

Interim Report
2003/2004



**UNITED POWER
INVESTMENT LIMITED**

(Incorporated in Bermuda with limited liability)

The directors are pleased to present the Group's Interim Report and unaudited condensed accounts for the six months ended 30th September 2003. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six months ended 30th September 2003, and the consolidated balance sheet as at 30th September 2003 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 6 to 14 of this report.

Management discussion and analysis

Consolidated results

The turnover of the Group for the six months ended 30th September 2003 was HK\$14.4 million representing a decrease of 19.8% compared to same period last year. The decrease was mainly due to the impact of SARS. A profit of HK\$1.3 million for the period was recorded against a profit of HK\$2.4 million in the previous period. The Group managed to achieve a profit by reduction of operating expenses during the period.

Restaurant operations

The business of the restaurant in Star House is stable and profitable.

Investment properties

The investment properties have contributed steady rental income to the Group.

Investment in convertible note

The investment in the convertible note of Opal Technologies Inc, ("Opal") was unsuccessful. A full provision of HK\$78 million was made for the investment in 2001. Opal has defaulted in payment of interest on the note since the second quarter of 2001 and its audited accounts for the year ended 31st December 2000 and subsequent financial years have not been filed with the Securities and Exchange Commission of the United States of America. Legal action has been taken by the Group against Opal last year. The court adjudged that Opal shall pay the Group a sum of US\$10.3 million representing the principal and interest accrued on the note up to 7th January 2002. Opal has made no payment since the court judgement.

Prospect

The current principal activities of the Group are restaurant operation and property investment. The Group's financial position is strong with net assets value of about HK\$172 million and no bank borrowings. The management will look for suitable business opportunities.

Liquidity and financial resources

The Group finances its operations with internally generated resources. The Group maintains good business relationship with banks and has banking facilities available for future business development.

Details of charges on assets

At 30th September 2003, the net book value of investment properties and leasehold land and buildings pledged as security for the Group's banking facilities amounted to HK\$119 million (2002: HK\$119 million).

Purchase, sale or redemption of securities

The Company has not redeemed any of its securities during the six months ended 30th September 2003. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the period.

Employees

As at 30th September 2003, the total number of staff of the Group was 85. The Group remunerates its employees based on their performance, experience and prevailing industry practices. The Company has adopted a new share option scheme on 30th August 2002. The purpose of the new share option scheme is to attract and retain quality personnel and other persons to provide incentive to them to contribute to the business and operation of the Group. The Group also provides in-house and external training programme for its staff.

Disclosure of interests

As at 30th September, 2003, the interests of the directors and chief executive of the Company in the share capital of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name	Number of shares	Nature of interest	Percentage of shareholding
Ma Shuk Kam	602,322,207	Corporate & personal (<i>Note 1</i>)	54.96
Yeung Chi Hang	587,322,207	Corporate (<i>Note 2</i>)	53.59
Liu Yu Mo	4,024,000	Personal (<i>Note 3</i>)	0.37

Notes:

- 587,322,207 shares are owned by World Possession Assets Limited ("World Possession"), which is beneficially owned by Ms. Ma Shuk Kam, Mr. Yeung Chi Hang and Ms. Yeung Kit Yu Kitty in equal shares. Ms. Ma also held options to subscribe for (i) 10 million shares during the period from 1st August, 2000 to 28th October, 2003 (originally exercisable until 31st July, 2005) at HK\$0.58 per share; and (ii) 5 million shares during the period from 29th December, 2000 to 28th October, 2003 (originally exercisable until 31st July, 2005) at HK\$0.26 per share, which lapsed on 29th October, 2003 pursuant to the rules of the previous share option scheme of the Company (the "Previous Scheme") as a result of the takeover of control of the Company as mentioned in the note to the paragraph headed "Share Option Scheme" below.
- These shares are held by World Possession.

3. 24,000 shares are held by Mr. Liu Yu Mo personally. He also held options to subscribe for (i) 2 million shares during the period from 1st August, 2000 to 28th October, 2003 (originally exercisable until 31st July, 2005) at HK\$0.58 per share; and (ii) 2 million shares during the period from 29th December, 2000 to 28th October, 2003 (originally exercisable until 31st July, 2005) at HK\$0.26 per share, which lapsed on 29th October, 2003 pursuant to the rules of the Previous Scheme as a result of the takeover of control of the Company as mentioned in the note to the paragraph headed "Share Option Scheme" below.

