

Notes to the Financial Statements (Cont'd)

7. TAXATION

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

The amount of taxation charged to the consolidated profit and loss account represents:

	2004 HK\$'000	2003 HK\$'000 (Restated)
Company and subsidiaries		
Current taxation		
Provision for the year	7,286	7,105
(Over)/under provision in prior years	(10)	8
Deferred taxation relating to the origination and reversal of temporary differences	183	190
Deferred taxation resulting from an increase in tax rate	—	(21)
	<u>7,459</u>	<u>7,282</u>
Associated companies		
Current taxation	—	12
Deferred taxation	—	(2)
	<u>—</u>	<u>10</u>
Taxation charge	<u><u>7,459</u></u>	<u><u>7,292</u></u>

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	<u>22,129</u>	<u>32,890</u>
Calculated at a taxation rate of 17.5% (2003: 17.5%)	3,873	5,755
Income not subject to taxation	(5)	(68)
Expenses not deductible for taxation purposes	3,601	1,609
Utilisation of previously unrecognised tax losses	—	(2)
Increase in opening net deferred tax assets resulting from an increase in tax rate	—	(21)
Others	(10)	19
Taxation charge	<u><u>7,459</u></u>	<u><u>7,292</u></u>

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8. DIVIDENDS

	2004 HK\$'000	2003 HK\$'000
Interim dividend paid of HK\$0.50 (2003: HK\$0.70) per share	12,500	17,500
Final dividend proposed of HK\$ 0.80 (2003: HK\$0.80) per share	<u>20,000</u>	<u>20,000</u>
	<u>32,500</u>	<u>37,500</u>

At a meeting held on 16 December 2004, the Board of Directors proposed a final dividend of HK\$0.80 per share. This proposed dividend will be accounted for as an appropriation of retained profit in the year ending 30 September 2005.

9. EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to shareholders of HK\$14,670,000 (2003: HK\$25,598,000, as restated) and the 25,000,000 shares in issue throughout the two years ended 30 September 2004.

10. FIXED ASSETS

Group	Investment properties HK\$'000	Fixtures and equipment HK\$'000	Total HK\$'000
Cost or valuation			
At 30 September 2003			
Cost	–	1,554	1,554
Professional valuation	988,000	–	988,000
Additions	–	33	33
Revaluation surplus (note 18)	<u>334,600</u>	<u>–</u>	<u>334,600</u>
At 30 September 2004	<u>1,322,600</u>	<u>1,587</u>	<u>1,324,187</u>
Accumulated depreciation			
At 30 September 2003	–	1,362	1,362
Charge for the year	–	52	52
At 30 September 2004	<u>–</u>	<u>1,414</u>	<u>1,414</u>
Net book value			
At 30 September 2004	<u>1,322,600</u>	<u>173</u>	<u>1,322,773</u>
At 30 September 2003	<u>988,000</u>	<u>192</u>	<u>988,192</u>

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10. FIXED ASSETS (Cont'd)

Company	Investment properties HK\$'000	Fixtures and equipment HK\$'000	Total HK\$'000
Cost or valuation			
At 30 September 2003			
Cost	–	1,525	1,525
Professional valuation	900,000	–	900,000
Additions	–	33	33
Revaluation surplus (note 18)	300,000	–	300,000
At 30 September 2004	<u>1,200,000</u>	<u>1,558</u>	<u>1,201,558</u>
Accumulated depreciation			
At 30 September 2003	–	1,333	1,333
Charge for the year	–	52	52
At 30 September 2004	<u>–</u>	<u>1,385</u>	<u>1,385</u>
Net book value			
At 30 September 2004	<u>1,200,000</u>	<u>173</u>	<u>1,200,173</u>
At 30 September 2003	<u>900,000</u>	<u>192</u>	<u>900,192</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 2004 on an open market value basis by CS Surveyors Limited.

11. SUBSIDIARY COMPANY

	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost	10,000	10,000
Amount receivable	1,745	1,804
	<u>11,745</u>	<u>11,804</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.

Notes to the Financial Statements (Cont'd)

12. ASSOCIATED COMPANIES

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost	70	70	70	70
Share of undistributed post-acquisition profits less losses	(3,938)	(3,926)	-	-
Group's share of net (liabilities)/assets	(3,868)	(3,856)	70	70
Amount receivable	5,393	5,369	5,393	5,368
Less: Provision	-	-	(5,134)	(5,134)
	5,393	5,369	259	234
Less: Amount payable	(225)	(225)	(225)	(225)
	5,168	5,144	34	9
	1,300	1,288	104	79

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 1/3 %	Investment holding
Littlejohn Company Limited	100,000 shares of HK\$1 each	20%	Investment holding

13. UNLISTED INVESTMENT

	Group and Company	
	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost	143	143
Advances	29,605	29,605
Less: Provision	(29,747)	(9,180)
	1	20,568

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.