

1. Basis of preparation and significant accounting policies

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

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31 December 2002 except the change in accounting policy arising from the adoption of the new SSAP 12 "Income Taxes" during the period.

Under the new SSAP 12, deferred tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized. In prior year, deferred tax was accounted for at the current taxation rate in respect of 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. The adoption of the new SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

The effect of the change was a decrease in the opening retained earnings and an increase in reserves at 1 January 2003 amounting to HK\$997,000 (2002: an increase of HK\$8,669,000) and HK\$8,266,000 (2002: HK\$11,804,000) respectively. The profit and reserve movement for the period ended 30 June 2002 has been reduced by HK\$2,461,000 and HK\$32,000 respectively.

An associated company of the Group has made a prior year adjustment in respect of share of loss of its associated company. The Group's share of the prior year adjustment was a decrease in opening retained earnings at 1 January 2003 of HK\$5,905,000 (2002: HK\$5,905,000). There was no effect on the profit for the period ended 30 June 2002 and 2003.

1. 賬目編製之基準及重要會計政策

此等未經審核簡明綜合中期賬目(「中期賬目」)乃按照香港會計師公會頒布之香港會計實務準則(「會計準則」)第25號「中期財務報告」及香港聯合交易所有限公司上市規則附錄16而編製。

編製此等中期賬目所採用之會計政策及計算方法與編製二零零二年十二月三十一日止年度之全年賬目所採用者符合一致，惟期內因採納新會計準則第12號「所得稅」引致有會計政策改變。

在新會計準則第12號下，遞延稅項採用負債法就資產負債之稅基與它們在財務報表之賬面值兩者之暫時差異作全數撥備。遞延稅項資產乃就有可能將未來應課稅溢利與可動用之暫時差異抵銷而確認。往年度，遞延稅項乃因應就課稅而計算之盈利與賬目所示之盈利兩者間之時間差，根據預期於可預見將來支付或可收回之負債及資產而按現行稅率計算。採納新訂之會計準則第12號構成會計政策之變動並已追溯應用，故比較數字已重列以符合此改變之政策。

此改變對二零零三年一月一日之年初保留溢利及儲備之影響分別為減少997,000港元(二零零二年：增加8,669,000港元)及增加8,266,000港元(二零零二年：11,804,000港元)，截至二零零二年六月三十日期內之溢利及儲備變動分別減少2,461,000港元及32,000港元。

集團有一聯營公司就有關所佔其聯營公司虧損而作出上年度調整。集團佔此上年度調整是對於二零零三年一月一日之年初保留溢利減少5,905,000港元(二零零二年：5,905,000港元)，對截至二零零三年及二零零二年六月三十日期內之溢利並無影響。

2. Turnover and segment information

An analysis of the Group's turnover and contribution to profit before taxation by principal activities is as follows:

2. 營業額及分項資料

集團之營業額及除稅前溢利之貢獻按主要業務分析如下：

| | | Turnover For six months ended | | Contribution to profit before taxation For six months ended | |
|---|------------------|----------------------------------|--------------------|---|--------------------|
| | | 營業額 六個月結算至 | 除稅前溢利之貢獻 六個月結算至 | 營業額 六個月結算至 | 除稅前溢利之貢獻 六個月結算至 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 |
| Securities broking | 證券經紀 | 68,909 | 73,261 | (4,012) | (4,489) |
| Forex, bullion, commodities and futures | 外匯、黃金、商品及期貨 | 68,588 | 34,893 | 15,483 | 2,145 |
| Margin finance and other financing services | 證券放款及其他金融服務 | 61,064 | 56,314 | 5,113 | 8,614 |
| Term loans | 有期借款 | 44,150 | 85,919 | 37,664 | 50,723 |
| Corporate finance and others | 企業融資及其他 | 27,418 | 38,169 | 13,005 | 26,179 |
| | | 270,129 | 288,556 | 67,253 | 83,172 |
| Associated companies | 聯營公司 | | | | |
| Share of profits and losses | 所佔溢利及虧損 | | | 31,791 | 31,117 |
| Amortization of share of goodwill | 攤銷所佔商譽 | | | (412) | (1,225) |
| Amortization of goodwill on acquisition | 攤銷收購時所產生 之商譽 | | | (14,848) | (3,057) |
| Amortization of negative goodwill on acquisition | 攤銷收購時所產生 之負商譽 | | | 20,465 | 22,222 |
| | | | | 36,996 | 49,057 |
| Jointly controlled entity | 共同控制公司 | | | | |
| Share of profits and losses | 所佔溢利及虧損 | | | 1 | (4,891) |
| Amortization of share of goodwill | 攤銷所佔商譽 | | | - | (1,357) |
| | | | | 1 | (6,248) |
| | | | | 104,250 | 125,981 |

