

Notes to the Financial Statements (Cont'd)

9. FIXED ASSETS

Group	Investment properties HK\$'000	Fixtures and equipment HK\$'000	Total HK\$'000
Cost or valuation			
At 30 September 2000			
Cost	–	1,525	1,525
Professional valuation	1,370,500	–	1,370,500
Additions	–	34	34
Disposal	–	(38)	(38)
Revaluation deficit (note 17)	(173,200)	–	(173,200)
At 30 September 2001	<u>1,197,300</u>	<u>1,521</u>	<u>1,198,821</u>
Accumulated depreciation			
At 30 September 2000	–	1,246	1,246
Charge for the year	–	55	55
Write-back	–	(38)	(38)
At 30 September 2001	<u>–</u>	<u>1,263</u>	<u>1,263</u>
Net book value			
At 30 September 2001	<u>1,197,300</u>	<u>258</u>	<u>1,197,558</u>
At 30 September 2000	<u>1,370,500</u>	<u>279</u>	<u>1,370,779</u>
Company			
Cost or valuation			
At 30 September 2000			
Cost	–	1,496	1,496
Professional valuation	1,250,000	–	1,250,000
Additions	–	34	34
Disposal	–	(38)	(38)
Revaluation deficit (note 17)	(150,000)	–	(150,000)
At 30 September 2001	<u>1,100,000</u>	<u>1,492</u>	<u>1,101,492</u>
Accumulated depreciation			
At 30 September 2000	–	1,217	1,217
Charge for the year	–	55	55
Write-back	–	(38)	(38)
At 30 September 2001	<u>–</u>	<u>1,234</u>	<u>1,234</u>
Net book value			
At 30 September 2001	<u>1,100,000</u>	<u>258</u>	<u>1,100,258</u>
At 30 September 2000	<u>1,250,000</u>	<u>279</u>	<u>1,250,279</u>
Principal investment properties			
	Type	Floor area (Sq m)	Group interest
Melbourne Plaza	Commercial	24,074	100%
Kimley Commercial Building	Commercial	4,554	100%

The investment properties are held under long term leases (over 50 years) in Hong Kong and were revalued on 30 September 2001 on an open market value basis by CS Surveyors Limited.

Notes to the Financial Statements (Cont'd)

10. SUBSIDIARY COMPANY

	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	10,000	10,000
Amount receivable	1,595	1,299
	<u>11,595</u>	<u>11,299</u>

Private company incorporated in Hong Kong and directly owned by the Company

Iau On Company Limited

Paid up ordinary share capital
100,000 shares of HK\$100 each

Equity holding
100%

The subsidiary company is engaged in the business of property investment in Hong Kong.

11. ASSOCIATED COMPANIES

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	70	70	70	70
Share of undistributed post-acquisition profits less losses	(4,060)	(4,086)	-	-
Group's share of net (liabilities)/assets	(3,990)	(4,016)	70	70
Amount receivable	5,327	5,458	5,326	5,457
Less: Provision	-	-	(5,134)	(5,134)
	5,327	5,458	192	323
Less: Amount payable	(145)	(145)	(145)	(145)
	<u>5,182</u>	<u>5,313</u>	<u>47</u>	<u>178</u>
	<u>1,192</u>	<u>1,297</u>	<u>117</u>	<u>248</u>

Details of the associated companies are as follows:

Private companies incorporated in Hong Kong and directly owned by the Company

	Paid up ordinary share capital	Equity holding	Principal activities (in Hong Kong)
Chuen King Enterprises Limited	1,000 shares of HK\$100 each	50%	Property development
Manlo Holdings Limited	6 shares of HK\$10 each	33 1/3 %	Investment holding
Littlejohn Company Limited	100,000 shares of HK\$1 each	20%	Investment holding

The accounting year ends of Manlo Holdings Limited and Littlejohn Company Limited are 31 March and 30 June respectively. The results of these companies included in the consolidated financial statements are based on their management financial statements made up to 30 September 2001.

The Group's share of the associated companies' results are:

	2001 HK\$'000	2000 HK\$'000
Loss brought forward	(4,086)	(4,107)
Share of profit after taxation	26	21
Loss carried forward	<u>(4,060)</u>	<u>(4,086)</u>

Notes to the Financial Statements (Cont'd)

12. UNLISTED INVESTMENTS

	Group and Company	
	2001	2000
	HK\$'000	HK\$'000
Unlisted shares, at cost	143	144
Advances	29,605	29,605
	<u>29,748</u>	<u>29,749</u>

Unlisted investments comprise of 14.29% equity interest in Billion Park Investment Limited ("Billion Park") and 7.49% equity interest in Granmap Company Limited. Both private companies were incorporated in Hong Kong. The principal activity of Billion Park is to participate in Foshan International Country Club Company Limited, a co-operative joint venture formed in the People's Republic of China and in which the Group has an effective interest of 5%, for the construction of golf courses and related commercial and residential facilities in Foshan. Granmap Company Limited was dissolved during the financial year.