Save as disclosed herein, as at 30th September, 2003, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Substantial shareholders

As at 30th September, 2003, the following persons (other than a director or chief executive of the Company) had interests in the share capital of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Number of shares	Nature of interest	Percentage of shareholding
World Possession	587,322,207	Beneficial owner	53.59
Yeung Kit Yu, Kitty	587,322,207	Corporate (<i>Note</i>)	53.59

Note: These shares are held by World Possession.

Save as disclosed herein, as at 30th September, 2003, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company.

Share option scheme

Pursuant to the Previous Scheme which became effective on 2nd January, 1991, the directors of the Company might at their discretion grant options to directors and employees of the Group to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The Previous Scheme expired on 1st January, 2001. At 30th September, 2003, the outstanding options granted under the Previous Scheme were exercisable until 28th October, 2003 pursuant to the terms of the Previous Scheme.

The options held by Mr. Kwan Ming Kau, Cary under the Previous Scheme to subscribe for (i) 10 million shares during the period from 1st August, 2000 to 31st July, 2005 at HK\$0.58 per share; and (ii) 5 million shares during the period from 29th December, 2000 to 31st July, 2005 at HK\$0.26 per share lapsed on 28th April, 2003 upon his resignation as a director of the Company on that date.

At 30th September, 2003, particulars of the outstanding options granted under the Previous Scheme were as follows:

Name	Date of grant	Exercise price HK\$	Balance outstanding as at 1st April, 2003 and 30th September 2003	Exercisable period (Note)
Ma Shuk Kam	26/04/2000	0.58	10,000,000	01/08/2000 to 28/10/2003
	29/12/2000	0.26	5,000,000	29/12/2000 to 28/10/2003
Liu Yu Mo	26/04/2000	0.58	2,000,000	01/08/2000 to 28/10/2003
	29/12/2000	0.26	2,000,000	29/12/2000 to 28/10/2003
Continuous contract employees	26/04/2000	0.58	2,500,000	01/08/2000 to 28/10/2003
	29/12/2000	0.26	1,956,000	29/12/2000 to 28/10/2003
			23,456,000	

Note: These options were originally exercisable until 31st July, 2005. Due to the takeover of control of the Company by World Possession in April, 2003, the latest date for the exercise of these options was brought forward to 28th October, 2003 pursuant to the terms of the Previous Scheme. All of these options lapsed on 29th October, 2003 pursuant to the terms of the Previous Scheme.

On 30th August, 2002, the Company adopted a share option scheme under which the directors of the Company may grant options to eligible persons, including employees and directors of the Group, to subscribe for shares of the Company (the "Existing Scheme"). No share options under the Existing Scheme were granted, exercised or lapsed since its adoption.

The Company did not grant any right to subscribe for equity or debt securities of the Company to any director or chief executive of the Company or to the spouse or children under 18 years of age of any such director or chief executive under the Existing Scheme or otherwise as at 30th September, 2003.

Code of best practice

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not in compliance with the Code of Best Practice, as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited at any time during the six months ended 30th September, 2003, save that the independent non-executive directors were not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company.

Audit committee

The Audit Committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed its internal controls and financial reporting matters including a review of the unaudited consolidated condensed interim accounts for the six months ended 30th September, 2003 with the directors.

By order of the Board

Liu Yu Mo

Director

Hong Kong, 1st December 2003

UNITED POWER INVESTMENT LIMITED
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003

Unaudited
Six months ended
30th September
As restated
(Note 1)

	<i>Note</i>	2003 <i>HK\$</i>	2002 <i>HK\$</i>
Turnover	2	14,375,856	17,927,350
Cost of sales		(4,667,700)	(6,339,420)
Gross profit		9,708,156	11,587,930
Other revenues		682,312	516,824
Operating expenses		(8,677,458)	(9,849,100)
Operating profit	3	1,713,010	2,255,654
Taxation (charge)/ credit	4	(416,993)	161,758
Profit for the period		<u>1,296,017</u>	<u>2,417,412</u>
Basic earnings per share	5	<u>0.12 cent</u>	<u>0.22 cent</u>

UNITED POWER INVESTMENT LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2003 AND 31ST MARCH 2003