As both the turnover and contribution to profit before tax of securities dealing activity amounted to HK\$5,211,000 (2002: HK\$3,247,000) and HK\$4,472,000 (2002: HK\$1,962,000) were below 10% of the total, this segment was reclassified under securities broking activity in the current period and comparative figures were restated accordingly.

No analysis of geographical segments is presented as the contribution to turnover and results of operations outside Hong Kong is below 10%.

由於證券買賣業務之營業額5,211,000港元(二零零二年：3,247,000港元)及除稅前溢利之貢獻4,472,000港元(二零零二年：1,962,000港元)，均少於總數之10%，此分項於本期重新分類為證券經紀業務之下，而比較數字亦因而重列。

由於海外地區對營業額及業績之貢獻均少於10%，因此並無呈列經營地域之分項分析。

3. Operating profit after finance costs

3. 除融資成本後經營溢利

| | | For six months ended 六個月結算至 | |
|--|--|--------------------------------|------------------------------|
| | | 30.6.2003 HK\$'000 千港元 | 30.6.2002 HK\$'000 千港元 |
| Operating profit after finance costs is stated after crediting and charging the following: | 除融資成本後經營溢利已計入及扣除下列項目： | | |
| Crediting: | 計入下列收益： | | |
| Amortization of negative goodwill on acquisition of subsidiary companies | 攤銷收購附屬公司所產生之負商譽 | 1,402 | 1,408 |
| Interest income | 利息收入 | 73,735 | 119,815 |
| Loss arising from default of loan agreement with Millennium Touch Limited written back | 因 Millennium Touch Limited 未履行貸款協議而產生之虧損撥回 | 19,332 | - |
| Net unrealized profit on trading securities | 證券經營未兌現淨收益 | 276 | - |
| Profit on dealing in foreign currencies | 外匯買賣收益 | 5,953 | 4,922 |
| Profit on disposal of an associated company | 出售一聯營公司之溢利 | 1,146 | 2,001 |
| Profit on other dealing activities | 其他買賣活動收益 | 3,010 | 159 |
| Provision for doubtful debts written back | 呆賬準備撥回 | 3,938 | 1,471 |
| Realized profit on derivatives | 衍生工具已兌現收益 | 3,160 | - |
| Realized profit on trading securities | 證券經營已兌現收益 | - | 845 |
| Unrealized profit on derivatives | 衍生工具未兌現收益 | - | 81 |
| | | <hr/> | <hr/> |
| Charging: | 扣除下列支出： | | |
| Amortization of intangible assets | 攤銷無形資產 | 1,076 | 1,604 |
| Depreciation | 折舊 | | |
| - Owned fixed assets | - 自置固定資產 | 6,816 | 7,969 |
| - Leased fixed assets | - 租賃固定資產 | 256 | - |
| Interest expenses | 利息支出 | 3,675 | 12,054 |
| Loss on disposal of a jointly controlled entity | 出售一共同控制公司虧損 | 5,549 | - |
| Loss on disposal of fixed assets | 出售固定資產虧損 | 382 | 28 |
| Loss on disposal of other investments | 出售其他投資虧損 | 1,348 | - |
| Net realized loss on trading securities | 證券經營已兌現淨虧損 | 14 | - |
| Net unrealized loss on trading securities | 證券經營未兌現淨虧損 | - | 2,353 |
| Permanent impairment of other investments transferred from investment revaluation reserve | 撥自投資重估儲備之其他投資永久價值削減 | 1,200 | 4,760 |
| Provision for bad and doubtful debts | 呆壞賬準備 | 19,927 | 14,739 |
| Realized loss on derivatives | 衍生工具已兌現虧損 | - | 482 |
| | | <hr/> | <hr/> |

