

Notes on The Accounts (Continued)

11. INTEREST IN JOINTLY CONTROLLED ENTITIES (Continued)

	<u>2001</u>	<u>2000</u>
	\$000's	\$000's
(iii) Uttoxeter Limited		
(a) Profit and loss account		
Turnover	<u>864,005</u>	<u>-</u>
Profit/(loss) before taxation	275,373	(25)
Taxation	<u>(43,060)</u>	<u>-</u>
Profit/(loss) after taxation	<u>232,313</u>	<u>(25)</u>
(b) Balance sheet		
Non-current assets	-	-
Current assets	1,964,884	1,988,382
Current liabilities	(49,678)	(29,254)
Shareholders' loans	<u>(1,682,953)</u>	<u>(1,959,188)</u>
Net assets/(liabilities)	<u>232,253</u>	<u>(60)</u>

12. OTHER INVESTMENTS

	<u>The group</u>	
	<u>2001</u>	<u>2000</u>
	\$000's	\$000's
Equity securities listed in Hong Kong, at fair value	<u>1,451</u>	<u>1,229</u>

13. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors with the following ageing analysis:

	<u>2001</u>	<u>2000</u>
	\$000's	\$000's
Current	91	92
1-3 months overdue	<u>-</u>	<u>91</u>
Total trade debtors	<u>91</u>	<u>183</u>

A defined credit policy is maintained within the Group.

The following amounts are expected to be recovered after more than one year:

	<u>The group</u>		<u>The company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$000's	\$000's	\$000's	\$000's
Debtors, deposits and prepayments	<u>661</u>	<u>772</u>	<u>94</u>	<u>208</u>

Notes on The Accounts (Continued)

14. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors with the following ageing analysis:

	<u>2001</u>	<u>2000</u>
	\$000's	\$000's
Due after 3 months	<u>706</u>	<u>706</u>

The following amounts are expected to be settled after more than one year:

	<u>The group</u>		<u>The company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$000's	\$000's	\$000's	\$000's
Creditors and accruals	<u>(9,498)</u>	<u>(8,287)</u>	<u>(7,633)</u>	<u>(7,309)</u>

15. AMOUNTS DUE FROM/TO GROUP COMPANIES

The amounts due from/to group companies are unsecured, interest free and repayable on demand.

16. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

17. SHARE CAPITAL

	<u>2001</u>		<u>2000</u>	
	<u>No. of shares</u>	<u>Amount</u>	<u>No. of shares</u>	<u>Amount</u>
		\$000's		\$000's
Authorised:				
Ordinary shares of \$2 each	<u>50,000,000</u>	<u>100,000</u>	<u>50,000,000</u>	<u>100,000</u>
Issued and fully paid:				
At 1st July	46,268,256	92,537	46,268,256	92,537
Shares repurchased	<u>(365,200)</u>	<u>(731)</u>	<u>-</u>	<u>-</u>
At 30th June	<u>45,903,056</u>	<u>91,806</u>	<u>46,268,256</u>	<u>92,537</u>

During the year, the company repurchased 365,200 of its own shares on the Stock Exchange of Hong Kong Limited as follows:

Month/Year	<u>No. of ordinary shares repurchased</u>	<u>Highest price paid per share</u>	<u>Lowest price paid per share</u>	<u>Aggregate price paid</u>
		\$	\$	\$000's
September 2000	12,000	40.30	39.70	485
October 2000	126,600	44.50	40.20	5,360
November 2000	33,600	48.00	46.50	1,599
December 2000	41,800	49.80	44.40	1,957
January 2001	22,600	54.75	50.75	1,198
February 2001	29,000	63.00	58.00	1,778
March 2001	11,200	56.25	54.00	621
April 2001	17,800	63.00	54.75	1,052
May 2001	20,000	63.00	61.50	1,258
June 2001	<u>50,600</u>	<u>70.00</u>	<u>68.50</u>	<u>3,550</u>
	<u>365,200</u>			<u>18,858</u>

Except for the repurchase of ordinary shares by the company referred to above, the company and its subsidiaries have not purchased, sold or redeemed any of the company's shares during the year.

The repurchased shares were cancelled and accordingly the issued share capital of the company was reduced by the nominal value of these shares. However, pursuant to section 49H of the Hong Kong Companies Ordinance, an amount equivalent to the par value of the shares cancelled of \$731,000 was transferred from the retained profits to the capital redemption reserve (note 18). The premium paid on the repurchase of the shares of \$18,127,000 was charged to the retained profits (note 18).

Notes on The Accounts (Continued)

