

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31ST JULY, 2002**

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants (“HKSA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st January, 2002, except as described below.

In the current period, the Group has adopted, for the first time, the following new and revised SSAPs issued by the HKSA:

SSAP 1 (Revised)	Presentation of financial statements
SSAP 11 (Revised)	Foreign currency translation
SSAP 15 (Revised)	Cash flow statements
SSAP 34	Employee benefits

The adoption of these SSAPs has resulted in the introduction of the statement of changes in equity and a change in the format of presentation of the cash flow statement but has had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. TURNOVER

The Group’s turnover represents income from letting of properties. More than 90% of the Group’s turnover and profit from operations were derived from letting of properties in Hong Kong.

4. OTHER REVENUE

Included in other revenue is bank interest of HK\$374,000 (2001: HK\$2,037,000).

5. DEPRECIATION

Depreciation charges for the period in respect of the Group’s investment properties and other fixed assets amounted to HK\$8,000 (2001: HK\$8,000) and HK\$133,000 (2001: HK\$79,000) respectively.

6. OTHER OPERATING EXPENSES

Other operating expenses comprise expenses incurred in connection with the proposed open offer of shares in the Company and legal and financial advisory fees.

7. FINANCE COSTS

Finance costs represent interest on bank and other borrowings wholly repayable within five years.

8. TAXATION

	Six months ended	
	31st July,	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current taxation		
Hong Kong	2,361	2,209
Overseas	—	87
	<u> </u>	<u> </u>
Taxation attributable to the Company and its subsidiaries	2,361	2,296
Share of Hong Kong Profits Tax attributable to associates	—	24
	<u> </u>	<u> </u>
	<u>2,361</u>	<u>2,320</u>

Hong Kong Profits Tax is calculated at 16% (2001: 16%) on the estimated assessable profit for the period. Overseas taxation is calculated at the rates prevailing in the jurisdiction in which the Group operates.

9. DIVIDEND

The directors have determined that an interim dividend of HK8 cents (2001: HK10 cents) per ordinary share will be paid to the shareholders of the Company whose names appear in the Register of Members on 15th November, 2002.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit for the period of HK\$16,629,000 (2001: HK\$19,746,000) and on 67,760,000 (2001: 67,760,000) ordinary shares in issue during the period.

Diluted earnings per share has not been presented for the current and the prior period because the Company does not have any dilutive potential ordinary shares.

11. TRADE AND OTHER RECEIVABLES

The Group does not allow any credit period to its customers.

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

	31st July, 2002	31st January, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-60 days	3,845	3,121
61-90 days	517	455
Over 90 days	1,584	855
	<u>5,946</u>	<u>4,431</u>

12. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables at the reporting date:

	31st July, 2002	31st January, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables due between 0-60 days	4,091	2,891
Other payables (Note)	44,083	31,725
	<u>48,174</u>	<u>34,616</u>

Note: Other payables represent unclaimed dividends payable to shareholders.

13. SHARE CAPITAL

	Number of shares	Nominal value
		<i>HK\$'000</i>
Ordinary shares of HK\$1 each		
Authorised:		
At 31st July, 2002 and 31st January, 2002	<u>100,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 31st July, 2002 and 31st January, 2002	<u>67,760,000</u>	<u>67,760</u>

14. PLEDGE OF ASSETS

At the balance sheet date, certain properties of the Group with an aggregate book value of approximately HK\$823 million (31st January, 2002: HK\$823 million) were mortgaged or charged to banks for credit facilities granted to the Group.

15. LONG SERVICE PAYMENTS

At 31st July, 2002, the Group had a number of employees who had completed the required number of years of service under Hong Kong's Employment Ordinance (the "Ordinance") to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments if the termination of employment meets the circumstances which are specified in the Ordinance. Had the employment of all eligible employees been terminated on 31st July, 2002 under the circumstances specified by the Ordinance, the maximum potential exposure would have been approximately HK\$1,021,000 (31st January, 2002: HK\$907,000).

16. POST BALANCE SHEET EVENT

The resolution to approve the open offer of shares in the Company proposed during the period was voted against by shareholders subsequent to the period end date.