dividend income		
Listed investments	628,995	—
Unlisted investments	405,000	—
Sundries	81,497	131,866
	<u>1,115,492</u>	<u>2,122,859</u>

### 5 OPERATING PROFIT

	2002 HK\$	2001 HK\$
Operating profit is stated after crediting:		
Gross rental income		
Investment properties	1,277,426	1,233,343
Other properties	2,979,118	2,917,322
Less related outgoings	(289,811)	(402,361)
Net unrealised gain on short-term investments	2,251,585	—
and after charging:		
Staff costs (including directors' remuneration)	3,746,110	4,191,610
Retirement benefits	216,070	245,998
Auditors' remuneration	345,000	302,000
Operating lease rental for land and buildings	73,125	175,500
Loss on sales of short-term investments	11,166,367	—
Net unrealised loss on short-term investments	—	7,220,263

### 6 SHARE OF PROFITS/(LOSSES) OF ASSOCIATED COMPANIES

The Group's share of results of associated companies include deficits on revaluation of properties held by associated companies amounting to HK\$4,212,532 (2001: HK\$19,766,242).

# NOTES TO THE ACCOUNTS *(Continued)*

## 7 REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

	2002 HK\$	2001 HK\$
Fees	<u>155,000</u>	<u>150,000</u>

Directors' fees paid to Independent Non-executive Directors amount to HK\$75,000 (2001: HK\$50,000) and no other emoluments were paid. None of the Directors has waived the right to receive their emoluments.

Details of the emoluments paid to the five individuals, who are not Directors, whose emoluments were the highest in the Group are:

	2002 HK\$	2001 HK\$
Salaries and other emoluments	1,719,628	1,752,875
Contributions to retirement benefits scheme	<u>121,427</u>	<u>120,720</u>
	<u>1,841,055</u>	<u>1,873,595</u>

The emoluments of each of the five individuals are below HK\$1,000,000.

## 8 RETIREMENT BENEFITS SCHEME

The Group participates in a defined contribution scheme which covers all the employees of the Group and certain related companies. The assets of the scheme are held in a trust fund separated from the Group and the related companies. Contributions to the scheme are based on a percentage of employee salary depending upon the length of service of the employee and charged to the profit and loss account in the year to which they relate. The charge for the scheme for the year was HK\$216,070 (2001: HK\$245,998).

# NOTES TO THE ACCOUNTS *(Continued)*

## 9 TAXATION

	2002 HK\$	2001 HK\$
Company and subsidiary companies		
Provision for the year	260,066	216,941
Over provision in prior years	(317)	(4,526)
Associated companies		
Provision for the year	2,338,232	2,698,679
Over provision in prior years	(66,011)	(9,980)
	<u>2,531,970</u>	<u>2,901,114</u>

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the year. There are no material timing differences not provided for in the accounts.

## 10 DIVIDENDS

	2002 HK\$	2001 HK\$
2002 interim of nil (2001: 1.1 cents) per share	—	1,330,560
2002 final proposed of 2.0 cents (2001: 2.8 cents) per share	2,419,200	3,386,880
	<u>2,419,200</u>	<u>4,717,440</u>

In accordance with the revised SSAP 9 Events after the balance sheet date, dividends proposed or declared after the balance sheet date are no longer recognised as liabilities at the balance sheet date. This change in accounting policy has been applied retrospectively and as a result, reserves of the Group and the Company as at 31st March 2001 have been increased by HK\$3,386,880 (2000: HK\$4,717,400).

At a meeting held on 12th July 2002, the Board of Directors declared a final dividend of 2.0 cents per share. This proposed dividend will be accounted for as an appropriation of retained profit for the year ending 31st March 2003.



# NOTES TO THE ACCOUNTS *(Continued)*

## 11 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$8,744,220 (2001: HK\$354,796) and on 120,960,000 shares in issue during the year.

## 12 INVESTMENT PROPERTIES

	<b>Group and Company HK\$</b>
Valuation	
At 31st March 2001	20,800,000
Deficit on revaluation ( <i>note 22</i> )	<u>(1,650,000)</u>
<b>At 31st March 2002</b>	<b><u>19,150,000</u></b>

The properties are held under long-term leases in Hong Kong and are stated at professional valuation made on 31st March 2002 by Chung Sen Surveyors Limited on an open market value basis.

