



悦達控股有限公司  
Yue Da Holdings Limited



# Interim Results-----

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## RESULTS

The Board of Directors of Yue Da Holdings Limited (the “Company”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30th June 2002 as follows:

	Notes	Six months ended 30th June,	
		2002 RMB'000 (unaudited)	2001 RMB'000 (unaudited) (note 1)
Gross toll		36,090	37,029
Less: Business tax and local government levies		(1,827)	(1,743)
Net toll		34,263	35,286
Operating costs		(16,756)	(17,439)
		17,507	17,847
Other revenue		295	32
Administrative expenses		(5,179)	(2,023)
Profit from operations	5	12,623	15,856
Interest expenses		(2,185)	(6,178)
Profit before tax		10,438	9,678
Income tax expenses	6	(1,875)	(1,251)
Profit before minority interests		8,563	8,427
Minority interests		(1,546)	(797)
Net profit for the period		7,017	7,630
Dividends	7	—	41,982
Earnings per share — basic	8	3.5 cents	5.5 cents

There were no recognised gains or losses other than the net profit for the period.

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**CONDENSED CONSOLIDATED BALANCE SHEET**

At 30th June, 2002

	Notes	30th June, 2002 RMB'000 (unaudited)	31st December, 2001 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	420,981	429,981
Goodwill		884	964
		<b>421,865</b>	430,945
<b>CURRENT ASSETS</b>			
Deposits and other receivables		1,014	1,072
Amount due from a joint venture partner of a subsidiary		785	—
Taxation recoverable		4	428
Bank balances and cash		67,883	64,233
		<b>69,686</b>	65,733
<b>CURRENT LIABILITIES</b>			
Accruals and other payables		3,798	12,779
Amount due to a fellow subsidiary	14	125	125
Amounts due to joint venture partners of subsidiaries		3,049	4,559
Taxation payable		396	601
Unsecured short-term bank borrowings	10	15,000	15,000
Unsecured short-term other borrowings	11	11,603	7,735
		<b>33,971</b>	40,799

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**CONDENSED CONSOLIDATED BALANCE SHEET (continued)**

At 30th June, 2002

		30th June, 2002	31st December, 2001
	Notes	RMB'000 (unaudited)	RMB'000 (audited)
NET CURRENT ASSETS		<u>35,715</u>	24,934
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>457,580</u>	455,879
MINORITY INTERESTS		<u>89,074</u>	88,491
NON-CURRENT LIABILITIES			
Unsecured long-term other borrowings	11	75,655	79,523
Advance from a joint venture partner of a subsidiary		4,364	6,982
Deferred taxation		<u>4,230</u>	3,643
		<u>84,249</u>	90,148
		<u>284,257</u>	277,240
CAPITAL AND RESERVES			
Share capital	12	21,000	21,000
Reserves	13	<u>263,257</u>	256,240
		<u>284,257</u>	277,240

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the Six Months Ended 30th June, 2002

	Six months ended	
	30th June, 2002 RMB'000 (unaudited)	30th June, 2001 RMB'000 (unaudited) (note 1)
Net cash from operating activities	<b>10,829</b>	16,581
Net cash (used in) from investing activities	<b>(2,088)</b>	33,649
Net cash used in financing activities	<b>(5,091)</b>	(49,232)
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Net increase in cash and cash equivalents	<b>3,650</b>	998
Cash and cash equivalents at beginning of the period	<b>64,233</b>	9,867
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Cash and cash equivalents at end of the period represented by bank balances and cash	<b>67,883</b>	10,865
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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. General

Yue Da Holdings Limited was incorporated and registered as an exempted company in the Cayman Islands under the Companies Law of the Cayman Islands on 21st June, 2001.

Pursuant to a group reorganisation (the “Group Reorganisation”) to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) in preparation for the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company has since 12th November, 2001 become the holding company of the companies now comprising the Group. Details of the Group Reorganisation are set out in the prospectus dated 19th November, 2001 issued by the Company.

The shares of the Company were listed on the Stock Exchange with effect from 29th November, 2001.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the condensed consolidated income statement and the condensed consolidated cash flow statement for the six months ended 30th June, 2001 have been prepared using the principles of merger accounting in accordance with Statement of Standard Accounting Practice (“SSAP”) No. 27 “Accounting for Group Reconstructions” issued by the Hong Kong Society of Accountants.

### 2. Basis of Preparation

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with SSAP 25 “Interim Financial Reporting”.

### **3. Principal Accounting Policies**

The condensed financial statements have been prepared under the historical cost convention. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2001, except as described below.

