

The Board of Directors (the “Directors”) are pleased to present the Interim Report and condensed accounts of Berjaya Holdings (HK) Limited (the “Company”) and its subsidiaries (the “Group”) for the six months ended 31st October 2002. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 31st October 2002 and the consolidated balance sheet as at 31st October 2002 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 1 to 10 of this report.

UNAUDITED CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 31ST OCTOBER 2002

		Unaudited	
		Six months ended	
		31st October	
		2002	2001
	<i>Note</i>	HK\$'000	HK\$'000
Turnover	3	949	1,222
Administrative expenses		(1,484)	(2,290)
Other (expenses) revenue, net		(2,652)	156
Operating loss	4	(3,187)	(912)
Finance costs		(2,032)	(817)
		(5,219)	(1,729)
Share of profit of an associated company		103	141
Loss before taxation		(5,116)	(1,588)
Taxation	5	–	–
Loss before minority interests		(5,116)	(1,588)
Minority interests		1	2
Loss attributable to shareholders		(5,115)	(1,586)
Loss per share – basic	6	(0.87 cents)	(0.27 cents)
Loss per share – diluted	6	(0.87 cents)	(0.27 cents)

UNAUDITED CONSOLIDATED BALANCE SHEET

AS AT 31ST OCTOBER 2002

	Note	Unaudited As at 31st October 2002 HK\$'000	Audited As at 30th April 2002 HK\$'000
ASSETS			
Current assets:			
Cash and bank deposits		427	1,190
Debtors, prepayments and deposits	7	506	1,121
Other investments		1,687	2,804
		<u>2,620</u>	<u>5,115</u>
Non-current assets:			
Fixed assets, net		47,111	47,213
Land pending development		65,000	65,000
Interest in an associated company		11,948	11,845
Interest in non-consolidated subsidiaries		—	—
Investment securities		295	295
Amounts due from shareholders	10	557	557
		<u>124,911</u>	<u>124,910</u>
Total assets		<u>127,531</u>	<u>130,025</u>
LIABILITIES AND EQUITY			
Current liabilities:			
Current portion of long-term bank loan – secured	9	1,927	1,718
Creditors and accrued liabilities	8	8,090	7,865
Amount due to a related company	10	—	1,288
Interest payable to related companies	10	325	210
Interest payable to shareholders	10	3,486	2,196
Rental deposits received		589	571
		<u>14,417</u>	<u>13,848</u>
Non-current liabilities:			
Advances from minority shareholders of a subsidiary, net		2,178	2,179
Long-term bank loan – secured	9	14,090	14,999
Loans from related companies	10	5,075	2,586
Loans from shareholders	10	30,030	29,557
		<u>51,373</u>	<u>49,321</u>
Capital and reserves:			
Share capital		118,210	118,210
Reserves		13,038	13,038
Accumulated losses		(69,507)	(64,392)
Shareholders' funds		<u>61,741</u>	<u>66,856</u>
Total liabilities and equity		<u>127,531</u>	<u>130,025</u>

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31ST OCTOBER 2002

	Unaudited Six months ended 31st October	
	2002 HK\$'000	2001 HK\$'000
Net cash outflow to operating activities	(197)	(1,550)
Net cash inflow from investing activities	–	51
Net cash (outflow to) inflow from financing activities	(566)	1,879
(Decrease) Increase in cash and bank deposits	(763)	380
Cash and bank deposits at 1st May	1,190	1,373
Cash and bank deposits at 31st October	427	1,753

UNAUDITED CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST OCTOBER 2002

	Share capital HK\$'000	Share premium HK\$'000	Unaudited Revaluation reserves			Exchange translation reserve HK\$'000	Accu- mulated losses HK\$'000	Total HK\$'000
			Investment properties HK\$'000	Leasehold land and building HK\$'000				
At 1st May 2002	118,210	12,282	–	–	756	(64,392)	66,856	
Loss for the period	–	–	–	–	–	(5,115)	(5,115)	
At 31st October 2002	<u>118,210</u>	<u>12,282</u>	<u>–</u>	<u>–</u>	<u>756</u>	<u>(69,507)</u>	<u>61,741</u>	

