

# Notes to the Condensed Financial Statements

*For the six months ended 30 September 2001*

## 1. Basis of Preparation

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants and with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 2. Significant Accounting Policies

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and investments in securities.

The interim financial report has been prepared in accordance with the accounting policies consistent with those adopted by the Group in its financial statements for the year ended 31 March 2001 except as described below.

In the current period, the Group has adopted, for the first time, the following revised or new SSAPs issued by the Hong Kong Society of Accountants:

### *Segment reporting*

SSAP 26 “Segment reporting”, which has been adopted for the first time in this interim reporting period, has established principles for reporting the segmental analysis of financial information. The Group has changed the basis of identification of reporting segments to that required by SSAP 26 and segment disclosures for the six months ended 30 September 2000 have been amended so that they are presented on a consistent basis. The details are set out in Note 3.

#### *Dividends proposed or declared after the balance sheet date*

In accordance with SSAP 9 (Revised) "Events after the balance sheet date" dividends proposed or declared after the balance sheet date should not be recognized as a liability at the balance sheet date. In previous years, dividends proposed or declared after the balance sheet date were an adjusting post balance sheet event and were recognized as a liability at the balance sheet date. The effect of this change has been to increase shareholders' funds at 1 April 2000 and 31 March 2001 by HK\$18,900,000 and HK\$9,450,000 respectively. Comparative information has been restated to reflect this change in accounting policy (See note 11).

#### *Goodwill*

In accordance with SSAP 30 "Business combinations", goodwill arising from acquisition of subsidiaries should be recognized as an asset and amortised on a straight-line basis over its estimated useful life. In previous years, goodwill on the acquisition of subsidiary was written off to reserves immediately upon acquisition. The Group has elected not to restate the goodwill previously written off to reserves upon adoption of this SSAP.

#### *Provisions*

In accordance with SSAP 28 "Provisions, contingent liabilities and contingent assets", provisions are recognized when the Group has a present obligation as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

#### *Impairment*

SSAP 31 "Impairment of assets" has introduced a formal framework for the recognition of impairment losses in respect of the Group's assets.

With the exception of SSAP 9 (Revised), the adoption of the above standards has had no material effect on amounts reported in prior years.

### 3. Segment Information

By Business Segments:

*For the six months ended 30 September 2001*

	<b>Godown operation</b> <i>HK\$'000</i>	<b>Rental income</b> <i>HK\$'000</i>	<b>Elimin- ations</b> <i>HK\$'000</i>	<b>Consolid- ated</b> <i>HK\$'000</i>
REVENUE				
External income	21,700	23,554	–	45,254
Inter-segment income	–	3,558	(3,558)	–
Total revenue	<u>21,700</u>	<u>27,112</u>	<u>(3,558)</u>	<u>45,254</u>
SEGMENT RESULT	<u>1,810</u>	<u>21,663</u>	<u>–</u>	23,473
Bank interest income				879
Dividend income from investment in securities				1,588
Net unrealised loss on trading securities				(115)
Loss on disposal of trading securities				(16)
Profit from operations				<u>25,809</u>

For the six months ended 30 September 2000

	<b>Godown operation</b>	<b>Rental income</b>	<b>Elimin- ations</b>	<b>Consolid- ated</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE				
External income	29,223	20,512	–	49,735
Inter-segment income	–	6,138	(6,138)	–
Total revenue	<u>29,223</u>	<u>26,650</u>	<u>(6,138)</u>	<u>49,735</u>
SEGMENT RESULT	<u>6,650</u>	<u>19,383</u>	<u>–</u>	26,033
Bank interest income				1,270
Dividend income from investment in securities				1,706
Net unrealised loss on trading securities				(735)
Profit from operations				<u>28,274</u>

More than 90% of the Group's turnover and profit from operations were derived from Hong Kong, and no geographical segments are presented.

#### 4. Other revenue

Included in other revenue is bank interest income amounting to HK\$879,000 (six months ended 30.9.2000: HK\$1,270,000).

#### 5. Taxation

	Six months ended	
	30.9.2001 HK\$'000	30.9.2000 HK\$'000
Hong Kong Profits Tax	2,660	4,046
Deferred taxation	—	(123)
	<u>2,660</u>	<u>3,923</u>

Hong Kong Profits Tax is calculated at the rate of 16% (six months ended 30.9.2000: 16%) on the estimated assessable profits for the period.

#### 6. Dividend

	Six months ended	
	30.9.2001 HK\$'000	30.9.2000 HK\$'000
Final dividend for the year ended 31 March 2001 at 7 cents (year ended 31 March 2000: 14 cents) per ordinary share	<u>9,450</u>	<u>18,900</u>

The directors have determined that an interim dividend of 5 cents per share (six months ended 30.9.2000: 5 cents) should be paid to the shareholders of the Company.

#### 7. Earnings per share

The calculation of earnings per share is based on the profit for the period of HK\$20,019,000 (six months ended 30.9.2000: HK\$18,894,000) and on 135,000,000 shares (six months ended 30.9.2000: 135,000,000 shares) in issue during the period.

## 8. Additions to investment properties and property, plant and equipment

During the period, the Group acquired HK\$524,000 (six months ended 30.9.2000: HK\$441,000) and HK\$38,000 (six months ended 30.9.2000: HK\$86,000) on its investment properties and property, plant and equipment respectively.

The directors consider that the value of the investment properties as at 30 September 2001 would not differ materially from the professional valuation made as at 31 March 2001 and, accordingly, no revaluation surplus or deficit has been recognized in the current period.

## 9. Trade and other receivables

The Group allows an average credit period of 60 days to its trade customers.

The following is an aged analysis of trade receivables at the reporting date:

	30.9.2001 HK\$'000	31.3.2001 HK\$'000
Trade receivables		
0 – 60 days	4,922	6,031
61 – 90 days	501	429
Over 90 days	634	335
	<u>6,057</u>	<u>6,795</u>
Other receivables	4,513	4,036
	<u>10,570</u>	<u>10,831</u>

## 10. Share capital

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$1 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
Ordinary shares of HK\$1 each	<u>135,000</u>	<u>135,000</u>

There were no movements in the share capital of the Company in either the current or the prior interim reporting period.

## 11. Reserves

	Share premium HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2000				
– as previously stated	43,216	39	393,834	437,089
– prior year adjustment (note 2)	–	–	18,900	18,900
– as restated	43,216	39	412,734	455,989
Exchange realignment	–	3	–	3
Profit for the year	–	–	44,613	44,613
Dividends	–	–	(25,650)	(25,650)
At 31 March 2001	43,216	42	431,697	474,955
Profit for the period	–	–	20,019	20,019
Dividends	–	–	(9,450)	(9,450)
At 30 September 2001	<u>43,216</u>	<u>42</u>	<u>442,266</u>	<u>485,524</u>

## 12. Revaluation Reserves

	Investment properties HK\$'000	Investments in securities HK\$'000	Total HK\$'000
At 1 April 2000	144,466	(6,874)	137,592
Revaluation decrease	(726)	(10,696)	(11,422)
At 31 March 2001	143,740	(17,570)	126,170
Revaluation decrease	–	(1,685)	(1,685)
At 30 September 2001	<u>143,740</u>	<u>(19,255)</u>	<u>124,485</u>