



# DYNAMIC HOLDINGS LIMITED

達力集團有限公司

*(Incorporated in Bermuda with limited liability)*

*(在百慕達註冊成立之有限公司)*

INTERIM REPORT 2003-2004

二零零三至二零零四年度中期報告

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# Corporate Information

Interim Report 2003–2004

## DIRECTORS

### *Executive Directors*

CHUA Domingo, *Chairman*

PANG Kit Man, John,

*Chief Executive Officer*

TANENGLIAN Mariano Chua

TAN Lucio Jr. Khao

CHEUNG Chi Ming

### *Independent Non-executive*

*Directors/Audit Committee*

CHONG Kim Chan, Kenneth

SY Robin

## COMPANY SECRETARY

WONG Oi Yee, Polly

## AUDITORS

Deloitte Touche Tohmatsu

## LEGAL ADVISERS

Deacons

Appleby Spurling & Kempe

## PRINCIPAL BANKERS

Hang Seng Bank Limited

China Minsheng Banking Corp., Ltd.

Bank of China

Bank of Communications

China Merchants Bank

## STOCK CODE

029

## SHARE REGISTRARS

### *Principal Share Registrars*

Butterfield Fund Services

(Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

### *Branch Share Registrars*

Tengis Limited

Ground Floor

BEA Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong Special Administrative

Region

## REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

## PRINCIPAL PLACE OF BUSINESS

17th Floor, Eton Tower

8 Hysan Avenue

Causeway Bay

Hong Kong Special Administrative

Region

## WEBSITES

<http://www.dynamic-hk.com>

<http://www.thesuncrest.com>



The Directors hereby present their management statement and the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 31st December, 2003.

## INTERIM RESULTS

For the six months ended 31st December, 2003, the Group’s turnover amounted to HK\$197,184,000 representing a drop of about 7% as compared with that recorded in the last corresponding period. This was mainly attributed to a decrease in sales revenue (by about 7%) from Chaoyang Garden in Beijing.

Hence, the Group recorded a gross profit of HK\$33,523,000 and an operating profit of HK\$22,050,000, showing a decrease of about 9% and 11% respectively from those recorded in the previous corresponding period. Overall, taking into account of the tax effect for the period, the Group achieved a net profit for the period of HK\$18,402,000, an increase of about 22% over the previous corresponding period.

## SEGMENTAL INFORMATION

Details of the segmental information of the Group’s turnover and contribution to profit from operations by principal activity and geographical location of operations for the period are set out in note 3 to the condensed consolidated financial statements.

## BUSINESS REVIEW

### Chaoyang Garden/The Sun Crest

During the period under review, the property market in Beijing recovered steadily after the end of SARS. The last two residential towers of Phase II were completed and delivered to the buyers in October 2003. As a result, sales revenue totalling about HK\$176,034,000 were booked in these accounts. As at balance sheet date, about 70% of the overall residential development was sold.

Construction work of Phase III (the final phase), a commercial/service apartment complex, commenced in September 2003 and will be put forward for pre-sale by the end of this year and completion of development is scheduled at the end of 2005.

## **BUSINESS REVIEW** *(Continued)*

### **Dynamic Cargo Center**

In the period under review, the occupancy rate of the Group's cargo center was at a high level and stayed at about 90% as at 31st December, 2003. The upswing in the logistics sector, along with a shortage of new supply of warehousing space, had helped to show improvements of rental on new and renewal tenancies. As compared with those recorded in the last corresponding period, rental income and profit contribution marginally increased by about 3% and 6% respectively.

### **Tung Kok Tau**

For the period under review, the port operations in Tung Kok Tau continued to make steady contributions to the Group's operating profits.

In December 2003, the Group paid the balance land premium of about Rmb156,000,000 to secure an area of 171,788 square meters comprising the “red-lined” zone of the Tung Kok Tau site having a total developable gross floor area (GFA) of 310,400 square meters.