In the current period, the Group had adopted, for the first time, a number of new and revised SSAPs issued by the Hong Kong Society of Accountants, which has resulted in the adoption of the following new and revised accounting policies. The adoption of these Standards has resulted in a change in the format of presentation of the financial statements, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

#### *Cash Flow Statements*

In the current period, the Group has adopted SSAP 15 (Revised) "Cash Flow Statements". Under SSAP 15 (Revised), cash flows are classified under the three headings — operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as operating or financing cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities.

### **4. Segment Information**

The Group is solely engaged in the management and operation of highways in the People's Republic of China (the "PRC"). All the identifiable assets of the Group are located in the PRC.

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## 5. Profit From Operations

	Six months ended	
	30th June, 2002	30th June, 2001
	RMB'000	RMB'000

Profit from operations has been arrived at after charging (crediting):

Amortisation of goodwill (included in administrative expenses)	80	80
Depreciation and amortisation of property, plant and equipment	10,354	9,701
Interest income	(61)	(32)
	<u>10,373</u>	<u>9,649</u>

## 6. Income Tax Expenses

	Six months ended	
	30th June, 2002	30th June, 2001
	RMB'000	RMB'000
PRC income tax	1,288	584
Deferred taxation	587	667
	<u>1,875</u>	<u>1,251</u>

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Pursuant to relevant laws and regulations in the PRC, the Group's PRC subsidiaries are entitled to an exemption from PRC income tax for the two years starting from their first profit-making year, followed by a 50% tax relief for



the next three years. The reduced tax rate for the relief period is 7.5%. The charge of PRC income tax for both periods has been provided for after taking these tax incentives into account. A PRC subsidiary of the Company was still within the PRC income tax relief period for both periods while another PRC subsidiary was subject to PRC income tax at the full tax rate of 15% starting from the current period.

The effective income tax rate of the Group for the current period is 18% (six months ended 30th June, 2001: 13%). The major reconciling item is the losses incurred by certain members of the Group for which no deferred taxation is recognised as it is uncertain whether the potential tax benefits will be recognised in the foreseeable future.

## **7. Dividends**

For the six months ended 30th June, 2001, certain subsidiaries of the Company declared dividends with an aggregate amount of RMB44,239,000 to their then shareholders prior to the Group Reorganisation. The portion of dividends deemed attributable to the Company was RMB41,982,000.

No dividends were paid during the period. The directors do not recommend the payment of any interim dividend.

## **8. Earnings Per Share**

The calculation of the basic earnings per share for the six months ended 30th June, 2002 is based on the net profit for the period of RMB7,017,000 and on the 200,000,000 shares in issue during the period.

The calculation of the basic earnings per share for the six months ended 30th June, 2001 is based on the net profit for that period of RMB7,630,000 and on the 140,000,000 shares that would have been in issue during that period if the Group Reorganisation had been completed on 1st January, 2001.

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No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares in issue.

## **9. Property, Plant and Equipment**

During the period, the Group incurred cost for construction in progress of RMB560,000 and acquired other items of property, plant and equipment at a cost of RMB872,000.

## **10. Unsecured Short—Term Bank Borrowings**

During the period, the Group renewed short-term bank loans in the amount of RMB10,000,000 for general working capital purposes.

## **11. Unsecured Other Borrowings**

During the period, the interest rate of a loan from the joint venture partner of a subsidiary was changed from 11.7% to 7.488% per annum. At 30th June, 2002, the total outstanding amount of the loan from the joint venture partner of the subsidiary was RMB43,698,000, of which RMB11,603,000 is due within the next twelve months and hence is classified as short-term other borrowing.

Included in the unsecured other borrowings is a long-term loan from the joint venture partner of another subsidiary which carried no interest. At 30th June, 2002, the outstanding amount of the loan from the joint venture partner of the subsidiary was RMB43,560,000.

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**12. Share Capital**

	Number of shares	HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
On date of incorporation	1,000,000	100
Increase during the period	1,999,000,000	199,900
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At 31st December, 2001 and 30th June, 2002	2,000,000,000	200,000
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
Issue of share to initial subscriber	1	—
Issue of further shares before Group Reorganisation	999,999	—
Issue of shares on Group Reorganisation	1,000,000	200
Issue of shares by capitalisation of share premium account (the “Capitalisation Issue”)	138,000,000	13,800
Issue of shares to the public	60,000,000	6,000
	<hr/>	<hr/>
At 31st December, 2001 and 30th June, 2002	200,000,000	20,000
	<hr/> <hr/>	<hr/> <hr/>
Shown in the balance sheet as		<u>RMB21,000,000</u>

There were no movements in share capital of the Company for the period.