		Unaudited as at 30th September 2003 HK\$	As restated (Note 1) Audited as at 31st March 2003 HK\$
Non-current assets			
Fixed assets	6	145,745,967	146,334,400
Interest in an associated company		–	–
Investment in convertible note	7	–	–
Deferred tax assets	1(a)	22,469,444	22,886,437
		<u>168,215,411</u>	<u>169,220,837</u>
Current assets			
Inventories		1,217,994	954,081
Accounts receivable, deposits and prepayments	8	1,537,422	1,768,595
Bank balances and cash		9,336,107	7,378,670
		<u>12,091,523</u>	<u>10,101,346</u>
Current liabilities			
Accounts payable and accrued charges	9	5,353,193	5,312,010
Net current assets		<u>6,738,330</u>	<u>4,789,336</u>
Total assets less current liabilities		<u>174,953,741</u>	<u>174,010,173</u>
Financed by:			
Share capital	10	54,794,200	54,794,200
Reserves		117,121,859	115,825,842
Shareholders' funds		<u>171,916,059</u>	<u>170,620,042</u>
Non-current liabilities			
Provision for long service payments		3,037,682	3,390,131
		<u>174,953,741</u>	<u>174,010,173</u>

UNITED POWER INVESTMENT LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003

	Share capital HK\$	Share premium HK\$	Contribution surplus HK\$	Unaudited		Exchange reserve HK\$	Accumulated losses HK\$	Total HK\$
				Investment properties revaluation reserve HK\$	Other properties revaluation reserve HK\$			
At 1st April 2003, as previously reported	54,794,200	293,365,856	28,784,000	28,530,053	58,618,457	-	(318,707,505)	145,385,061
Changes in accounting policy								
- SSAP12 (revised)	-	-	-	-	(424,386)	-	23,310,823	22,886,437
- SSAP34 (revised)	-	-	-	-	-	-	2,348,544	2,348,544
At 1st April 2003, as restated	54,794,200	293,365,856	28,784,000	28,530,053	58,194,071	-	(293,048,138)	170,620,042
Profit for the period	-	-	-	-	-	-	1,296,017	1,296,017
At 30th September 2003	<u>54,794,200</u>	<u>293,365,856</u>	<u>28,784,000</u>	<u>28,530,053</u>	<u>58,194,071</u>	<u>-</u>	<u>(291,752,121)</u>	<u>171,916,059</u>
At 1st April 2002, as previously reported	54,794,200	293,365,856	28,784,000	28,530,053	57,165,807	529,522	(323,488,397)	139,681,041
Changes in accounting policy								
- SSAP12 (revised)	-	-	-	-	(402,959)	-	21,034,603	20,631,644
- SSAP34 (revised)	-	-	-	-	-	-	2,723,797	2,723,797
At 1st April 2002, as restated	54,794,200	293,365,856	28,784,000	28,530,053	56,762,848	529,522	(299,729,997)	163,036,482
Profit for the period	-	-	-	-	-	-	2,417,412	2,417,412
At 30th September 2002	<u>54,794,200</u>	<u>293,365,856</u>	<u>28,784,000</u>	<u>28,530,053</u>	<u>56,762,848</u>	<u>529,522</u>	<u>(297,312,585)</u>	<u>165,453,894</u>

UNITED POWER INVESTMENT LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003

	Unaudited Six months ended 30th September	
	2003 HK\$	2002 HK\$
Net cash inflow from operating activities	2,224,997	3,209,939
Net cash (outflow)/inflow from investing activities	(267,560)	11,270
Increase in bank balances and cash	1,957,437	3,221,209
Bank balances and cash at beginning of period	7,378,670	787,595
Bank balances and cash at end of period	<u>9,336,107</u>	<u>4,008,804</u>

UNITED POWER INVESTMENT LIMITED

NOTES TO THE CONDENSED INTERIM ACCOUNTS

1 Basis of preparation and accounting policies

These unaudited consolidated condensed interim accounts ("interim accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants ("HKSA").

These interim accounts should be read in conjunction with the 2003 annual accounts.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31st March 2003 except that the Group has changed certain of its accounting policies following its adoption of SSAP 12 (revised) "Income Taxes" and SSAP 34 (revised) "Employee Benefit" issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2003.

The changes to the Group's accounting policies and the effect of adopting these revised policies are set out below:

(a) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associated company, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior year, deferred taxation was accounted for at the current taxation rate in respect of 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 was expected to be payable or recoverable in the foreseeable future. The adoption of the revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in the Condensed Consolidated Statement of Changes in Equity, opening retained earnings at 1st April 2002 and 2003 have been increased by HK\$21,034,603 and HK\$23,310,823, respectively, which represent the unprovided net deferred tax assets. This change has resulted in an increase in deferred tax assets at 31st March 2003 by HK\$22,886,437. The profit for the six months ended 30th September 2002 has been increased by HK\$161,758.