Negotiations with the Chinese joint venture partner on the Group's proposed acquisition of 100% of the project are continuing but have been interrupted by new city planning proposals at the Shenzhen end of the Western Corridor that have generally impacted the site. It is expected that a consensus can be reached once the uncertainties brought about by the proposed changes have been clarified.



# Management Statement (Continued)

Interim Report 2003–2004

## FINANCIAL REVIEW

The financial position of the Group remains healthy and liquid. At 31st December, 2003, the total shareholders' fund of the Group amounted to HK\$746,419,000 (30th June, 2003: HK\$733,110,000, restated) with net asset value of HK\$3.41 (30th June, 2003: HK\$3.35, restated). Total borrowings of the Group were about HK\$367,594,000 (30th June, 2003: HK\$190,000,000) as at 31st December, 2003, which were in Hong Kong dollars and Renminbi yuans and repayable within three years at an average interest rate of about 2.2% (30th June, 2003: 2.1%) per annum. As at 31st December, 2003, the gearing ratio of the Group was about 31% (30th June, 2003: 19%) based on the Group's net debt (after deducting bank balances and cash) to its shareholders' equity. As at 31st December, 2003, such borrowings were unsecured and secured for which the Group pledged certain of its assets (including investment properties and the land for properties under development with an aggregate carrying value of HK\$454,377,000) to financial institutions. The contingent liabilities of the Company for guarantees given to financial institutions in respect of banking facilities granted to the Group amounted to HK\$234,261,000 (30th June, 2003: HK\$198,000,000). In addition, the Group and the Company have given guarantees in respect of mortgage loans provided by banks to the home buyers of a property project in the PRC. At 31st December, 2003, the Group and the Company had a maximum amount of mortgage loans which were subject to these guarantees of HK\$606,259,000 (30th June, 2003: HK\$488,322,000) and HK\$15,526,000 (30th June, 2003: HK\$15,597,000) respectively.

In the period, sufficient cashflow was generated by sales proceeds of Chaoyang Garden/The Sun Crest in Beijing, rental income of Dynamic Cargo Center and revenue of port operations. As at 31st December, 2003, the Group's cash and bank balance stood at HK\$137,081,000 (30th June, 2003: HK\$50,433,000) denominated primarily in Renminbi yuans and Hong Kong dollars. No significant exposure to foreign currency fluctuations affected the Group in the period. The funding requirements for development projects of Chaoyang Garden/The Sun Crest and redevelopment of Tung Kok Tau are intended to be financed by internal resources, bank borrowings and such other means of financing as the Directors may think expedient.

## EMPLOYEES

At 31st December, 2003, the Group had about 200 employees in Hong Kong and the Mainland China at prevailing market remunerations with employee benefits such as medical insurance, provident fund scheme and share option scheme.

## PROSPECTS

The Beijing residential property market is still facing an over-supplied situation and competition remains intense. However, with the Group's established brand name and judging from the rate of sales over the past months, it is expected that most of the remaining units will be disposed of before the end of the calendar year.

In Hong Kong, the gradual implementation of CEPA together with the buoyancy of re-export will stimulate demands for warehousing spaces with slight improvements in rental.

The city of Shenzhen has made aggressive plans to turn the Shenzhen Bay Area into an up-market residential area with large parks and green belts. This, in conjunction with the completion of the so-called Western Corridor linking Hong Kong and Shekou in 2005 will transform the Group's Tung Kok Tau site into a prime project to become a major revenue contributor to the Group for the future.

## INTERIM DISTRIBUTION

The Directors have declared an interim distribution of 2 Hong Kong cents (2002: 2 Hong Kong cents) per share for the six months ended 31st December, 2003 to all shareholders whose names appear on the register of members of the Company on 23rd April, 2004. The warrants for such distribution are expected to be despatched to those entitled on or about 7th May, 2004.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 19th April, 2004 to Friday, 23rd April, 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim distribution, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tengis Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 16th April, 2004.