# NOTES TO THE ACCOUNTS *(Continued)*

## 13 SUBSIDIARY COMPANIES

	Company	
	2002 HK\$	2001 HK\$
Unlisted shares, at cost	110,246	110,246
Amounts receivable	34,500	143,530
Amounts payable	<u>(9,930,425)</u>	<u>(8,565,864)</u>
	<u><u>(9,785,679)</u></u>	<u><u>(8,312,088)</u></u>

The amounts receivable and payable are unsecured, interest free and have no specific repayment terms.

Particulars of the subsidiary companies, all of which are wholly-owned by the Company, are as follows:

Name	Place of incorporation and operation	Principal activities	Nominal value of issued share capital HK\$
Festigood Company Limited	Hong Kong	Property development	2
Galy Property Management Limited	Hong Kong	Property management	2
Khanman Construction Company Limited	Hong Kong	Dormant	200
Tai Kong Shan Realty Limited	Hong Kong	Property investment	100,000
Tinpoly Realty Limited	Hong Kong	Property investment	40
Wah Ha Construction Company Limited	Hong Kong	Building contractor	2
Wah Ha Real Estate Agency Limited	Hong Kong	Property agency	10,000

# NOTES TO THE ACCOUNTS *(Continued)*

## 14 ASSOCIATED COMPANIES

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Unlisted shares, at cost or directors' valuation in 1990	<b>26,240,627</b>	26,240,627	<b>26,240,627</b>	26,240,627
Share of retained post-acquisition reserves	<b>68,282,500</b>	76,691,145	—	—
Share of net assets	<b>94,523,127</b>	102,931,772	<b>26,240,627</b>	26,240,627
Amounts receivable	<b>252,266,312</b>	258,045,674	<b>252,266,312</b>	258,045,674
Amounts payable	<b>(2,149,964)</b>	(2,032,640)	<b>(2,149,964)</b>	(2,032,640)
	<b>250,116,348</b>	256,013,034	<b>250,116,348</b>	256,013,034
	<b>344,639,475</b>	358,944,806	<b>276,356,975</b>	282,253,661

During the year, the Company received dividends of HK\$6,500,000 (2001: HK\$58,577,554) from associated companies.

Particulars of the associated companies and amounts receivable/(payable) are as follows:

Name	Principal activities	Amounts receivable/(payable) by Group		Effective percentage of equity held by Group
		2002	2001	
		HK\$	HK\$	
Cantake Land Investment Company Limited	Property development	<b>106,252,760</b>	105,712,760	25
Chase Good Development Limited	Property development	<b>16,865,803</b>	17,629,303	25
Daily Eagle Development Limited	Property development	<b>1,772,661</b>	6,322,661	25

# NOTES TO THE ACCOUNTS *(Continued)*

## 14 ASSOCIATED COMPANIES *(Continued)*

Name	Principal activities	Amounts		Effective percentage of equity held by Group
		receivable/(payable) by Group		
		2002 HK\$	2001 HK\$	
Eastern Tailor Enterprises Limited	Property investment	<b>21,364,919</b>	22,190,919	25
Fu Kung San Realty Limited	Investment holding	<b>(997,110)</b>	(1,289,610)	50
Fullion Realty Limited	Property investment	<b>12,284</b>	(1,716)	50
Fupoly Properties Limited <sup>(3)</sup>	Property investment	<b>(16,540)</b>	(155,000)	25
Hinquand Enterprise Limited	Property investment	<b>17,106,760</b>	17,156,760	50
Kam Lee Wah Realty Limited	Property investment	<b>176,525</b>	163,170	50
Keneva Company Limited	Property development	<b>39,057,400</b>	36,566,901	25
Keneva Construction Company Limited	Building contractor	—	—	25
Kin Yuen Hing Investment Company Limited	Property development	<b>16,059,056</b>	17,184,056	50
Mass Collection Company Limited	Property development	<b>(1,136,314)</b>	(586,314)	50
Remadour Estate Limited	Property investment	<b>10,606,495</b>	11,043,495	25
Sing Mei Properties Limited <sup>(3)</sup>	Property investment	—	—	25