4. Taxation

4. 稅項

| | | For six months ended 六個月結算至 | |
|--|-------------|--------------------------------|------------------------------|
| | | 30.6.2003 HK\$'000 千港元 | 30.6.2002 HK\$'000 千港元 |
| Company and subsidiary companies | 本公司及附屬公司 | | |
| Hong Kong profits tax | 香港利得稅 | 6,144 | 9,304 |
| Overseas taxation | 海外稅項 | 3,039 | 576 |
| Deferred taxation (written back)/provided | 遞延稅項(撥回)/準備 | (1,769) | 2,778 |
| | | <u>7,414</u> | <u>12,658</u> |
| Associated companies | 聯營公司 | | |
| Hong Kong profits tax | 香港利得稅 | 643 | 5 |
| Overseas taxation provided/ (written back) | 海外稅項準備/(撥回) | 5,297 | (611) |
| Overseas deferred taxation | 海外遞延稅項 | 287 | 12,703 |
| | | <u>6,227</u> | <u>12,097</u> |
| | | <u>13,641</u> | <u>24,755</u> |

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits for the period.

香港利得稅準備是以期內估計應課稅溢利按稅率17.5%(二零零二年: 16%)計算。

Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

在其他地區繳付之稅項則根據集團於期內在該國家經營所得之估計應課稅溢利按該地之現行稅率計算。

5. Dividend

5. 股息

| | | For six months ended 六個月結算至 | |
|--|-----------------------------|--------------------------------|------------------------------|
| | | 30.6.2003 HK\$'000 千港元 | 30.6.2002 HK\$'000 千港元 |
| Proposed interim dividend of 2 cents per share (2002: 2 cents per share) | 擬派中期股息每股派2港仙(二零零二年: 每股派2港仙) | 24,955 | 30,084 |
| Adjustment to 2002 final dividend | 二零零二年末期股息之調整 | (4) | - |
| | | <u>24,951</u> | <u>30,084</u> |

6. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$90,672,000 (2002: HK\$101,147,000) and the weighted average number of 1,340,538,311 ordinary shares in issue during the period (2002: 1,504,223,465 ordinary shares).

No diluted earnings per share is presented for the period as there are no dilutive potential ordinary shares as at period end (2002: Nil).

6. 每股盈利

每股盈利之計算乃按期內股東應佔溢利 90,672,000 港元 (二零零二年: 101,147,000 港元) 及期內已發行普通股加權平均股數 1,340,538,311 股 (二零零二年: 普通股 1,504,223,465 股) 而計算。

於期末時，因無潛在攤薄盈利之普通股，故期內並無每股攤薄盈利 (二零零二年: 無)。

7. Other investments**7. 其他投資**

| | | 30.6.2003 | 31.12.2002 |
|---|--------------------------------|------------------|------------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Listed equity investments issued by corporate entities, at market value | 由企業發行之上市股權投資，按市值 | | |
| – Listed in Hong Kong | – 在香港上市 | 237,858 | 204,041 |
| – Listed outside Hong Kong | – 在香港以外上市 | 1,311 | 1,461 |
| | | 239,169 | 205,502 |
| Unlisted equity investments, at fair value | 非上市股權投資，按公平價值 | 228,108 | 238,900 |
| Club debentures, exchange participation rights and statutory deposits and other deposits with Exchange and Clearing companies | 會所會籍、交易所參與權、交易所及結算公司之法定按金及其他按金 | 30,941 | 19,480 |
| | | 498,218 | 463,882 |
| Add: amounts due from investee companies | 加：其他投資公司欠賬 | 103,542 | 106,789 |
| Less: provision for amount due from an investee company | 減：一其他投資公司欠賬準備 | (2,161) | (2,161) |
| | | 599,599 | 568,510 |
| Less: amount due to an investee company | 減：一其他投資公司貸賬 | – | (1,702) |
| | | 599,599 | 566,808 |