## Management Statement (Continued)

Interim Report 2003–2004

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31st December, 2003, the interests of the Directors and their associates in the shares of the Company (within the meaning of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be maintained under Section 352 of the SFO were as follows:

Name of Director	Number of issued ordinary shares held (long position)		Percentage of the issued share capital of the Company
	Personal interests	Corporate interests	
Mr. Chua Domingo <i>(Note)</i>	4,000,000	89,321,279	42.59%
Mr. Pang Kit Man, John	900,000	—	0.4%

*Note: The corporate interests of Mr. Chua Domingo were held through Dynamic Development Corporation. Dynamic Development Corporation is wholly-owned by Carnation Investments Inc. of which Mr. Chua Domingo is the sole shareholder.*

Save as disclosed above, none of the Directors or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO as at 31st December, 2003; or would required, pursuant to Model Code for Securities Transactions by Directors of the Listed Companies, to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

### SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2003, the interests of substantial shareholders (other than a Director of the Company) in the shares of the Company as recorded in the register as required to be kept under Section 336 of the SFO were as follows:

Name of shareholder	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the Company
Plus Holdings Limited <i>(Note)</i>	13,152,000	6%

*Note: The interests of Plus Holdings Limited were held through Telecom Plus Investment Limited, its wholly-owned subsidiary.*



## **SUBSTANTIAL SHAREHOLDERS** (Continued)

Other than as disclosed above and the interests disclosed in the Directors' interests in shares in respect of Mr. Chua Domingo, the Company has not been notified of any other interests or short position and underlying shares of the Company as required to be recorded in the register under Section 336 of the SFO as at 31st December, 2003.

## **CORPORATE GOVERNANCE**

The Company has complied throughout the six months ended 31st December, 2003 with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **AUDIT COMMITTEE**

The Audit Committee of the Company has reviewed with the management the accounting practices and principles adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of this interim report.

By Order of the Board



**Pang Kit Man, John**  
*Chief Executive Officer*

Hong Kong, 25th March, 2004

# Condensed Consolidated Income Statement

Interim Report 2003–2004

For the six months ended 31st December, 2003

		Unaudited Six months ended 31st December,	
		2003	2002
		HK\$'000	Restated HK\$'000
	Notes		
Turnover	2	<b>197,184</b>	212,254
Cost of sales		<b>(163,661)</b>	(175,480)
Gross profit		<b>33,523</b>	36,774
Other operating income	4	<b>1,657</b>	2,078
Administrative expenses		<b>(13,130)</b>	(14,056)
Profit from operations		<b>22,050</b>	24,796
Finance costs	6	<b>(573)</b>	(1,011)
Profit before taxation		<b>21,477</b>	23,785
Taxation	7	<b>(1,931)</b>	(6,581)
Profit for the period		<b>19,546</b>	17,204
Minority interests		<b>(1,144)</b>	(2,075)
Net profit for the period		<b>18,402</b>	15,129
Distribution	8	<b>4,382</b>	4,382
Earnings per share ( <i>Hong Kong cents</i> )	9		
— basic		<b>8.40</b>	6.90

# Condensed Consolidated Balance Sheet

At 31st December, 2003

Interim Report 2003–2004

	Notes	Unaudited At 31st December, 2003 HK\$'000	Restated At 30th June, 2003 HK\$'000
<b>Non-current Assets</b>			
Property, plant and equipments		14,364	8,525
Investment properties		420,000	420,000
Properties held for development		197,397	—
Properties under development		—	131,509
Deposit paid to acquire land use rights		—	51,064
Goodwill		731	1,302
Loan receivables		12,623	1,616
Deferred tax assets		3,322	4,651
		<b>648,437</b>	<b>618,667</b>
<b>Current Assets</b>			
Properties under development		137,426	315,197
Properties held for sale		346,495	162,136
Loan receivables		6,343	2,355
Trade and other receivables	10	34,503	20,829
Amounts due from minority shareholders		4,828	4,775
Tax recoverable		12,338	3,792
Bank deposits — pledged		16,279	16,713
Bank balances and cash		137,081	50,433
		<b>695,293</b>	<b>576,230</b>
<b>Current Liabilities</b>			
Trade and other payables	11	173,808	194,229
Pre-sale deposits received		27,737	51,069
Tax liabilities		1,145	606
Bank loans — due within one year	12	71,406	22,927
		<b>274,096</b>	<b>268,831</b>
<b>Net Current Assets</b>		<b>421,197</b>	<b>307,399</b>
<b>Total Assets less Current Liabilities</b>		<b>1,069,634</b>	<b>926,066</b>