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**13. Reserves**

	Share premium RMB'000	Non- distributable reserves RMB'000	Special reserves RMB'000	Accumulated profits RMB'000	Total RMB'000
At 1st January, 2001	—	(1,179)	102,516	104,534	205,871
Net profit for the period	—	—	—	7,630	7,630
Transfers	—	52	—	(52)	—
Dividends	—	—	—	(41,982)	(41,982)
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At 30th June, 2001	—	(1,127)	102,516	70,130	171,519
Premium arising on issue of shares to the public	49,770	—	—	—	49,770
Surplus arising from capitalisation of an amount due from a fellow subsidiary	—	—	40,172	—	40,172
Expenses incurred in connection with the issue of shares	(19,383)	—	—	—	(19,383)
Transfer upon Capitalisation Issue	(14,490)	—	14,490	—	—
Net profit for the period	—	—	—	14,162	14,162
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At 31st December, 2001	15,897	(1,127)	157,178	84,292	256,240
Net profit for the period	—	—	—	7,017	7,017
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At 30th June, 2002	15,897	(1,127)	157,178	91,309	263,257
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#### 14. Related Party Transactions and Balance

During the period, the Group had significant transactions and balance with certain related parties as follows:

(i) *Transactions*

Related parties	Nature of transactions	Notes	Six months ended	
			30th June, 2002 RMB'000	30th June, 2001 RMB'000
Fellow subsidiary	Interest expenses	(a)	—	2,874
Associate of ultimate holding company	Rentals paid on land and buildings	(b)	250	250

(ii) *Balance*

Related party	Nature of balance	Note	30th June, 2002	31st December, 2001
			RMB'000	RMB'000
Fellow subsidiary	Other payable by the Group	(c)	125	125

Notes:

- (a) The interest was charged at 11.7% per annum on the outstanding principal.
- (b) The rentals was charged in accordance with the relevant tenancy agreement.
- (c) The amount was unsecured, interest-free and has no fixed repayment terms.

**FINANCIAL PERFORMANCE**

For the six months ended 30th June 2002, the turnover of the Group was RMB36,090,000, a slight decrease of approximately 2.5% from RMB37,029,000 of the same period last year. The unaudited profit attributable to shareholders was RMB7,017,000, a decrease of approximately 8% from RMB7,630,000 of the same period last year, and the basic earnings per share was RMB3.5 cents. As at 30th June, 2002, the cash on hand was RMB67,883,000, an increase of approximately 5.7% from RMB64,233,000 as at 31st December, 2001.

**INTERIM DIVIDEND**

The Board of Directors did not recommend the payment of an interim dividend for the period ended 30th June 2002.

**INDUSTRY OVERVIEW**

During the period under review, the PRC's economy saw a steady growth with GDP amounting to approximately RMB4,553.6 billion, an increase of 7.8% over the corresponding period in 2001. According to the latest statistics from the Ministry of Communications of the PRC, the total length of highways in the PRC was 19,000 kilometres as at the end of 2001, ranked second in the world. According to a forecast made by the Composite Transport Research Institute of the State Development Planning Commission, the total length of highways in the PRC will reach 35,000 kilometres in 2010. With the accession of the PRC to the WTO, its tariff and quota on vehicles will gradually be lifted, and the number of imported vehicles is expected to increase. Against this macro-economic background, and taking into account the incentive for purchase of vehicles created by a decrease in vehicle cost, it is believed that there will be a corresponding surge in the use of highways.

It should also be noted that the economic development following PRC's WTO accession is a long term process, bringing about both opportunities and challenges. There will be keener competition in the highway industry as a result of the improvement of the highway networks.

## **BUSINESS REVIEW**

### **National Highway 106 — the Wen An Section in Hebei Province**

In 2001, the GDP of Hebei was RMB557.8 billion, representing an increase of 8.7% over the previous year. Its GDP remained higher than the national level. The GDP of Langfang City in 2001 was RMB41.3 billion, representing an increase of approximately 11%, being the largest increase recorded in the Province.

During the period under review, the traffic of the Wen An Section remained stable despite the diversion impact of the highways in the surrounding areas. The average monthly traffic volume was 213,804 vehicles, and the amount of toll receipts for the first half of the year was RMB18,919,778, representing a slight decrease of approximately 4% from RMB19,700,455 of the same period last year.

### **National Highway 204 — the Xin Fu Section in Jiangsu Province**

Occupying only 1% of the national area and having only 6% of the national population, Jiangsu Province's total economic output in 2001 accounted for 10% of the national GDP. The Province was one of the areas with the most rapid economic development and strong attractions for investors in the PRC. The rapid economic development gave rise to demand for infrastructure facilities and communications.