	Share capital HK\$'000	Share premium HK\$'000	Unaudited Revaluation reserves			Exchange translation reserve HK\$'000	Accu- mulated losses HK\$'000	Total HK\$'000
			Investment properties HK\$'000	Leasehold land and building HK\$'000				
At 1st May 2001	118,210	12,282	29	589	756	(38,058)	93,808	
Loss for the period	–	–	–	–	–	(1,586)	(1,586)	
At 31st October 2001	<u>118,210</u>	<u>12,282</u>	<u>29</u>	<u>589</u>	<u>756</u>	<u>(39,644)</u>	<u>92,222</u>	

Note:

- (i) As of 31st October 2002, the Company had no reserve available for distribution.

NOTES TO THE UNAUDITED CONDENSED INTERIM ACCOUNTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited consolidated condensed interim accounts are prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Statement of Standard Accounting Practice ("SSAP") 25 (revised) "Interim Financial Reporting" issued by the Hong Kong Society of Accountants (the "HKSA").

These unaudited condensed consolidated interim accounts should be read in conjunction with the annual accounts of the Group for the year ended 30th April 2002 (the "Annual Accounts").

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim accounts are consistent with those used in the Annual Accounts except that the Group has changed certain of its accounting policies following the 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

For the six months ended 31st October 2002, the adoption of the above new accounting standards did not have material impact on the reported financial position or results of the Group other than the changes in the format of presentation of the condensed consolidated cash flow statement and the consolidated statement of changes in equity.

2. BASIS OF CONSOLIDATION

The unaudited consolidated interim results of the Group include the results of the Company and its subsidiaries for the six months ended 31st October 2002. All significant intra-group transactions and balances have been eliminated on consolidation.

The results of operation and net assets of a subsidiary, Zhong Freight Limited ("Zhong Freight"), have not been consolidated because the directors are of the opinion that the Company has no control over Zhong Freight as Zhong Freight was in liquidation.

Investment in unconsolidated subsidiaries is stated at cost less provision for any impairment in value. Income from the unconsolidated subsidiaries is accounted for to the extent of dividends declared.

3. SEGMENT INFORMATION

The Group is principally engaged in property letting and investment holding.

An analysis of the Group's turnover and results for the period by business segments (primary reporting segment) is as follows:

	Unaudited		
	Six months ended 31st October 2002		
	Property letting	Investment holding	Consolidated total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	<u>949</u>	<u>–</u>	<u>949</u>
Segment results	<u>(1,075)</u>	<u>(2,112)</u>	<u>(3,187)</u>
Finance costs			(2,032)
Share of profit of an associated company			<u>103</u>
Loss before taxation			(5,116)
Taxation			–
Minority interests			<u>1</u>
Loss attributable to shareholders			<u>(5,115)</u>
	Unaudited		
	Six months ended 31st October 2001		
	Property letting	Investment holding	Consolidated total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	<u>1,222</u>	<u>–</u>	<u>1,222</u>
Segment results	<u>(899)</u>	<u>(13)</u>	<u>(912)</u>
Finance costs			(817)
Share of profit of an associated company			<u>141</u>
Loss before taxation			(1,588)
Taxation			–
Minority interests			<u>2</u>
Loss attributable to shareholders			<u>(1,586)</u>

3. SEGMENT INFORMATION (CONTINUED)

There are no sales or other transactions between the business segments.

