

## Notes to the Condensed Accounts

### 1. Basis of preparation and accounting policies

The unaudited condensed consolidated accounts are prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25, “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants (the “HKSA”), and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These condensed accounts should be read in conjunction with the 2001 annual report.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st December 2001 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 25 (revised)	:	Interim financial reporting
SSAP 34	:	Employee benefits

The adoption of these new or revised accounting standards did not have material effect to these condensed accounts except for certain reclassification of the comparative figures of the condensed consolidated cash flow statement into operating, investing and financing activities and the presentation of the consolidated statement of changes in equity.

## Notes to the Condensed Accounts (Continued)

### 2. Turnover, revenue and segment information

- (a) The Group is principally engaged in investment holding, property investment, property rental, property development, estate management and agency and distribution of golf accessories. Revenues recognised during the period are as follows:

	<b>For the six months ended 30th June</b>	
	<b>2002</b>	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Property rental	<b>90,413</b>	93,191
Property sales	—	6,600
Property related services	<b>4,905</b>	4,683
Others	<b>4,846</b>	2,073
	<b>100,164</b>	106,547
	<b>100,164</b>	106,547

- (b) Operating lease arrangement

The future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	<b>As at 30th June 2002</b>	As at 31st December 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Land and buildings		
Not later than one year	<b>154,549</b>	160,577
Later than one year but not later than five years	<b>163,790</b>	207,600
Later than five years	<b>7,758</b>	12,420
	<b>326,097</b>	380,597
	<b>326,097</b>	380,597

## Notes to the Condensed Accounts (Continued)

### 2. Turnover, revenue and segment information (Continued)

- (c) An analysis of the Group's revenue and results for the period by business and geographical segments is as follows:

Primary reporting format – business segments

	<b>For the six months ended 30th June 2002</b>				
	<b>Property rental</b>	<b>Property related services</b>	<b>Property sales</b>	<b>Others</b>	<b>Group</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover					
Total revenue	<b>90,413</b>	<b>6,552</b>	—	<b>4,846</b>	<b>101,811</b>
Inter-segment revenue	—	<b>(1,647)</b>	—	—	<b>(1,647)</b>
External revenue	<b>90,413</b>	<b>4,905</b>	—	<b>4,846</b>	<b>100,164</b>
Segment results	<b>60,618</b>	<b>2,692</b>	—	<b>(3,057)</b>	<b>60,253</b>
Unallocated costs					<b>(24,408)</b>
Operating profit					<b>35,845</b>
Finance costs					<b>(11,170)</b>
Profit before taxation					<b>24,675</b>
Taxation					<b>(3,467)</b>
Profit after taxation					<b>21,208</b>
Minority interests					<b>(1,368)</b>
Profit attributable to shareholders					<b>19,840</b>

## Notes to the Condensed Accounts (Continued)

### 2. Turnover, revenue and segment information (Continued)

Primary reporting format – business segments (Continued)

	For the six months ended 30th June 2001				
	Property rental HK\$'000	Property related services HK\$'000	Property sales HK\$'000	Others HK\$'000	Group HK\$'000
Turnover					
Total revenue	93,191	6,745	6,600	2,073	108,609
Inter-segment revenue	—	(2,062)	—	—	(2,062)
External revenue	<u>93,191</u>	<u>4,683</u>	<u>6,600</u>	<u>2,073</u>	<u>106,547</u>
Segment results	<u>63,871</u>	<u>2,076</u>	<u>6,163</u>	<u>2,073</u>	74,183
Unallocated costs					<u>(18,765)</u>
Operating profit					55,418
Finance costs					<u>(15,567)</u>
Profit before taxation					39,851
Taxation					<u>(2,840)</u>
Profit after taxation					37,011
Minority interests					<u>(1,575)</u>
Profit attributable to shareholders					<u><u>35,436</u></u>

## Notes to the Condensed Accounts (Continued)

### 2. Turnover, revenue and segment information (Continued)

Secondary reporting format – geographical segments

	For the six months ended 30th June			
	Turnover		Segment results	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	<b>65,493</b>	74,050	<b>42,276</b>	52,989
North America	<b>34,671</b>	32,497	<b>17,977</b>	21,194
	<b>100,164</b>	106,547	<b>60,253</b>	74,183

### 3. Operating profit

For the six months ended 30th June	
2002	2001
HK\$'000	HK\$'000

Operating profit is stated after crediting and charging the following:

Crediting:

Gross rental income		
– investment properties	<b>80,627</b>	83,412
– other properties	<b>9,786</b>	9,779
Dividend from listed investments	<b>669</b>	648
Interest income	<b>338</b>	1,426
Gain on disposal of investment property, including realisation on investment properties revaluation reserve	<b>—</b>	6,163

## Notes to the Condensed Accounts (Continued)

### 3. Operating profit (Continued)

	For the six months ended 30th June	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Charging:		
Amortisation of goodwill	808	—
Cost of goods sold	2,147	—
Depreciation	2,663	2,788
Loss on disposal of other fixed assets	35	73
Operating lease rental for land and buildings	539	643
Outgoings in respect of		
– investment properties	16,330	14,422
– other properties	1,798	1,816
Provisions for doubtful debts	2,527	53
Staff costs (including directors' emoluments and retirement benefit costs)	21,385	16,353
	21,385	16,353

### 4. Finance costs

	For the six months ended 30th June	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest expense		
– bank loans and overdrafts wholly repayable within five years	9,682	8,331
– bank loans not wholly repayable within five years	1,614	6,809
Other incidental borrowing costs	437	427
	11,733	15,567
Amount capitalised in properties under development	(563)	—
	11,170	15,567

## Notes to the Condensed Accounts (Continued)

### 5. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the period. No overseas taxation has been provided as there is no estimated taxable profit of the overseas subsidiary companies for the period.