In 2001, the GDP of Jiangsu was approximately US\$115 billion, ranked second nationwide. Its annual growth rate was 12.3%.

During the period, which was similar to the last year, the average monthly traffic volume of the Xin Fu Section was 233,952 vehicles, and the amount of toll receipts for the first half of the year was RMB17,170,311, representing a slight decrease of approximately 0.9% from RMB17,328,953 of the same period last year.

**Toll Collection System**

The electronic monitoring systems at Xinxing and Shizhuang toll stations in the Xin Fu Section will commence operation this year. The system will further enhance the service quality of the highways in the Xin Fu Section.

**Repairs, maintenance and supporting facilities**

During the period under review, regular repairs and maintenance works were carried out in both the Wen An and the Xin Fu Sections to ensure the quality of the highways.

**PROSPECTS**

As at 30th June, 2002, since the toll collection model of Chongqing Sino-Portuguese Bridge Company Limited had changed, no agreement had been reached in respect of the Chongqing Sino-Portuguese acquisition project, and approximately RMB36,680,000 of net proceeds from the share offer were kept in a bank temporarily. During the first half of the year, the management devoted considerable efforts and resources to contact, study and research on a number of infrastructure investment projects that suit the Group's business plan. After in-depth and detailed analysis, some projects with more favourable conditions were selected, and following that, feasibility studies commenced.

It is expected that in the second half of the year, whilst strengthening its core highway business, the Group will continue to study further and, if possible, implement the infrastructure projects selected in the first half of the year. In addition, to seize the substantial business opportunities arising from the WTO accession, the Group will further optimize the Company's resources allocation, improve its operational structure,



and enhance the professionalism of its staff. Moreover, the Group will continue to search for new investment opportunities, safeguard the interests of shareholders and bring better return to investors under a proactive yet prudent business development strategy.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30th June, 2002, the Group's current assets were RMB69,686,000 in value, and the total value of its net asset was RMB284,257,000. Its short-term bank borrowings was RMB15,000,000, and other borrowings totaled RMB87,258,000. The Group's gearing ratio (total liabilities/total assets) was 24%.

The Group's monetary assets, liabilities and transactions are mainly denominated in Hong Kong dollars, Renminbi and US dollars. As Hong Kong dollars is pegged to the United States dollars, and there is no significant fluctuation in the exchange rate between Hong Kong dollars and Renminbi, the Group believes that the risk of exposure to exchange rate is minimal.

As at 30th June, 2002, the Company did not have any outstanding guarantee or pledge other than a guarantee for RMB15,000,000 given in respect of a bank loan made to one of its subsidiaries.

## *Other Information-----*

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### **MAJOR SHAREHOLDERS**

According to the register of shareholders maintained by the Company in accordance with Section 16 (1) of the SDI Ordinance the following persons were interested in 10% or more of the share capital of the Company as at 30th June, 2002:

<b>Name</b>	<b>No. of Shares</b>	<b>Shareholding Percentage</b>
Yue Da Group (H.K.) Co., Limited	140,000,000	70%
Jiangsu Yue Da Group Company Limited (Note)	140,000,000	70%

Note: The entire interests in Yue Da Group (H.K.) Co., Limited were beneficially owned by Jiangsu Yue Da Group Company Limited, which should therefore, under the SDI Ordinance, be deemed to be in the beneficial interests owned by Yue Da Group (H.K.) Co., Limited in the shares of the Company.

In addition to the above, as at 30th June, 2002, the Company was not aware of any other person who owned 10% or more of the issued share capital of the Company.

### **STAFF AND REMUNERATION POLICIES**

As at 30th June, 2002, the Group had a total of 287 full-time staff, in the PRC and Hong Kong to carry out management, business development, administration and toll collection work under the respective departments. The management enacted and reviewed the remuneration policy regularly on the basis of staff performance and experience, as well as the prevailing practice in the industry. During the period under review, the Group provided different training programs on the necessary business and skills to its management members and staff at various levels.

### **REPURCHASE, SALE AND REDEMPTION OF THE SHARES OF THE COMPANY**

During the six months ended 30th June, 2002, the Company and its subsidiaries did not repurchase, sell or redeem any shares of the Company.

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**PROVISIONS OF THE CODE OF BEST PRACTICE**

The Directors consider that they were in compliance with the Code of Best Practice set out in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the “Listing Rule”) during the six months ended 30th June, 2002.

**AUDIT COMMITTEE**

The Audit Committee has reviewed with management and external auditors, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including review of the unaudited interim financial statements.

By Order of the Board  
**Hu Youlin**  
*Chairman*

Hong Kong, 19th September, 2002