# NOTES TO THE ACCOUNTS *(Continued)*

## 14 ASSOCIATED COMPANIES *(Continued)*

Name	Principal activities	Amounts		Effective percentage of equity held by Group
		receivable/(payable)		
		by Group		
		2002	2001	
		HK\$	HK\$	
Sun Prince Godown Limited <sup>(3)</sup>	Property investment	3,414,575	3,331,575	50
Sun Tai Tsuen Godown Company Limited <sup>(3)</sup>	Property investment	3,435,469	3,352,469	50
Wah Ha Property Development Limited	Property investment	16,141,605	17,391,605	50
		<u>250,116,348</u>	<u>256,013,034</u>	

- (1) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms. The Group has not provided any guarantees in respect of any borrowings or facilities of the associated companies and has not entered into any agreements to make further advances to the associated companies.
- (2) All associated companies are incorporated in Hong Kong and are held directly by the Company except Sing Mei Properties Limited which is 50% owned by Fu Kung San Realty Limited.
- (3) The accounts of these associated companies have not been audited by PricewaterhouseCoopers.

## 15 OTHER INVESTMENTS

	Group and Company	
	2002	2001
	HK\$	HK\$
Unlisted shares, at cost	<u>250,448</u>	<u>250,448</u>

## NOTES TO THE ACCOUNTS *(Continued)*

### 16 LOANS RECEIVABLE

	<b>Group</b>	
	<b>2002</b>	2001
	<b>HK\$</b>	<b>HK\$</b>
Mortgage loans	<b>206,710</b>	323,627
Current portion included in current assets	<b>(143,082)</b>	(125,796)
	<u><b>63,628</b></u>	<u>197,831</u>

Mortgage loans are provided to purchasers of the Group's properties.

### 17 DEBTORS AND PREPAYMENTS

	<b>Group</b>	
	<b>2002</b>	2001
	<b>HK\$</b>	<b>HK\$</b>
Trade debtors		
Below 60 days	<b>162,219</b>	331,358
Other debtors	<b>2,632,143</b>	2,804,013
Prepayments and other receivables	<b>436,926</b>	190,745
	<u><b>3,231,288</b></u>	<u>3,326,116</u>

Trade debtors represent rental receivable which is normally due for payment upon presentation of debit note at the beginning of each rental period.

### 18 BALANCES WITH RELATED COMPANIES

The amounts receivable and payable are unsecured, interest free and have no specific repayment terms.

# NOTES TO THE ACCOUNTS *(Continued)*

## 19 SHORT-TERM INVESTMENTS

	Group and Company	
	2002	2001
	HK\$	HK\$
Unlisted, at cost less provision	—	32,643,040
Listed shares, at market value		
Hong Kong	19,715,576	18,019,402
Overseas	27,275,160	—
	<u>46,990,736</u>	<u>50,662,442</u>

## 20 CREDITORS AND ACCRUALS

	Group	
	2002	2001
	HK\$	HK\$
Trade creditors		
Below 90 days	228,313	22,822
Over 90 days	10	404,200
	<u>228,323</u>	<u>427,022</u>
Other creditors	270,889	5,113,789
Rental and utility deposits received	751,775	883,384
Accrued expenses	438,285	375,000
	<u>1,689,272</u>	<u>6,799,195</u>

## 21 SHARE CAPITAL

	Company	
	2002	2001
	HK\$	HK\$
<i>Authorised:</i>		
150,000,000 shares of HK\$0.65 each	<u>97,500,000</u>	<u>97,500,000</u>
<i>Issued and fully paid:</i>		
120,960,000 shares of HK\$0.65 each	<u>78,624,000</u>	<u>78,624,000</u>