# Condensed Consolidated Balance Sheet (Continued)

Interim Report 2003–2004

At 31st December, 2003

		<b>Unaudited At 31st December, 2003 <i>HK\$'000</i></b>	<b>Restated At 30th June, 2003 <i>HK\$'000</i></b>
	<i>Notes</i>		
<b>Capital and Reserves</b>			
Share capital	13	219,104	219,104
Reserves		527,315	514,006
		<b>746,419</b>	<b>733,110</b>
<b>Minority Interests</b>		<b>26,534</b>	<b>25,390</b>
<b>Non-current Liabilities</b>			
Bank loans — due after one year	12	149,855	167,073
Shareholder's loan (unsecured)		146,333	—
Amounts due to associates		493	493
		<b>296,681</b>	<b>167,566</b>
		<b>1,069,634</b>	<b>926,066</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31st December, 2003

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	Share capital	Share premium account	Special reserve	Negative goodwill	Capital redemption reserve	Translation reserve	Statutory reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30th June, 2002 (audited)									
As originally stated	219,104	426,608	55,018	6,653	1,644	(2,740)	721	35,764	742,772
Prior period adjustment ( <i>Note 1</i> )	—	—	—	—	—	—	—	2,416	2,416
As restated	219,104	426,608	55,018	6,653	1,644	(2,740)	721	38,180	745,188
Exchange difference arising on translation of overseas operations not recognised in the income statement	—	—	—	—	—	(399)	—	—	(399)
Net profit for the period	—	—	—	—	—	—	—	15,129	15,129
Distributions	—	—	—	—	—	—	—	(4,382)	(4,382)
At 31st December, 2002 (unaudited & restated)	219,104	426,608	55,018	6,653	1,644	(3,139)	721	48,927	755,536
At 30th June, 2003 (audited)									
As originally stated	219,104	426,608	55,018	3,178	1,644	(2,428)	721	24,614	728,459
Prior period adjustment ( <i>Note 1</i> )	—	—	—	—	—	—	—	4,651	4,651
As restated	219,104	426,608	55,018	3,178	1,644	(2,428)	721	29,265	733,110
Exchange difference arising on translation of overseas operations not recognised in the income statement	—	—	—	—	—	(711)	—	—	(711)
Net profit for the period	—	—	—	—	—	—	—	18,402	18,402
Distributions	—	—	—	—	—	—	—	(4,382)	(4,382)
At 31st December, 2003 (unaudited)	219,104	426,608	55,018	3,178	1,644	(3,139)	721	43,285	746,419

# Condensed Consolidated Cash Flow Statement

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For the six months ended 31st December, 2003

	<b>Unaudited Six months ended 31st December,</b>	
	<b>2003</b>	<b>2002</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
NET CASH FROM OPERATING ACTIVITIES	<b>110,739</b>	109,840
NET CASH USED IN INVESTING ACTIVITIES	<b>(194,686)</b>	(135,698)
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES	<b>170,595</b>	(13,364)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<b>86,648</b>	(39,222)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>50,433</b>	90,657
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<b>—</b>	48
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<b>137,081</b>	51,483
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	<b>137,081</b>	51,483



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31st December, 2003

Interim Report 2003–2004

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted are consistent with those adopted in the annual financial statements of the Group for the year ended 30th June, 2003 except that the Group has adopted the revised Statement of Standard Accounting Practice 12 (“SSAP 12”) “Income Taxes” issued by the Hong Kong Society of Accountants to account for deferred taxation which are effective for accounting periods commencing on or after 1st January, 2003.