8. Cash and bank balances

8. 現金及銀行結存

| | | 30.6.2003 | 31.12.2002 |
|---------------------------|---------|------------------|------------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Cash and bank balances | 現金及銀行結存 | 244,584 | 194,822 |
| Fixed deposits with banks | 銀行定期存款 | 168,715 | 133,884 |
| | | 413,299 | 328,706 |

The Group maintains trust accounts with licensed banks to hold clients' deposits arising from normal business transactions. At 30 June 2003, trust accounts not otherwise dealt with in these accounts totaled HK\$1,406,756,000 (2002: HK\$944,695,000).

集團於持牌銀行設有信託戶口，為經營日常業務所需而持有客戶信託存款。於二零零三年六月三十日，並未包括於此賬目中之信託存款共1,406,756,000港元（二零零二年：944,695,000港元）。

9. Trade and other receivables

9. 經營及其他應收賬

| | | 30.6.2003 | | 31.12.2002 | |
|--|-----------------------|------------------|------------------|------------|-----------|
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 |
| Trade receivables | 經營應收賬 | | | | |
| Accounts receivable from brokers and clients | 應收經紀及客戶賬 | 556,157 | | 373,136 | |
| Less: provision | 減：準備額 | (40,895) | | (31,301) | |
| | | | 515,262 | | 341,835 |
| Secured margin loans | 有抵押證券放款 | 1,420,870 | | 1,146,503 | |
| Less: provision | 減：準備額 | (221,795) | | (196,026) | |
| | | | 1,199,075 | | 950,477 |
| Secured term loans * | 有抵押有期借款 * | 327,810 | | 592,112 | |
| Unsecured term loans | 無抵押有期借款 | 5,864 | | 5,864 | |
| Less: provision | 減：準備額 | (60,816) | | (60,816) | |
| | | | 272,858 | | 537,160 |
| | | | 1,987,195 | | 1,829,472 |
| Current portion of promissory notes and amounts due from a listed associated company | 一上市聯營公司於一年內到期之承諾票據及欠賬 | 220,954 | | 215,125 | |
| Interest receivable | 應收利息 | 1,549 | | 1,834 | |
| Other accounts receivable, deposits and prepayments | 其他應收賬、按金及預付費用 | 70,757 | | 20,912 | |
| | | | 2,280,455 | | 2,067,343 |

9. Trade and other receivables (continued)

- * On 24 November 1999, the Company entered into an agreement for the sale of 770 million shares in Tian An China Investments Company Limited ("Tian An") to Millennium Touch Limited ("MT"). These 770 million Tian An shares represented approximately 19.79% of the then issued share capital of Tian An and 9.07% of the issued share capital of Tian An as at 30 June 2003 (2002: 9.07%). MT paid 5% of the purchase price and entered into a loan agreement with the Group to finance the balance. As security for the loan agreement, MT entered into a share mortgage with the Group. The share mortgage provided that if there was default under the loan agreement, then the Group may enforce its security by, inter alia, selling the 770 million Tian An shares to discharge the indebtedness owed by MT to the Group or foreclosing on the shares. However, the Company has not exercised, and has forgone any entitlement to exercise any voting rights on these 770 million Tian An shares.

MT has defaulted under the loan agreement since 24 November 2000 and the Group wrote down the loan by accounting for an unrealized loss of HK\$134,124,000 in year 2000 by marking to market those 770 million Tian An shares at the closing market price of HK\$0.134 as at 31 December 2000. A further unrealized loss of HK\$10,110,000 was taken up in year 2002.

