

Notes to the Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of the investment properties, and in conformity with generally accepted accounting principles in Hong Kong and in accordance with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants (“HKSA”).

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2001.

In accordance with the revised Statement of Standard Accounting Practice 2.109 “Events after the balance sheet date”, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively and as a result, reserves of the Group as at 30 September 2001 have been increased by HK\$20,000,000.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment in Hong Kong. Activity of the subsidiary company is property investment in Hong Kong.

3. SEGMENT INFORMATION

	2002 HK\$'000	2001 HK\$'000
(a) Turnover		
Property investment	39,570	41,267
	<u> </u>	<u> </u>
(b) Contribution to operating profit		
Property investment	25,442	22,843
	<u> </u>	<u> </u>

As the Group’s principal business is property rental in Hong Kong, an analysis of the Group’s turnover and profit by business and geographical segments has not been presented.

4. OPERATING PROFIT

Operating profit is stated after crediting and charging the followings:

	2002 HK\$'000	2001 HK\$'000
Crediting:		
Interest income	304	639
Charging:		
Depreciation	<u>24</u>	<u>26</u>

5. TAXATION

	2002 HK\$'000	2001 HK\$'000
Hong Kong profits tax		
Company and subsidiary company	<u>3,944</u>	<u>3,570</u>

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the six months ended 31 March 2002.

6. INTERIM DIVIDEND

	2002 HK\$'000	2001 HK\$'000
Interim dividend of HK\$0.50 (2001: HK\$0.50) per share	<u>12,500</u>	<u>12,500</u>

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$21,855,000 (2001: HK\$19,299,000) and the 25,000,000 shares in issue throughout the six months ended 31 March 2002.

8. DEBTORS, DEPOSITS AND PREPAYMENTS

	31 March 2002 HK\$'000	30 September 2001 HK\$'000
Trade debtors		
Below 60 days	2,391	1,961
61 to 90 days	413	262
91 days and above	572	1,202
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	3,376	3,425
Deposits and prepayments	2,033	2,330
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	5,409	5,755
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Trade debtors represent rental income which are due one month in advance.

9. CREDITORS, ACCRUALS, DEPOSITS AND TEMPORARY RECEIPTS

	31 March 2002 HK\$'000	30 September 2001 HK\$'000
Trade creditors		
Below 60 days	79	122
Accruals, deposits and temporary receipts	13,786	14,099
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	13,865	14,221
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10. RESERVES

	31 March 2002 HK\$'000	30 September 2001 HK\$'000
Investment properties revaluation reserve	1,069,457	1,069,457
Retained profits	38,564	29,209
	<u>1,108,021</u>	<u>1,098,666</u>

Interim Dividend

The Board declares an interim dividend of HK\$0.50 per share (2001: HK\$0.50 per share) for the year ending 30 September 2002. The register of members will be closed from 8 July to 10 July 2002, both days inclusive, during which period no transfer of shares will be registered. Dividend warrants will be posted to shareholders by 15 July 2002.

Chairman's Business Review

The Group's investment properties, Melbourne Plaza at 33 Queen's Road Central and Kimley Commercial Building at 142-146 Queen's Road Central, continued to generate steady rental income. 77% of the shops and offices at Melbourne Plaza were let during the period while rental remained at comparable level as that of last year. The occupancy rate of 77% is considered satisfactory in view of the stiff competition in Central's rental market. Stable return can be expected for the whole year.

The Group participates in a property development project in Foshan, China with Wing Shan Group. The project, covering a site area of 30.5 million sq. ft., includes two golf courses which are already in full operation. Handover of "The Bestview Villas" and "The Florance Villas" to buyers commenced during the period. Additional units will be built if conditions are favourable.