# NOTES TO THE ACCOUNTS *(Continued)*

## 22 RESERVES

	Asset revaluation reserve HK\$	Investment properties revaluation reserve HK\$	Retained profit HK\$	Total HK\$
<b>Group</b>				
At 31st March 2000				
As previously reported	24,461,230	49,731,451	341,861,580	416,054,261
Prior year adjustment (Note 10)	—	—	4,717,440	4,717,440
As restated	24,461,230	49,731,451	346,579,020	420,771,701
Deficit on revaluation				
Company and subsidiary companies	—	(2,500,000)	—	(2,500,000)
Associated companies	—	(2,533,758)	—	(2,533,758)
Profit for the year	—	—	354,796	354,796
Dividends	—	—	(6,048,000)	(6,048,000)
At 31st March 2001				
As previously reported	24,461,230	44,697,693	337,498,936	406,657,859
Prior year adjustment (Note 10)	—	—	3,386,880	3,386,880
As restated	24,461,230	44,697,693	340,885,816	410,044,739
Deficit on revaluation				
Company and subsidiary companies	—	(1,650,000)	—	(1,650,000)
Associated companies	—	(10,500,000)	—	(10,500,000)
Profit for the year	—	—	8,744,220	8,744,220
Dividends	—	—	(3,386,880)	(3,386,880)
<b>At 31st March 2002</b>	<b>24,461,230</b>	<b>32,547,693</b>	<b>346,243,156</b>	<b>403,252,079</b>



# NOTES TO THE ACCOUNTS *(Continued)*

## 22 RESERVES *(Continued)*

	Asset revaluation reserve HK\$	Investment properties revaluation reserve HK\$	Retained profit HK\$	Total HK\$
<b>Company</b>				
At 31st March 2000				
As previously reported	23,600,000	18,002,285	209,787,265	251,389,550
Prior year adjustment (Note 10)	—	—	4,717,440	4,717,440
As restated	23,600,000	18,002,285	214,504,705	256,106,990
Deficit on revaluation	—	(2,500,000)	—	(2,500,000)
Profit for the year	—	—	65,729,624	65,729,624
Dividends	—	—	(6,048,000)	(6,048,000)
At 31st March 2001				
As previously reported	23,600,000	15,502,285	270,799,449	309,901,734
Prior year adjustment (Note 10)	—	—	3,386,880	3,386,880
As restated	23,600,000	15,502,285	274,186,329	313,288,614
Deficit on revaluation	—	(1,650,000)	—	(1,650,000)
Profit for the year	—	—	5,212,624	5,212,624
Dividends	—	—	(3,386,880)	(3,386,880)
<b>At 31st March 2002</b>	<b>23,600,000</b>	<b>13,852,285</b>	<b>276,012,073</b>	<b>313,464,358</b>

- (1) Asset revaluation reserve, investment properties revaluation reserve and retained profit of the Group attributable to associated companies amounted to HK\$24,461,230 (2001: HK\$24,461,230), HK\$18,695,408 (2001: HK\$29,195,408), HK\$48,725,862 (2001: HK\$46,634,507) respectively.
- (2) Distributable reserves of the Company, calculated under Section 79B of the Hong Kong Companies Ordinance, amounted to HK\$276,012,073 (2001: HK\$274,186,329).

## NOTES TO THE ACCOUNTS *(Continued)*

### 23 DEFERRED TAXATION

	Group	
	2002	2001
	HK\$	HK\$
Balances brought forward	18,341	28,500
Reclassified to current taxation	<u>(8,034)</u>	<u>(10,159)</u>
Balances carried forward	<u>10,307</u>	<u>18,341</u>

Provision is made in respect of timing differences on computing profit on sales of properties for taxation purposes. The surplus arising from the revaluation of investment properties does not constitute a timing difference and accordingly no provision for deferred taxation is required. There are no material timing differences not provided for in the accounts.