In August 2003, 650,000,000 Tian An shares were tendered for the share repurchase offer by Tian An and were accepted in full. The consideration of the shares repurchased amounting to HK\$97,402,500 (as to HK\$19,402,500 in cash and HK\$78,000,000 in the form of 5 years loan notes at an interest rate of 2.5% p.a. issued by Tian An) was received by the Group in 2 September 2003, resulting in a reduction of amount due from MT.

As a result of the above shares repurchase and by marking to market the remaining 120 million Tian An shares at the closing market price as at 30 June 2003 of HK\$0.125, unrealized loss adjustment of HK\$19,332,000 was written back to the profit and loss account. The amount due from MT after the aggregate unrealized loss as at 30 June 2003 was HK\$112,402,000 (2002: HK\$93,070,000) and was included in secured term loans.

9. 經營及其他應收賬(續)

- * 於一九九九年十一月二十四日，本公司與 Millennium Touch Limited (「MT」) 訂立協議，向MT出售770,000,000股天安中國投資有限公司(「天安」)股份。此770,000,000股天安股份佔當日天安發行股本約19.79%，佔二零零三年六月三十日天安發行股本約9.07% (二零零二年：9.07%)。MT繳付5%代價及與集團訂立一貸款協議以繳付餘款。MT與集團訂立股份按揭協議，以股份作為貸款抵押。股份按揭訂明若未能履行貸款協議，集團可執行其抵押，其中包括出售770,000,000股天安股份以償還MT欠集團的債務，或取消其贖回該股份之權利。然而，本公司並無行使任何有關此770,000,000股天安股份之表決權，及已經放棄行使該表決權之權利。

自二零零零年十一月二十四日後，MT未能履行貸款協議。按該770,000,000股天安股份於二零零零年十二月三十一日市場收市價每股0.134港元市值計算，集團於二零零零年計入未兌現虧損134,124,000港元以減低該貸款。於二零零二年再計入未兌現虧損10,110,000港元。

於二零零三年八月，就天安提出之股份回購建議，有650,000,000股天安股份交回並已全部被接納。集團於二零零三年九月二日收到股份回購之代價97,402,500港元(其中19,402,500港元為現金及餘下78,000,000港元為天安發行之五年期年利率2.5%之貸款票據)，引致MT所欠之款項減少。

由於以上股份回購及以餘下之120,000,000股天安股份以二零零三年六月三十日市場收市價每股0.125港元計算，有19,332,000港元之未兌現虧損調整撥回損益計算表中。於二零零三年六月三十日，計入所有未兌現虧損後，MT所欠之款項為112,402,000港元(二零零二年：93,070,000港元)並列於有抵押有期借款中。

9. Trade and other receivables (continued)

The ageing analysis of the trade receivables is as follows:

9. 經營及其他應收賬(續)

經營應收賬之賬齡分析如下：

| | | 30.6.2003 | 31.12.2002 |
|------------------|---------|------------------|------------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Current | 即期 | 1,893,722 | 1,743,546 |
| 30-60 days | 30-60 天 | 5,757 | 2,281 |
| 60-90 days | 60-90 天 | 3,844 | 1,052 |
| Over 90 days | 90 天以上 | 407,378 | 370,736 |
| | | 2,310,701 | 2,117,615 |
| Less: provisions | 減：準備額 | (323,506) | (288,143) |
| | | 1,987,195 | 1,829,472 |

There were listed securities, unlisted securities and properties of clients held as collateral against secured margin loans and term loans. The market value of the listed securities as at 30 June 2003 was HK\$3,939,003,000 (2002: HK\$3,531,596,000).

The credit of trade receivables including secured margin loans and secured term loans are approved and reviewed by either the Credit and Risks Management Committee or the Executive Committee. Clients are normally required to provide additional margin or securities whenever there are any shortfalls in their accounts.

Specific provisions are made for doubtful debts as and when they are considered necessary by the Credit and Risks Management Committee or the Executive Committee. Trade receivables in the balance sheet are stated net of such provisions.

