

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 2003, except that the Group has adopted the Statement of Standard Accounting Practice 12 (“SSAP 12”) “Income Taxes” issued by the HKSA which is effective for accounting periods commencing on or after 1 January 2003.

On adoption of SSAP 12, 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 companies, 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 previous years, 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 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 Consolidated Statement of Changes in Equity, opening equity at 1 October 2002 and 2003 have been increased by HK\$226,000 and HK\$57,000 respectively, which represent the unprovided deferred tax assets. The profit for the six months ended 31 March 2003 has been reduced by HK\$73,000.

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

	2004 HK\$'000	2003 HK\$'000
(a) Turnover		
Property investment	35,698	36,456
	<u>35,698</u>	<u>36,456</u>
(b) Contribution to operating profit		
Property investment	21,583	23,612
Unallocated item - provision for advances to an unlisted investment	(10,000)	-
	<u>11,583</u>	<u>23,612</u>

Turnover represents gross rental and service income from investment properties.

As the Group's principal business is property investment 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:

	2004 HK\$'000	2003 HK\$'000
Crediting:		
Interest income	79	275
Charging:		
Depreciation	23	24

5. TAXATION

	2004 HK\$'000	2003 HK\$'000 (Restated)
Company and subsidiary company		
Hong Kong profits tax	3,682	4,005
Deferred taxation	93	73
	3,775	4,078

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits for the period.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2004 HK\$'000	2003 HK\$'000
Profit before taxation	11,579	23,607
Calculated at a tax rate of 17.5%	2,026	4,131
Tax effect on net expenses/(income) that are not deductible/(taxable) in determining taxable profit	1,749	(32)
Increase in opening deferred tax assets resulting from an increase in tax rate	-	(21)
Taxation charge	3,775	4,078

6. INTERIM DIVIDEND

	2004 HK\$'000	2003 HK\$'000
Interim dividend of HK\$0.50 (2003: HK\$0.70) per share	<u>12,500</u>	<u>17,500</u>

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$7,804,000 (2003: HK\$19,529,000, as restated) and the 25,000,000 shares in issue throughout the period.

8. UNLISTED INVESTMENT

	31 March 2004 HK\$'000	30 September 2003 HK\$'000
Unlisted shares, at cost	143	143
Advances	29,605	29,605
Less: Provision	<u>(19,180)</u>	<u>(9,180)</u>
	<u>10,568</u>	<u>20,568</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.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	31 March 2004 HK\$'000	30 September 2003 HK\$'000
Trade debtors		
Below 60 days	2,542	2,589
61 to 90 days	316	232
91 days and above	467	152
	<u>3,325</u>	<u>2,973</u>
Deposits and prepayments	2,108	2,440
	<u>5,433</u>	<u>5,413</u>

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

10. CREDITORS, ACCRUALS AND DEPOSITS

	31 March 2004 HK\$'000	30 September 2003 HK\$'000
Trade creditors		
Below 60 days	14	121
Accruals and deposits	12,622	13,605
	<u>12,636</u>	<u>13,726</u>

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.