Although the Group's two business segments are managed on a worldwide basis, they operate in two main geographical areas:

Hong Kong – property letting

Malaysia – property letting and investment holding

An analysis of the Group's turnover and contribution to operating loss for the period by geographical segment (secondary reporting segment) is as follows:

Geographical segment:	Unaudited Turnover		Unaudited Operating loss	
	6 months ended 31st October		6 months ended 31st October	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	720	982	(1,147)	(897)
Malaysia	229	240	(1,045)	(15)
Other	–	–	(995)	–
	<u>949</u>	<u>1,222</u>	<u>(3,187)</u>	<u>(912)</u>

4. OPERATING LOSS

Operating loss is stated after charging unrealised loss on other investments amounting to approximately HK\$1,117,000 (2001: HK\$12,000) and depreciation expenses on fixed assets of approximately HK\$102,000 (2001: HK\$137,000).

5. TAXATION

The Company has no estimated assessable profit for Hong Kong and overseas profits tax purposes for the period. Potential deferred tax asset arising from cumulative tax losses as at 31st October 2002 has not been recognised in the unaudited condensed consolidated interim accounts.

6. LOSS PER SHARE

The calculation of basic loss per share is based on the unaudited consolidated loss attributable to shareholders for the six months ended 31st October 2002 of approximately HK\$5,115,000 (2001: HK\$1,586,000) and on the weighted average of 591,047,975 ordinary shares in issue throughout the six months ended 31st October 2002 (2001: 591,047,975 ordinary shares).

At 31st October 2002 and 2001, there were no dilutive financial instruments (such as share options and warrants) outstanding and therefore, the diluted loss per share for both periods is the same as the basic loss per share.

7. DEBTORS, PREPAYMENTS AND DEPOSITS

(a) Debtors, prepayments and deposits comprise:

	Unaudited As at 31st October 2002 HK\$'000	Audited As at 30th April 2002 HK\$'000
Trade debtors	47	58
Other debtors	–	561
Prepayments and deposits	459	502
	<u>506</u>	<u>1,121</u>

(b) Analysis of aging of trade debtors is as follows:

	Unaudited As at 31st October 2002 HK\$'000	Audited As at 30th April 2002 HK\$'000
Not over 3 months	47	52
3 months and over	–	6
	<u>47</u>	<u>58</u>

The Group grants a credit period of 15 days to the trade debtors.

8. CREDITORS AND ACCRUED LIABILITIES

(a) Creditors and accrued liabilities comprise:

	Unaudited As at 31st October 2002 HK\$'000	Audited As at 30th April 2002 HK\$'000
Trade creditors	–	–
Other creditors	7,468	7,413
Accrued liabilities	622	452
	<u>8,090</u>	<u>7,865</u>

(b) No aging analysis of trade creditors is presented as there was no balance as at 31st October 2002 and 30th April 2002 respectively.

9. LONG-TERM BANK LOAN – SECURED

At 31st October 2002, the Group's secured long-term bank loan which bears interests at Hong Kong Dollar prime lending rate plus 2.5 percent per annum was repayable as follows:

	Unaudited As at 31st October 2002 HK\$'000	Audited As at 30th April 2002 HK\$'000
Within one year	1,927	1,718
In the second year	1,926	1,854
In the third to fifth year	6,738	6,487
After the fifth year	5,426	6,658
	<u>16,017</u>	<u>16,717</u>

10. RELATED PARTY TRANSACTIONS

- (a) The amounts due from shareholders are unsecured, non-interest bearing and are not repayable within the next twelve months.
- (b) The amount due to a related company is unsecured, non-interest bearing and has no fixed repayment terms.

10. RELATED PARTY TRANSACTIONS (CONTINUED)

- (c) The loans from related companies and shareholders which bear interests at Hong Kong Dollar prime lending rate plus 3 percent per annum, are unsecured and not repayable within the next twelve months.
- (d) The interest payable to related companies and shareholders which bear interests at Hong Kong Dollar prime lending rate plus 3 percent per annum, are unsecured and have no fixed repayment terms.