集團持有客戶上市證券、非上市證券及物業作為有抵押證券放款及有抵押有期借款之抵押品。於二零零三年六月三十日，此等上市證券之市值為3,939,003,000港元(二零零二年：3,531,596,000港元)。

包括有抵押證券放款及有抵押有期借款的經營應收賬之信貸是由信貸及風險管理委員會或執行委員會批閱。當客戶戶口抵押不足時，一般要求客戶增加按金或抵押品以應付不足之數。

特定呆賬準備是因應信貸及風險管理委員會或執行委員會認為需要時提撥。經營應收賬是扣除此等準備列於資產負債表中。

10. Trading account securities

10. 證券經營賬

| | | 30.6.2003 HK\$'000 千港元 | 31.12.2002 HK\$'000 千港元 |
|---|------------------|------------------------------|-------------------------------|
| Equity securities listed in Hong Kong, at market value | 在香港上市之股權證券，按市值 | | |
| Issued by corporate entities | 由企業發行 | 5,005 | 5,101 |
| Issued by banks | 由銀行發行 | 1,257 | 1,390 |
| Issued by public utility entities | 由公營機構發行 | 21 | 23 |
| | | <u>6,283</u> | <u>6,514</u> |
| Equity securities listed outside Hong Kong, at market value | 在香港以外上市之股權證券，按市值 | | |
| Issued by corporate entities | 由企業發行 | 4,098 | 1,799 |
| Marketable debt securities | 有市值債務證券 | | |
| Issued by central government | 由中央政府發行 | 7,779 | 7,772 |
| Issued by banks | 由銀行發行 | - | 5,424 |
| | | <u>7,779</u> | <u>13,196</u> |
| Others | 其他 | 513 | 335 |
| | | <u>18,673</u> | <u>21,844</u> |

11. Bank loans and overdrafts

11. 銀行借款及透支

| | | 30.6.2003 HK\$'000 千港元 | 31.12.2002 HK\$'000 千港元 |
|---|----------------------|------------------------------|-------------------------------|
| Unsecured bank overdrafts | 無抵押銀行透支 | - | 23 |
| Secured bank overdrafts * | 有抵押銀行借款 * | 43,018 | - |
| Current portion of long term bank loans (note 16) | 一年內到期之長期銀行借款 (附註 16) | 5,849 | 5,787 |
| | | <u>48,867</u> | <u>5,810</u> |

* At 30 June 2003, listed investments belonging to the Group and clients with a total market value of HK\$833,171,000 (2002: HK\$761,412,000) were pledged to banks and financial institutions. The Group has also pledged leasehold properties with a total book value of HK\$32,000,000 to banks. Banking facilities of HK\$2,126,000,000 (2002: HK\$2,030,000,000) were available to the Group.

* 於二零零三年六月三十日，屬於集團及客戶之上市證券有抵押予銀行及財務機構，其總市值為833,171,000港元（二零零二年：761,412,000港元），集團亦有以賬面總值32,000,000港元之有租契物業抵押予銀行。集團可動用的信貸額為2,126,000,000港元（二零零二年：2,030,000,000港元）。

12. Trade and other payables

12. 經營及其他應付賬

| | | 30.6.2003 HK\$'000 千港元 | 31.12.2002 HK\$'000 千港元 |
|---|--------------------|------------------------------|-------------------------------|
| Accounts payable to brokers and clients | 應付經紀及客戶賬 | 665,718 | 478,658 |
| Other accounts payable and accruals | 其他應付賬及應付費用 | 204,503 | 200,833 |
| Current portion of obligation under a finance lease (note 16) | 一年內到期之融資租賃債務(附註16) | 870 | 850 |
| Trade payable to a listed associated company | 一上市聯營公司之經營應付賬 | 2,478 | - |
| | | 873,569 | 680,341 |
| The ageing analysis of accounts payable to brokers and clients is as follows: | 應付經紀及客戶賬之賬齡分析如下: | | |
| Current | 即期 | 627,089 | 465,233 |
| 30-60 days | 30-60 天 | 4,049 | 3,076 |
| 60-90 days | 60-90 天 | 24,514 | 1,676 |
| Over 90 days | 90 天以上 | 10,066 | 8,673 |
| | | 665,718 | 478,658 |