18. RESERVES

	Capital redemption reserve	Investment properties revaluation reserve (note)	General reserve	Retained profits	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
The group					
Balance at 1st July, 1999	-	79,201	220,000	3,390,541	3,689,742
Revaluation deficits of investment properties	-	(5,135)	-	-	(5,135)
Revaluation surpluses of investment properties of the jointly controlled entities	-	33,800	-	-	33,800
Profit for the year	-	-	-	231,063	231,063
Unclaimed dividends forfeited in accordance with article 166	-	-	-	248	248
Transfer to general reserve	-	-	10,000	(10,000)	-
Dividends	-	-	-	(192,074)	(192,074)
Balance at 30th June, 2000 and 1st July, 2000	-	107,866	230,000	3,419,778	3,757,644
Revaluation deficits of investment properties	-	(13,791)	-	-	(13,791)
Revaluation deficits of investment properties of the jointly controlled entities	-	(64,200)	-	-	(64,200)
Profit for the year	-	-	-	259,806	259,806
Unclaimed dividends forfeited in accordance with article 166	-	-	-	332	332
Transfer to general reserve	-	-	10,000	(10,000)	-
Purchase of own shares	-	-	-	-	-
- premium paid	-	-	-	(18,127)	(18,127)
- transfer between reserves	731	-	-	(731)	-
Dividends	-	-	-	(146,736)	(146,736)
Balance at 30th June, 2001	<u>731</u>	<u>29,875</u>	<u>240,000</u>	<u>3,504,322</u>	<u>3,774,928</u>
The company					
Balance at 1st July, 1999	-	237,933	220,000	784,627	1,242,560
Revaluation surpluses of investment properties	-	9,000	-	-	9,000
Profit for the year	-	-	-	221,994	221,994
Unclaimed dividends forfeited in accordance with article 166	-	-	-	248	248
Transfer to general reserve	-	-	10,000	(10,000)	-
Dividends	-	-	-	(192,074)	(192,074)
Balance at 30th June, 2000 and 1st July, 2000	-	246,933	230,000	804,795	1,281,728
Revaluation surpluses of investment properties	-	37,000	-	-	37,000
Profit for the year	-	-	-	146,439	146,439
Unclaimed dividends forfeited in accordance with article 166	-	-	-	332	332
Transfer to general reserve	-	-	10,000	(10,000)	-
Purchase of own shares	-	-	-	-	-
- premium paid	-	-	-	(18,127)	(18,127)
- transfer between reserves	731	-	-	(731)	-
Dividends	-	-	-	(146,736)	(146,736)
Balance at 30th June, 2001	<u>731</u>	<u>283,933</u>	<u>240,000</u>	<u>775,972</u>	<u>1,300,636</u>

Notes on The Accounts (Continued)

18. RESERVES (Continued)

The directors consider that \$43,785,000 (2000: \$43,785,000) of the company's retained profits are not distributable since such profits arose from an intra group sale of property which was disposed of to a wholly-owned subsidiary during the year ended 30th June, 1994 and which was subsequently sold during the year ended 30th June, 1995 to a jointly controlled entity in which the group has a 50% shareholding.

The directors consider that all of the general reserve and \$732,187,000 (2000: \$761,010,000) of the retained profits of the company, totalling \$972,187,000 (2000: \$991,010,000), are distributable.

The application of the capital redemption reserve is governed by section 49 of the Hong Kong Companies Ordinance. The investment properties revaluation reserve is not available for distribution to shareholders because it does not constitute realised profits within the meaning of section 79B(2) of the Hong Kong Companies Ordinance.

Note:

The group treats its investment properties on a portfolio basis.

The group's investment properties have been valued in accordance with Statement of Standard Accounting Practice 13 at open market value. A revaluation deficit of \$14 million has arisen and this has been debited to an investment properties revaluation reserve.

The value of the group's other investment properties held by jointly controlled entities have been reviewed. The group's share of the deficits which amounts in total to \$64 million has been dealt with in the investment properties revaluation reserve.

19. DEFERRED PROFITS

	The group		The company	
	2001	2000	2001	2000
	\$000's	\$000's	\$000's	\$000's
Balance brought forward and carried forward	451,198	451,198	237,225	237,225

20. CONTINGENCY RESERVES

	Group and company	
	2001	2000
	\$000's	\$000's
Third party claims		
At 1st July	71,400	82,700
Payments during the year	(13,172)	(7,463)
Provision written back for the year	(1,128)	(3,837)
At 30th June	57,100	71,400

21. CONTINGENT LIABILITIES

At 30th June, 2001, there were potential contingent liabilities in respect of third party claims amounting to approximately \$57 million (2000: \$71 million) for which a full provision of \$57 million (2000: \$71 million) has been included in contingency reserves. In the opinion of the directors, based on an independent actuarial valuation, the amount provided is sufficient to cover any liabilities which may subsequently arise in respect of these claims.

Notes on The Accounts (Continued)

22. CAPITAL COMMITMENTS

The group's share of the capital commitments of the jointly controlled entities at 30th June, 2001 not provided for in the accounts were as follows:-

	The group		The company	
	2001	2000	2001	2000
	\$000's	\$000's	\$000's	\$000's
Contracted for	-	163,227	-	-
Authorised but not contracted for	-	26,813	-	-

23. OPERATING LEASES

(a) Significant leasing arrangements

The group leases out investment properties in Hong Kong and United Kingdom under operating leases. The leases for investment properties in Hong Kong typically run for an initial period of two to three years. The leases for investment properties in United Kingdom run for an initial period of fifteen to twenty-five years. Lease payments are subject to upward only rent review for every 5 years for investment properties in United Kingdom. One of the leases in United Kingdom is with mutual option to break on 25th October, 2004. None of the leases includes contingent rentals. Further details of the carrying value of the investment properties are contained in note 9.

During the current year \$67,627,000 (2000: \$52,287,000) was recognised as rental income in the consolidated profit and loss account in respect of operating leases.

(b) Future operating lease income

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

	2001
	\$000's
Within one year	69,111
After one but within five years	176,653
After five years	501,815
	<u>747,579</u>

24. MATERIAL RELATED PARTY TRANSACTIONS

Loans to the jointly controlled entities at 30th June, 2001 are disclosed in note 11. The loans are unsecured, interest-free and have no fixed terms of repayment.

A sale and purchase agreement was signed on 7th February, 2001 between a wholly-owned subsidiary of the company and Madam Ngan Kit-ling, a substantial shareholder and a director of the company. Pursuant to the sale and purchase agreement, the subsidiary purchased the remaining portion of Kowloon Inland Lot No. 1300 (No. 3 Jordan Road, Kowloon) for a purchase price of HK\$68,000,000 for redevelopment. No balances were outstanding at the balance sheet date. The directors, including the independent non-executive directors, consider that the terms of the sale and purchase agreement are normal commercial terms and are fair and reasonable.