(b) Employee benefits

(i) Long service payments

The Group has provided long service payments for employees who had completed the required number of years of service under Hong Kong's Employment Ordinance (the "Employment Ordinance") to be eligible for long service payments on termination of their employment.

UNITED POWER INVESTMENT LIMITED
NOTES TO THE CONDENSED INTERIM ACCOUNTS (Continued)

1 Basis of preparation and accounting policies (Continued)

(b) Employee benefits (Continued)

(i) Long service payments (Continued)

In previous year, provision for long service payments is calculated in accordance with the provisions of the Employment Ordinance and is reduced by the cumulative employer's contribution to the mandatory provident fund scheme.

Following adoption of the revised SSAP 34 "Employee benefits", the obligations under long service payments are assessed using the projected unit credit method, under which, the provision for long service payment is charged to the profit and loss account so as to spread the regular cost over the service lives of employees. The obligations under long service payments are calculated based on actuarial assumptions which are the Group's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. The provision for long service payment is measured as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liabilities. Plan assets are measured at fair values. Actuarial gains and losses are recognised over the average remaining service lives of employees.

As detailed in the Condensed Consolidated Statement of Changes in Equity, opening retained earnings at 1st April 2002 and 2003 have been increased by HK\$2,723,797 and HK\$2,348,544, respectively, which represent the over-provision for long service payments. This change has resulted in a decrease in provision for long service payments at 31st March 2003 by HK\$2,348,544. The profit for the six months ended 30th September 2002 have been reduced by HK\$180,331.

2 Turnover and segment information

The Group is principally engaged in restaurant operations and property investment.

An analysis of the Group's turnover and results for the period by business segments is as follows:

	Six months ended 30th September 2003		
	Restaurant operations	Property investment	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover	12,273,856	2,102,000	14,375,856
Segment results	1,134,193	1,202,233	2,336,426
Interest income			15,075
Other revenues			667,237
Unallocated costs			(1,305,728)
Operating profit			1,713,010
Taxation charge			(416,993)
Profit for the period			1,296,017

UNITED POWER INVESTMENT LIMITED
NOTES TO THE CONDENSED INTERIM ACCOUNTS (Continued)

2 Turnover and segment information (Continued)

	(As restated)		
	Six months ended 30th September 2002		
	Restaurant operations HK\$	Property investment HK\$	Total HK\$
Turnover	15,677,350	2,250,000	17,927,350
Segment results	1,515,029	1,598,436	3,113,465
Interest income			11,270
Other revenues			505,554
Unallocated costs			(1,374,635)
Operating profit			2,255,654
Taxation credit			161,758
Profit for the period			2,417,412

There are no sales or other transactions between the business segments. Unallocated costs represent corporate expenses.

3 Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30th September	
	2003 HK\$	2002 HK\$
Crediting		
Bank interest income	15,075	11,270
Charging		
Depreciation of fixed assets	871,068	858,841
Operating lease rentals in respect of land and buildings	372,276	340,801
Staff costs		
– Wages and salaries	3,707,509	4,726,326
– Provision for long service payments	303,242	459,059

4 Taxation (charge)/credit

No provision for Hong Kong profits tax has been made in the accounts as the Group has sufficient taxation losses brought forward to offset against the estimated assessable profits for the period (2002: Nil).

The amount of taxation (charged)/credited to the consolidated profit and loss account represents:

	Six months ended 30th September (As restated)	
	2003 HK\$	2002 HK\$
Deferred taxation	(416,993)	161,758

UNITED POWER INVESTMENT LIMITED
NOTES TO THE CONDENSED INTERIM ACCOUNTS (Continued)

5 Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$1,296,017 (2002: HK\$2,417,412) and the weighted average of 1,095,884,000 (2002: 1,095,884,000) ordinary shares in issue during the period.

No diluted earnings per share is disclosed as the exercise of the Company's share options would not have a dilutive effect on the earnings per share.