13. Share capital

13. 股本

| | | No. of shares of HK\$0.2 each 股數每股面值 0.2 港元 | | Amount 金額 | |
|---|-------------------------|--|----------------------|------------------------------|-------------------------------|
| | | 30.6.2003 | 31.12.2002 | 30.6.2003 HK\$'000 千港元 | 31.12.2002 HK\$'000 千港元 |
| Authorized: | 法定股本: | | | | |
| Balance brought forward and carried forward | 結餘承上及轉下 | 15,000,000,000 | 15,000,000,000 | 3,000,000 | 3,000,000 |
| Issued and fully paid: | 發行及繳足股本: | | | | |
| Balance brought forward | 結餘承上 | 1,504,223,465 | 1,504,223,465 | 300,845 | 300,845 |
| Shares repurchased by way of a general offer and cancelled | 以全面收購建議方式 回購及註銷股份 | (255,234,309) | - | (51,047) | - |
| Shares repurchased on The Stock Exchange of Hong Kong Limited and cancelled | 於香港聯合交易所有限 公司回購及註銷股份 | (520,000) | - | (104) | - |
| Balance carried forward | 結餘轉下 | 1,248,469,156 | 1,504,223,465 | 249,694 | 300,845 |

13. Share capital (continued)

In February 2003, the Company repurchased a total of 255,234,309 shares of the Company pursuant to a general offer at a price of HK\$1.30 per share (as to HK\$0.30 in cash and HK\$1.00 in loan note). The Company paid HK\$76,570,292.70 in cash and issued loan notes with a total face value of HK\$255,234,309 on 7 March 2003 to satisfy the consideration.

Subsequent to the above repurchase and up to 30 June 2003, the Company has repurchased a total of 520,000 shares of the Company on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$508,970.

13. 股本 (續)

於二零零三年二月，本公司按照全面收購建議以每股1.30港元回購共255,234,309股股份(其中0.30港元為現金及餘下1.00港元為貸款票據)。本公司於二零零三年三月七日付出現金76,570,292.70港元及發行總面值共255,234,309港元之貸款票據以支付其代價。

於上述回購後及截至二零零三年六月三十日，本公司亦有於香港聯合交易所有限公司回購總數520,000股股份，總代價為508,970港元。

14. Profit and loss account

14. 損益賬

| | | 30.6.2003 HK\$'000 千港元 | 31.12.2002 HK\$'000 千港元 |
|---|-----------------|------------------------------|-------------------------------|
| Balance as at 1 January, as previously reported | 一月一日結存，按以往列賬 | 2,247,170 | 2,085,538 |
| Prior year adjustments | 上年度調整 | | |
| – Adoption of new SSAP 12 | – 採納新會計準則第12號 | (997) | 8,669 |
| – Share of an associated company | – 所佔一聯營公司 | (5,905) | (5,905) |
| As restated | 重列 | 2,240,268 | 2,088,302 |
| Profit attributable to shareholders for the period/year | 本期／是年度股東應佔溢利 | 90,672 | 195,223 |
| Dividends paid | 股息支付 | (24,976) | (45,126) |
| Premium on shares repurchase | 回購股份之溢價 | (281,162) | – |
| Transfer to capital redemption reserve on shares repurchase | 就回購股份轉撥至資本贖回儲備 | (51,151) | – |
| Shares repurchase expenses | 回購股份之費用 | (1,399) | – |
| Transfer (to)/from capital reserve by associated companies | 聯營公司轉撥(至)／自資本儲備 | (195) | 1,869 |
| | | 1,972,057 | 2,240,268 |
| Representing: | 分列為： | | |
| Retained profits | 保留溢利 | 1,947,102 | 2,215,288 |
| Proposed dividend | 擬派股息 | 24,955 | 24,980 |
| | | 1,972,057 | 2,240,268 |

15. Loan notes

15. 貸款票據

| | | 30.6.2003 HK\$'000 千港元 | 31.12.2002 HK\$'000 千港元 |
|--|-----------------------|------------------------------|-------------------------------|
| Loan notes issued on shares repurchase (note 13) | 就回購股份所發行之貸款票據 (附註 13) | 255,234 | — |
| Purchase and cancellation | 購回及註銷 | (21,597) | — |
| | | <u>233,637</u> | <u>—</u> |

The loan notes bear interest at 4% per annum and the principal of the loan notes is due for repayment on 7 March 2008.