In prior years, deferred taxation was accounted for at the current taxation rate in respect of significant timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. Under the SSAP 12 (revised), deferred taxation is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts, based on the tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

The adoption of the SSAP 12 (revised) represents a change in accounting policy which has been applied retrospectively so that the comparative figures presented have been restated to conform to the changed policy. In this connection, the retained earnings at 1st July, 2003 and 2002 have been increased by HK\$4,651,000 and HK\$2,416,000 respectively, which represented the unrecognised net deferred tax assets. This change has also resulted in deferred tax assets at 30th June, 2003 by HK\$4,651,000. The adoption of the SSAP 12 (revised) reduced the Group’s profit attributable to shareholders for the six months ended 31st December, 2003 by HK\$1,330,000 (2002: HK\$879,000).



# Notes to the Condensed Consolidated Financial Statements (Continued)

Interim Report 2003–2004

For the six months ended 31st December, 2003

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

These condensed consolidated financial statements of the Group for the six months ended 31st December, 2003 are unaudited and have been reviewed by the Audit Committee of the Company.

## 2. TURNOVER

Turnover represents the aggregate of gross proceeds from sales of properties, gross property rental income and gross income from the operation of the port during the period.

## 3. SEGMENTAL INFORMATION

### Business segments

For management purposes, the Group is currently organised into three operating divisions — property sales, property rental and port operations. These principal operating activities are the basis on which the Group reports its primary segmental information.

Principal activities are as follows:

Property sales	—	sales of properties developed by the Group
Property rental	—	leasing of investment properties
Port operations	—	operations of the port



# Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31st December, 2003

Interim Report 2003–2004

## 3. SEGMENTAL INFORMATION *(Continued)*

### Business segments *(Continued)*

Segmental information about these businesses is presented below:

	Property sales		Property rental		Port operations		Consolidated	
	Unaudited							
	Six months ended 31st December,							
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Restated HK\$'000
TURNOVER								
External sales	176,034	189,105	13,375	12,942	7,775	10,207	197,184	212,254
SEGMENT RESULT	12,932	14,999	12,258	11,533	1,241	3,698	26,431	30,230
Unallocated other operating income							1,037	2
Unallocated corporate expenses							(5,418)	(5,436)
Profit from operations							22,050	24,796
Finance costs							(573)	(1,011)
Profit before taxation							21,477	23,785
Taxation							(1,931)	(6,581)
Profit for the period							19,546	17,204
Minority interests							(1,144)	(2,075)
Net profit for the period							18,402	15,129

# Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 31st December, 2003

## 3. SEGMENTAL INFORMATION (Continued)

### Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Turnover by geographical market		Profit from operations	
	Unaudited			
	Six months ended 31st December,			
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Hong Kong Special Administrative Region (“Hong Kong”)	13,375	12,942	12,258	11,533
Other regions in the People’s Republic of China (“PRC”)	183,809	199,312	14,173	18,697
	197,184	212,254	26,431	30,230
Unallocated other operating income			1,037	2
Unallocated corporate expenses			(5,418)	(5,436)
Profit from operations			22,050	24,796

## 4. OTHER OPERATING INCOME

	Unaudited Six months ended 31st December,	
	2003 HK\$'000	2002 HK\$'000
Bank interest income	376	561
Bad debt recovered	1,027	—
Sundry income	254	1,517
	1,657	2,078

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31st December, 2003

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## 5. DEPRECIATION AND AMORTIZATION

	Unaudited Six months ended 31st December,	
	2003 HK\$'000	2002 HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Amortization of goodwill (included in administrative expenses)	571	579
Depreciation	749	724
Less: Amount capitalised and included in properties under development	(251)	(256)
	498	468

## 6. FINANCE COSTS

	Unaudited Six months ended 31st December,	
	2003 HK\$'000	2002 HK\$'000
Interest on bank borrowings wholly repayable within five years	2,599	3,350
Less: Amount capitalised and included in properties under development by applying a capitalisation rate of 4.0% (2002: 4.6%) to expenditure on qualifying assets	(2,026)	(2,339)
	573	1,011

# Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 31st December, 2003

## 7. TAXATION

	<b>Unaudited Six months ended 31st December,</b>	
	<b>2003</b>	<b>2002</b>
	<b>HK\$'000</b>	<b>Restated HK\$'000</b>
The tax charge comprises:		
PRC Income Tax		
— Current period	<b>3,838</b>	5,702
— Overprovision in prior years	<b>(3,237)</b>	—
Hong Kong Profits Tax		
— Deferred	<b>1,330</b>	879
	<b>1,931</b>	6,581

No Hong Kong Profits Tax is provided as there is no estimated assessable profit for 2003 and 2002.

PRC Foreign Enterprise Income Tax is calculated at the rates prevailing in the PRC.

Deferred taxation has been provided on temporary differences using the current applicable rate.

## 8. DISTRIBUTION

On 16th January, 2004, a distribution of 2 Hong Kong cents (2002: 2 Hong Kong cents) per share was paid to the Company's shareholders as a final distribution for the year ended 30th June, 2003.

The Directors have declared an interim distribution of 2 Hong Kong cents (2002: 2 Hong Kong cents) per share for the six months ended 31st December, 2003 to all shareholders whose names appear on the register of members of the Company on 23rd April, 2004.

## 9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit for the period of HK\$18,402,000 (2002: HK\$15,129,000, restated) and on the weighted average number of 219,103,681 (2002: 219,103,681) ordinary shares in issue throughout the period.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31st December, 2003

Interim Report 2003–2004

## 9. EARNINGS PER SHARE (Continued)

No diluted earnings per share is shown as there is no dilutive effect on the earnings per share.

## 10. TRADE AND OTHER RECEIVABLES

At 31st December, 2003, the balance of trade and other receivables included trade receivables of HK\$1,741,000 (30th June, 2003: HK\$1,761,000). For property sales, the Group allows an average credit period of 30 days to its customers. Rental receivables from tenants and service income receivables from customers are payable on presentation of invoices. The aged analysis of trade receivables is as follows:

	Unaudited At 31st December, 2003 <i>HK\$'000</i>	Audited At 30th June, 2003 <i>HK\$'000</i>
0 – 60 days	1,101	1,325
61 – 90 days	1	—
More than 90 days	639	436
	<b>1,741</b>	<b>1,761</b>

## 11. TRADE AND OTHER PAYABLES

At 31st December, 2003, the balance of trade and other payables included trade payables of HK\$53,493,000 (30th June, 2003: HK\$54,043,000). The aged analysis of trade payables is as follows:

	Unaudited At 31st December, 2003 <i>HK\$'000</i>	Audited At 30th June, 2003 <i>HK\$'000</i>
0 – 60 days	37,271	30,112
61 – 90 days	1,493	2,214
More than 90 days	14,729	21,717
	<b>53,493</b>	<b>54,043</b>

# Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 31st December, 2003

## 12. BANK LOANS

	Unaudited At 31st December, 2003 <i>HK\$'000</i>	Audited At 30th June, 2003 <i>HK\$'000</i>
The bank loans are repayable as follows:		
Within one year or on demand	<b>71,406</b>	22,927
More than one year, but not exceeding two years	<b>25,937</b>	24,937
More than two years, but not exceeding five years	<b>123,918</b>	142,136
	<b>221,261</b>	190,000
Less: Amount repayable within one year shown under current liabilities	<b>(71,406)</b>	(22,927)
Amount due after one year	<b>149,855</b>	167,073
Secured	<b>212,170</b>	180,000
Unsecured	<b>9,091</b>	10,000
	<b>221,261</b>	190,000

The loans bear an average interest rate of about 2.2% per annum and shall be repayable over three years.

# Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31st December, 2003

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## 13. SHARE CAPITAL

	Number of shares		Amount	
	Unaudited At 31st December, 2003	Audited At 30th June, 2003	Unaudited At 31st December, 2003 <i>HK\$'000</i>	Audited At 30th June, 2003 <i>HK\$'000</i>
Ordinary shares of HK\$1.00 each Authorised	<b>300,000,000</b>	300,000,000	<b>300,000</b>	300,000
Issued	<b>219,103,681</b>	219,103,681	<b>219,104</b>	219,104

## 14. SHARE OPTION SCHEME

The Company adopted a new share option scheme on 21st December, 2001 (the “Share Option Scheme”).

The Share Option Scheme was adopted for the purpose of providing incentives to Directors, employees and eligible participants and will expire on 20th December, 2011. Under the Share Option Scheme, the Board of Directors of the Company may grant options to Directors, employees of the Company and its subsidiaries and such eligible participants at the discretion of the Board of Directors of the Company pursuant to the terms of the Share Option Scheme, to subscribe for shares of the Company at a price per share not less than the highest of i) the closing price of a share of the Company listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at the date of grant of the option; ii) the average of the closing price of a share of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and iii) the nominal value of a share of the Company.

No share option was granted to or exercised by any of the Company’s and its subsidiaries’ Directors, employees and such eligible participants under the Share Option Scheme during both six months periods ended 31st December, 2003 and 31st December, 2002 and there were no share options outstanding as at 31st December, 2003 and 31st December, 2002.

# Notes to the Condensed Consolidated Financial Statements (Continued)

Interim Report 2003–2004

For the six months ended 31st December, 2003

## 15. CONTINGENT LIABILITIES

	<b>The Company</b>	
	<b>Unaudited At 31st December, 2003 HK\$'000</b>	<b>Audited At 30th June, 2003 HK\$'000</b>
Guarantees given to financial institutions in respect of banking facilities granted to subsidiaries	<b>234,261</b>	198,000

The extent of such facilities utilised and unutilised by the subsidiaries at 31st December, 2003 amounted to approximately HK\$221,261,000 (30th June, 2003: HK\$190,000,000) and HK\$13,000,000 (30th June, 2003: HK\$8,000,000).

In addition, the Group and the Company have given guarantees in respect of mortgage loans provided by banks to the home buyers of a property project in the PRC. At 31st December, 2003, the Group and the Company had a maximum amount of mortgage loans which were subject to these guarantees of HK\$606,259,000 (30th June, 2003: HK\$488,322,000) and HK\$15,526,000 (30th June, 2003: HK\$15,597,000), respectively.

## 16. CAPITAL COMMITMENTS

	<b>The Group</b>	
	<b>Unaudited At 31st December, 2003 HK\$'000</b>	<b>Audited At 30th June, 2003 HK\$'000</b>
Capital expenditure contracted for but not provided in the financial statements for the construction and other fees to be paid in respect of properties under development	<b>117,117</b>	175,296



# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31st December, 2003

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## 17. RELATED PARTY TRANSACTIONS

During the period, the Group has entered into the following transactions with related companies:

	<b>Unaudited Six months ended 31st December,</b>	
	<b>2003</b>	<b>2002</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Rental income received <i>(note a)</i>	<b>74</b>	84
Rental and management fees paid <i>(note a)</i>	<b>693</b>	715
Consultancy service fees paid <i>(note a)</i>	<b>—</b>	500

The outstanding balances with these related companies and minority shareholders at 31st December, 2003 were as follows:

	<b>Unaudited At 31st December, 2003</b>	<b>Audited At 30th June, 2003</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Amounts due from related companies included in trade and other receivables <i>(note b)</i>	<b>2,341</b>	2,077
Amounts due from minority shareholders <i>(note b)</i>	<b>4,828</b>	4,775
Amounts due to related companies included in trade and other payables <i>(note b)</i>	<b>1,152</b>	654

*Notes:*

- The transactions were carried out based on the contractual agreements made between both parties and were at market price.*
- The amounts are unsecured, interest free and repayable on demand.*

The related companies are companies in which certain Directors have common directorship.