6 Fixed assets

	Six months ended 30th September 2003 <i>HK\$</i>
Opening net book amount	146,334,400
Additions	282,635
Depreciation	(871,068)
	<hr/>
Closing net book amount	145,745,967
	<hr/> <hr/>

7 Investment in convertible note

	Unaudited as at 30th September 2003 <i>HK\$</i>	Audited as at 31st March 2003 <i>HK\$</i>
Unlisted investment, at cost	78,000,000	78,000,000
Less: provision	(78,000,000)	(78,000,000)
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

This represents a convertible note ("Note") of Opal Technologies Inc. ("Opal") for a principal amount of US\$10 million. Opal is engaged in the manufacturing, trading and distribution of organic fertilisers and its shares were traded on the NASDAQ Bulletin Board in the United States of America. The Note is unsecured, interest bearing at 4% per annum payable quarterly in arrears.

Pursuant to the agreement, the Note is convertible, in whole or in part, into fully paid shares of common stock of Opal (par value US\$0.001) at US\$0.20 per share (subject to adjustment) after 10th October 2000. The Group did not exercise the right to convert the Note into shares of Opal. The Note was matured on 9th April 2003.

Trading of shares of Opal on NASDAQ Bulletin Board has been suspended since 23rd May 2001 due to its failure to file the audited accounts for the year ended 31st December 2000 and subsequent financial years with the Securities and Exchange Commission of the United States of America. The directors had made an assessment on the recoverability of the Note and full provision on the Note had been made in 2001.

Legal action had been taken by the Group against Opal last year. The court adjudged that Opal had to pay the Group a sum of US\$10,300,000 representing the principal and interest accrued on the Note up to 7th January 2002. Opal has made no payment since the court judgement.

UNITED POWER INVESTMENT LIMITED
NOTES TO THE CONDENSED INTERIM ACCOUNTS (Continued)

8 Accounts receivable, deposits and prepayments

Included in accounts receivable, deposits and prepayments are trade debtors and their ageing analysis is as follows:

	Unaudited as at 30th September 2003 HK\$	Audited as at 31st March 2003 HK\$
Within 30 days	328,579	458,728
31 to 60 days	53,318	10,175
	<u>381,897</u>	<u>468,903</u>

The Group's general credit term granted to customers is 30 to 60 days.

9 Accounts payable and accrued charges

Included in accounts payable and accrued charges are trade creditors and their ageing analysis is as follows:

	Unaudited as at 30th September 2003 HK\$	Audited as at 31st March 2003 HK\$
Within 30 days	1,619,285	1,207,810
31 to 60 days	426,037	487,023
Over 60 days	127,691	137,691
	<u>2,173,013</u>	<u>1,832,524</u>

10 Share capital

	Ordinary shares of HK\$0.05 each No. of shares	HK\$
Authorised:		
At 1st April 2003 and 30th September 2003	<u>2,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
At 1st April 2003 and 30th September 2003	<u>1,095,884,000</u>	<u>54,794,200</u>

During the period, no share options were granted, exercised or lapsed under the existing share option scheme. Options granted under the previous share option scheme (the "Previous Scheme") to subscribe for 15,000,000 shares were lapsed during the period pursuant to the terms of the Previous Scheme. There were 23,456,000 outstanding share options under the Previous Scheme as at 30th September 2003. All of these options lapsed on 29th October 2003 pursuant to the terms of the Previous Scheme.

UNITED POWER INVESTMENT LIMITED
NOTES TO THE CONDENSED INTERIM ACCOUNTS (Continued)

11 Commitments under operating leases

At 30th September 2003, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Unaudited as at 30th September 2003 HK\$	Audited as at 31st March 2003 HK\$
Not later than one year	653,532	456,000
Later than one year and not later than five years	544,120	124,000
	<u>1,197,652</u>	<u>580,000</u>

12 Operating lease rental receivables

At 30th September 2003, the Group's future aggregate minimum rental receivables under non-cancellable operating leases in respect of investment properties are as follows:

	Unaudited as at 30th September 2003 HK\$	Audited as at 31st March 2003 HK\$
Not later than one year	4,521,000	4,292,000
Later than one year and not later than five years	11,957,000	14,258,000
	<u>16,478,000</u>	<u>18,550,000</u>

13 Related party transactions

Significant related party transactions, which were carried out in normal course of the Group's business, are as follows:

	Six months ended 30th September 2003 HK\$	2002 HK\$
Management fees from related companies (Note (a))	<u>667,237</u>	<u>501,969</u>

- (a) Management fees of HK\$590,437 (2002: HK\$501,969) were charged at 1.5% on revenue of these related companies and management fees of HK\$76,800 (2002: Nil) were charged on an arm's length basis for the floor area of godown let to these related companies.
- (b) A director of the Company holds directorship and has beneficial interest in these related companies.