### 24 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of operating profit to net cash inflow from operating activities

	2002	2001
	HK\$	HK\$
Operating profit	412,614	5,450,508
Interest income	(2,463,002)	(6,215,558)
Dividend income	(1,033,995)	—
Loss/(profit) on sales of short-term investments	11,166,367	(1,990,993)
Net unrealised (gain)/loss on short-term investments	(2,251,585)	7,220,263
Decrease/(increase) in debtors and prepayments	94,828	(98,299)
Increase in balances with related companies	123,681	81,304
(Decrease)/increase in creditors and accruals	<u>(5,109,923)</u>	<u>4,885,806</u>
Net cash inflow from operating activities	<u>938,985</u>	<u>9,333,031</u>

## NOTES TO THE ACCOUNTS *(Continued)*

### 25 OPERATING LEASE RENTAL RECEIVABLE

The future aggregate minimum lease rental income under non-cancellable operating leases in respect of land and buildings is receivable in the following years:

	Group	
	2002 HK\$	2001 HK\$
First year	2,742,666	2,022,989
Second to fifth years inclusive	999,570	140,786
	<u>3,742,236</u>	<u>2,163,775</u>

### 26 SIGNIFICANT RELATED PARTY TRANSACTIONS

The following is a summary of the related party transactions, which also constitute connected transactions, carried out in the normal course of the Group's business activities:

	Note	2002 HK\$	2001 HK\$
Associated companies			
Management fee income	1	<u>3,592,500</u>	<u>2,757,500</u>
Related companies			
Management fee income	1	324,000	324,000
Construction fee income	2	1,450,554	1,970,740
Estate agency fee income	3	200,000	200,000
Rental expense	4	<u>73,125</u>	<u>175,500</u>

Notes:

- (1) The Group provides management services to associated companies and a related company. Fees are charged based on a percentage of annual rental income received by associated companies and related companies.
- (2) The Group provides supervisory services for building construction work to related parties. Service fees are calculated based on the number of employees on the job.
- (3) The Group provides estate agency services to a related company at a fixed annual fee of HK\$200,000.
- (4) The rental was paid to a related company at a monthly fixed rate.

# NOTES TO THE ACCOUNTS *(Continued)*

## 27 SEGMENT INFORMATION

The principal activities of the Group include those relating to property investment, development and management, building contractor and investment holding. There are no other significant identifiable separate business. In accordance with the Group's internal financial reporting and operating activities, the primary reporting is by business segments and the secondary reporting is by geographical segments. All of the Group's operation and assets are located in Hong Kong. Segment assets consist primarily of associated companies, investment properties, properties held for sale, other non-current assets and debtors and prepayments. Segment liabilities comprise mainly creditors and accruals.

### Primary reporting segment – business segment

	<b>Property investment, development and management and building contractor</b>	<b>Investments and corporate services</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Year ended 31st March 2002</b>			
Turnover	7,089,275	6,579,502	13,668,777
Segment results	4,492,550	(4,079,936)	412,614
Share of profits/(losses) of associated companies	10,863,576	—	10,863,576
Profit before taxation			11,276,190
Taxation			(2,531,970)
Profit attributable to shareholders			8,744,220
Segment assets	374,984,163	47,487,528	422,471,691
Common assets			62,234,395
Total assets			484,706,086
Segment liabilities	1,100,482	1,659,954	2,760,436
Common liabilities			69,571
Total liabilities			2,830,007

# NOTES TO THE ACCOUNTS *(Continued)*

## 27 SEGMENT INFORMATION *(Continued)*

	<b>Property investment, development and management and building contractor</b> <i>HK\$</i>	<b>Investments and corporate services</b> <i>HK\$</i>	<b>Total</b> <i>HK\$</i>
<b>Year ended 31st March 2001</b>			
Turnover	<u>7,479,146</u>	<u>9,497,058</u>	<u>16,976,204</u>
Segment results	<u>4,153,662</u>	<u>1,296,846</u>	5,450,508
Share of profits/(losses) of associated companies	(2,194,598)	—	<u>(2,194,598)</u>
Profit before taxation			3,255,910
Taxation			<u>(2,901,114)</u>
Profit attributable to shareholders			<u>354,796</u>
Segment assets	390,839,641	51,303,989	442,143,630
Common assets			<u>54,578,219</u>
Total assets			<u>496,721,849</u>
Segment liabilities	1,348,088	6,231,747	7,579,835
Common liabilities			<u>473,275</u>
Total liabilities			<u>8,053,110</u>

## 28 APPROVAL OF ACCOUNTS

The accounts on pages 21 to 45 were approved by the board of directors on 12th July 2002.