11. ADDITIONAL FINANCIAL INFORMATION ON UNAUDITED CONSOLIDATED BALANCE SHEET

At 31st October 2002, the net current liabilities of the Group amounted to approximately HK\$11,797,000 (30th April 2002: HK\$8,733,000). On the same date, the total assets less current liabilities of the Group was approximately HK\$113,114,000 (30th April 2002: HK\$116,177,000).

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 31st October 2002, the Group recorded a loss of approximately HK\$5.1 million compared to a loss of approximately HK\$1.6 million for the six months ended 31st October 2001. This is primarily due to the unrealised loss on the investment listed overseas of approximately HK\$1.1 million in the current period compared to HK\$12,000 in the previous period. The Group continued to generate stable rental income from investment properties.

There had been no significant changes in the Group's performance since the latest annual report for the year ended 30th April 2002. There were also no acquisitions and disposals of subsidiaries and associated companies within the Group during the six months ended 31st October 2002.

Management believes that the Group will continue to have an adequate working capital. Other than normal operating cash flow, there is no significant cash requirement in the year to 30th April 2003. As of 31st October 2002, the Group had outstanding bank loan of approximately HK\$16.0 million (30th April 2002: HK\$16.7 million). Such bank loan was secured by certain of the investment properties and leasehold land and buildings of the Group located in Hong Kong with a net book value of approximately HK\$38.6 million (30th April 2002: HK\$38.6 million). In addition to the bank loans, the Group also has outstanding loans from related companies of approximately HK\$5.1 million (30th April 2002: HK\$2.6 million) and shareholders of approximately HK\$30.0 million (30th April 2002: HK\$29.6 million) which bear interests at Hong Kong Dollar prime lending rate plus 3 percent per annum. These loans are unsecured and not repayable within the next twelve months.

The gearing ratio for the Group as at 31 October 2002 is 25.9% (30th April 2002: 25.0%) which is calculated based on the total bank loan to the total shareholders' equity of the Group.

The Group's principal business activities have mainly consisted of property investments. Given the rapid developments in Shanghai particularly in the Pudong area, the Directors believe that the potential for the Shanghai land is good. In view of the thin turnover and the continuous losses for the previous years, the Directors will actively seek other new investment opportunities that will improve profitability and to provide growth for the Group.

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 31st October 2002 (six months ended 31st October 2001: Nil).

DETAILS OF THE CHARGES ON GROUP ASSETS

Certain investment properties and the leasehold land and building in Hong Kong with an aggregate carrying value of approximately HK\$38.6 million as at 31st October 2002 (30th April 2002: approximately HK\$38.6 million) have been mortgaged as securities for the Group's banking facilities.

CONTINGENT LIABILITIES

At 31st October 2002, the Group did not have any significant contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Directors' interests

At 31st October 2002, the following director of the Company had or was deemed to have interests under the provisions of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") in the Company or any associated corporation thereof (within the meaning of the SDI Ordinance) as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance:

Name of director	Type of interest	Number of ordinary shares of the Company
Tan Sri Dato' Tan Kok Ping	Personal	24,000,000

At no time during the period was the Company or its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial shareholders' interests

The register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that as at 31st October 2002, the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the director.

Name of shareholders	Number of ordinary shares	Percentage of shareholding
Berjaya Group Berhad (Note)	292,149,475	49.43%
Berjaya Group (Cayman) Limited (Note)	252,149,475	42.66%
Grandgroup Investments Limited	126,245,000	21.36%

Note: Berjaya Group Berhad's interests in the share capital of the Company include the interests of Berjaya Group (Cayman) Limited and Berjaya Leisure (Cayman) Limited, subsidiaries of Berjaya Group Berhad.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim report except as described below:

- (1) independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the provisions of the Company's Articles of Association; and
- (2) full board meetings have not been held as frequently as every six months as the directors consider meetings by circulation are sufficient.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited condensed accounts for the six months ended 31st October 2002 with the directors.

On behalf of the Board
Tan Sri Dato' Tan Kok Ping
 Chairman

Hong Kong, 7th January 2003