	<b>For the six months ended 30th June</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Hong Kong profits tax	<b>3,467</b>	2,840

A subsidiary company has been enquired by the Inland Revenue Department in Hong Kong concerning the taxability of profits arising from its sale of certain properties in 1997. The potential additional tax liability is estimated to be approximately HK\$29.8 million. The directors consider that the profit arising from sales of these properties is capital in nature and not subject to profits tax. Hence, no provision for this potential liability has been made in the accounts.

### 6. Interim dividend

	<b>For the six months ended 30th June</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Interim, proposed, of HK6 cents (2001: HK9 cents) per ordinary share	<b>17,260</b>	25,890

### 7. Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of HK\$19,840,000 (2001: HK\$35,436,000) and on 287,669,676 (2001: 287,669,676) ordinary shares in issue during the period.

## Notes to the Condensed Accounts (Continued)

### 8. Goodwill

*HK\$'000*

Net book value

At 1st January 2002

6,458

Amortisation charge for the period

(808)

At 30th June 2002

5,650

### 9. Fixed assets

	Leasehold land and buildings in Hong Kong			Overseas freehold land and buildings	Other fixed assets	Total
	Investment properties	Properties under development	Other properties	Investment properties		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net book value or valuation						
At 1st January 2002	1,620,870	243,383	79,838	432,900	19,906	2,396,897
Additions	236	1,054	—	246	1,861	3,397
Depreciation charge for the period	—	—	(1,133)	—	(1,530)	(2,663)
Disposals	—	—	—	—	(321)	(321)
Revaluation deficit	(23,681)	—	—	(70,446)	—	(94,127)
At 30th June 2002	<u>1,597,425</u>	<u>244,437</u>	<u>78,705</u>	<u>362,700</u>	<u>19,916</u>	<u>2,303,183</u>

## Notes to the Condensed Accounts (Continued)

### 10. Debtors and prepayments

Included in debtors and prepayments are trade debtors and their ageing analysis is as follows:

	As at <b>30th June</b> 2002 <i>HK\$'000</i>	As at 31st December 2001 <i>HK\$'000</i>
Current	<b>3,500</b>	5,096
31-60 days	<b>1,760</b>	1,030
61-90 days	<b>689</b>	—
Over 90 days	<b>144</b>	158
	<b>6,093</b>	6,284
	<b>6,093</b>	6,284

The trade debtors represent rental, management fee and trade receivables and are on open account terms.

### 11. Creditors and accruals

Included in creditors and accruals are trade payables and their ageing analysis is as follows:

	As at <b>30th June</b> 2002 <i>HK\$'000</i>	As at 31st December 2001 <i>HK\$'000</i>
Current	<b>3,092</b>	2,039
31-60 days	<b>91</b>	550
61-90 days	<b>24</b>	4
Over 90 days	<b>819</b>	539
	<b>4,026</b>	3,132
	<b>4,026</b>	3,132

**Notes to the Condensed Accounts (Continued)**

**12. Short term bank loans and bank overdrafts – secured**

Short term bank loans and bank overdrafts of the Group are secured by certain investment properties and rental income thereon.

**13. Long term bank loans – secured**

	As at <b>30th June</b> <b>2002</b> <i>HK\$'000</i>	As at 31st December 2001 <i>HK\$'000</i>
Bank loans		
– wholly repayable within five years	<b>348,624</b>	288,796
– not wholly repayable within five years	<b>99,750</b>	105,000
	<b>448,374</b>	393,796
Amount due within one year included under current liabilities	<b>(29,152)</b>	(29,058)
	<b>419,222</b>	364,738

The maturity of the Group's long term bank loans is as follows:

	As at <b>30th June</b> <b>2002</b> <i>HK\$'000</i>	As at 31st December 2001 <i>HK\$'000</i>
Bank loans		
– within one year	<b>29,152</b>	29,058
– in the second year	<b>30,464</b>	29,277
– in the third to fifth year	<b>351,508</b>	290,961
– after the fifth year	<b>37,250</b>	44,500
	<b>448,374</b>	393,796

The Group's long term bank loans are secured on certain properties and rental income thereon.

**Notes to the Condensed Accounts (Continued)**

**14. Share capital**

	<b>As at 30th June 2002 HK\$'000</b>	As at 31st December 2001 HK\$'000
Authorised 400,000,000 ordinary shares of HK\$1 each	<b>400,000</b>	400,000
Issued and fully paid 287,669,676 ordinary shares of HK\$1 each	<b>287,670</b>	287,670

**15. Commitments**

(a) **Capital commitments for fixed assets**

	<b>As at 30th June 2002 HK\$'000</b>	As at 31st December 2001 HK\$'000
Contracted but not provided for		
– properties under development	<b>6,308</b>	5,603
– other fixed assets	<b>1,552</b>	2,241
	<b>7,860</b>	7,844

**Notes to the Condensed Accounts (Continued)**

**15. Commitments (Continued)**

**(b) Commitments under operating leases**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<b>As at 30th June 2002 HK\$'000</b>	As at 31st December 2001 HK\$'000
Land and buildings		
Not later than one year	<b>912</b>	862
Later than one year but not later than five years	<b>1,427</b>	965
	<b>2,339</b>	1,827