The advances are unsecured, interest free and have no specific repayment terms.

13. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivable				
Below 60 days	1,961	2,390	1,755	2,163
61 to 90 days	262	257	246	225
91 days and above	1,202	1,444	1,194	1,444
	<u>3,425</u>	<u>4,091</u>	<u>3,195</u>	<u>3,832</u>
Deposits and prepayments	2,330	1,424	2,202	1,296
	<u>5,755</u>	<u>5,515</u>	<u>5,397</u>	<u>5,128</u>

Trade receivable represents rental income which is due one month in advance.

14. CREDITORS, ACCRUALS, DEPOSITS AND TEMPORARY RECEIPTS

	Group		Company	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade creditors				
Below 60 days	122	94	26	–
Accruals, deposits and temporary receipts	14,099	14,722	13,234	13,810
	<u>14,221</u>	<u>14,816</u>	<u>13,260</u>	<u>13,810</u>

Notes to the Financial Statements (Cont'd)

15. PROVISION FOR LONG SERVICE PAYMENTS

Effective 1 December 2000, the Group joined the Mandatory Provident Fund ("MPF") Scheme established under the MPF Schemes Ordinance for all of its employees. Mandatory contributions to the MPF scheme are made by both the employers and employees at 5% of the employees' monthly relevant income capped at HK\$20,000. The amount charged to the profit and loss account in respect of the scheme was HK\$127,000 (2000: nil).

Apart from the MPF scheme, the Group does not operate any other retirement schemes for its employees. A provision of HK\$5,847,000 (2000: HK\$5,683,000) has been made in respect of the Company's liability under the Hong Kong Employment Ordinance on the basis that all employees are eligible for long service payments and their employments are terminated as of the balance sheet date.

16. SHARE CAPITAL

	Group and Company	
	2001	2000
	HK\$'000	HK\$'000
Authorised		
30,000,000 shares of HK\$5 each	150,000	150,000
Issued and fully paid		
25,000,000 shares of HK\$5 each	125,000	125,000

17. RESERVES

	Group		Company	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investment properties				
revaluation reserve				
At 30 September 2000	1,242,657	1,384,657	1,134,374	1,264,374
Deficit on revaluation (note 9)	(173,200)	(142,000)	(150,000)	(130,000)
At 30 September 2001	1,069,457	1,242,657	984,374	1,134,374
Retained profit				
At 30 September 2000	26,413	25,299	25,232	24,203
Profit for the year	35,296	33,614	35,329	33,529
Dividends	(32,500)	(32,500)	(32,500)	(32,500)
At 30 September 2001	29,209	26,413	28,061	25,232
	1,098,666	1,269,070	1,012,435	1,159,606

Distributable reserves of the Company at 30 September 2001, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK\$28,061,000 (2000: HK\$25,232,000).

Notes to the Financial Statements (Cont'd)

18. FUTURE MINIMUM RENTAL RECEIVABLE

The future minimum rental under non-cancellable operating leases are receivable in the following years:

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
First year	56,253	44,396	53,201	42,015
Second to fifth year inclusive	22,068	19,560	21,099	18,958
	<u>78,321</u>	<u>63,956</u>	<u>74,300</u>	<u>60,973</u>

The Group's and the Company's operating leases are generally for terms of two years.

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 HK\$'000	2000 HK\$'000
Operating profit	41,652	40,486
Depreciation	55	87
Gain on disposal of fixed assets	(3)	(8)
Interest income	(1,164)	(1,441)
Dividend income from unlisted investments	-	(119)
Increase in staff loans	(931)	(91)
(Increase) / decrease in accounts receivable, deposits and prepayments	(199)	1,794
Decrease in creditors, accruals, deposits, temporary receipts and provision for long service payments	(431)	(3,559)
Net cash inflow from operating activities	<u>38,979</u>	<u>37,149</u>

20. RELATED PARTY TRANSACTIONS

In the normal course of business activities, certain investment properties of the Group are leased to related companies, which are controlled by certain Directors of the Company, at prices and terms no less than those contracted with other third party tenants of the Group. Rental and related income from these related companies during the year were HK\$3,356,000 (2000: HK\$3,326,000).

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 20 December 2001.