

Notes to the Financial Statements (Cont'd)

10. FIXED ASSETS

Group	Investment properties HK\$'000	Fixtures and equipment HK\$'000	Total HK\$'000
Cost or valuation			
At 30 September 2002			
Cost	–	1,545	1,545
Professional valuation	1,072,000	–	1,072,000
Additions	–	9	9
Revaluation deficit (note 18)	(84,000)	–	(84,000)
At 30 September 2003	<u>988,000</u>	<u>1,554</u>	<u>989,554</u>
Accumulated depreciation			
At 30 September 2002	–	1,313	1,313
Charge for the year	–	49	49
At 30 September 2003	<u>–</u>	<u>1,362</u>	<u>1,362</u>
Net book value			
At 30 September 2003	<u>988,000</u>	<u>192</u>	<u>988,192</u>
At 30 September 2002	<u>1,072,000</u>	<u>232</u>	<u>1,072,232</u>
Company			
Cost or valuation			
At 30 September 2002			
Cost	–	1,516	1,516
Professional valuation	980,000	–	980,000
Additions	–	9	9
Revaluation deficit (note 18)	(80,000)	–	(80,000)
At 30 September 2003	<u>900,000</u>	<u>1,525</u>	<u>901,525</u>
Accumulated depreciation			
At 30 September 2002	–	1,284	1,284
Charge for the year	–	49	49
At 30 September 2003	<u>–</u>	<u>1,333</u>	<u>1,333</u>
Net book value			
At 30 September 2003	<u>900,000</u>	<u>192</u>	<u>900,192</u>
At 30 September 2002	<u>980,000</u>	<u>232</u>	<u>980,232</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 leases (over 50 years) in Hong Kong and were revalued on 30 September 2003 on an open market value basis by CS Surveyors Limited.

Notes to the Financial Statements (Cont'd)

11. SUBSIDIARY COMPANY

	2003 HK\$'000	2002 HK\$'000
Unlisted shares, at cost	10,000	10,000
Amount receivable	1,804	1,919
	<u>11,804</u>	<u>11,919</u>

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

Paid up ordinary share capital

Equity holding

Iau On Company Limited

100,000 shares of HK\$100 each

100%

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

12. ASSOCIATED COMPANIES

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Unlisted shares, at cost	70	70	70	70
Share of undistributed post-acquisition profits less losses	(3,926)	(3,979)	-	-
Group's share of net (liabilities)/assets	(3,856)	(3,909)	70	70
Amount receivable	5,369	5,346	5,368	5,346
Less: Provision	-	-	(5,134)	(5,134)
	5,369	5,346	234	212
Less: Amount payable	(225)	(225)	(225)	(225)
	<u>5,144</u>	<u>5,121</u>	<u>9</u>	<u>(13)</u>
	<u>1,288</u>	<u>1,212</u>	<u>79</u>	<u>57</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 trading

Manlo Holdings Limited

6 shares of HK\$10 each

33 ⅓ %

Investment holding

Littlejohn Company Limited

100,000 shares of HK\$1 each

20%

Investment holding

Notes to the Financial Statements (Cont'd)

13. UNLISTED INVESTMENT

	Group and Company	
	2003	2002
	HK\$'000	HK\$'000
Unlisted shares, at cost	143	143
Advances	29,605	29,605
Less: Provision	(9,180)	–
	<u>20,568</u>	<u>29,748</u>

Unlisted investment represents 14.29% equity interest in Billion Park Investment Limited (“Billion Park”), a private company 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.

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

14. DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade debtors				
Below 60 days	2,589	3,147	2,146	2,715
61 to 90 days	232	728	117	604
91 days and above	152	1,749	–	1,660
	<u>2,973</u>	<u>5,624</u>	<u>2,263</u>	<u>4,979</u>
Deposits and prepayments	2,440	2,489	2,294	2,343
	<u>5,413</u>	<u>8,113</u>	<u>4,557</u>	<u>7,322</u>

Trade debtors represent rental income which is due one month in advance.

15. CREDITORS, ACCRUALS AND DEPOSITS

	Group		Company	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade creditors				
Below 60 days	121	122	26	26
Accruals and deposits	13,605	13,845	12,759	12,966
	<u>13,726</u>	<u>13,967</u>	<u>12,785</u>	<u>12,992</u>

Notes to the Financial Statements (Cont'd)

16. 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\$151,000 (2002: HK\$153,000).

Apart from the MPF Scheme, the Group does not operate any other retirement schemes for its employees. A provision of HK\$6,140,000 (2002: HK\$5,996,000) has been made in respect of the Group'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.

17. SHARE CAPITAL

	Group and Company	
	2003	2002
	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

18. RESERVES

	Group		Company		
	2003	2002	2003	2002	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Investment properties revaluation reserve					
At beginning of year	944,157	1,069,457	864,374	984,374	
Deficit on revaluation (note 10)	(84,000)	(125,300)	(80,000)	(120,000)	
At end of year	860,157	944,157	784,374	864,374	
Retained profit					
At beginning of year	38,124	29,209	36,897	28,061	
Profit for the year	25,767	46,415	25,655	46,336	
Dividends	(37,500)	(37,500)	(37,500)	(37,500)	
At end of year	26,391	38,124	25,052	36,897	
	886,548	982,281	809,426	901,271	
			Company and subsidiary company	Associated companies	Total
			HK\$'000	HK\$'000	HK\$'000
Retained profit					
At 30 September 2003		30,317	(3,926)		26,391
At 30 September 2002		42,103	(3,979)		38,124
Investment properties revaluation reserve					
At 30 September 2003		860,157	–		860,157
At 30 September 2002		944,157	–		944,157

Distributable reserves of the Company at 30 September 2003, calculated under Section 79B of the Hong Kong Companies Ordinance, amounted to HK\$45,052,000 (2002: HK\$61,897,000).

Notes to the Financial Statements (Cont'd)

19. FUTURE MINIMUM RENTAL PAYMENTS RECEIVABLE

The future minimum rental payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
First year	41,920	39,881	38,756	37,408
Second to fifth year inclusive	19,848	19,269	19,384	17,821
	<u>61,768</u>	<u>59,150</u>	<u>58,140</u>	<u>55,229</u>

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

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\$2,930,000 (2002: HK\$3,454,000).

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 18 December 2003.