貸款票據附有年利率4%之利息，貸款票據本金額於二零零八年三月七日期到償還。

16. Long term liabilities

16. 長期負債

| | | 30.6.2003 HK\$'000 千港元 | 31.12.2002 HK\$'000 千港元 |
|-----------------------------------|-----------|------------------------------|-------------------------------|
| Secured bank loans * | 有抵押銀行借款 * | 39,122 | 42,000 |
| Obligation under a finance lease | 融資租賃債務 | 1,396 | 1,816 |
| Other long term employee benefits | 其他長期員工福利 | 6,133 | 6,133 |
| Deferred income | 遞延收入 | 3,306 | — |
| | | <u>49,957</u> | <u>49,949</u> |
| Less: current portion | 減：一年期內到期之 | | |
| Secured bank loans | 有抵押銀行借款 | (5,849) | (5,787) |
| Obligation under a finance lease | 融資租賃債務 | (870) | (850) |
| | | <u>43,238</u> | <u>43,312</u> |

* The Group had leasehold properties with a total book value of HK\$63,608,000 (2002: HK\$63,897,000) pledged to banks as security for installment loans granted to the Group with a total outstanding balance of HK\$39,122,000 (2002: HK\$42,000,000).

* 集團有賬面總值63,608,000港元(二零零二年：63,897,000港元)之有租契物業按予銀行，作為給予集團分期貸款之抵押，該等貸款未償還總結餘為39,122,000港元(二零零二年：42,000,000港元)。

17. Commitments

17. 承擔

(a) Capital commitments

(a) 資本承擔

| | | 30.6.2003 | 31.12.2002 |
|-----------------------------------|----------------|------------------|------------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Contracted but not provided for | 已簽約但未在賬目中作出準備者 | 3,930 | 4,339 |
| Authorized but not contracted for | 已批准但未簽約者 | 46,526 | 47,175 |
| | | 50,456 | 51,514 |

(b) Commitments under operating leases

(b) 營運租約承擔

At 30 June 2003, the Group had future aggregate minimum lease payments under non-cancelable operating leases as follows:

於二零零三年六月三十日，集團根據不可撤銷營運租約而須於未來支付之最低租賃付款如下：

| | | 30.6.2003 | | 31.12.2002 | |
|---------------------------------------|-------|---------------------------|-----------------|--------------------|----------|
| | | Land and buildings | Others | Land and buildings | Others |
| | | 房地產 | 其他 | 房地產 | 其他 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 |
| Within one year | 一年內 | 28,361 | 934 | 22,933 | 77 |
| In the second to fifth year inclusive | 二至五年內 | 20,036 | 496 | 26,404 | - |
| | | 48,397 | 1,430 | 49,337 | 77 |

18. Contingent liabilities

(a) At 30 June 2003, the Group had guarantees as follows:

18. 或然負債

(a) 集團於二零零三年六月三十日之保證如下：

| | | 30.6.2003 | 31.12.2002 |
|--|------------------------|------------------|------------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Guarantees for banking and loan facilities granted to: | 給予以下公司之銀行及貸款信貸保證： | | |
| – a subsidiary company of a jointly controlled entity | — 共同控制公司之一附屬公司 | – | 100,000 |
| – an investee company | — 其他投資公司 | 7,020 | 7,020 |
| Indemnities on banking guarantees made available to a clearing house and regulatory body | 對給予一結算所及監管機構之銀行保證所作之擔保 | 4,540 | 4,540 |
| Other guarantees | 其他保證 | 1,563 | 1,734 |
| | | 13,123 | 113,294 |

(b) Sun Hung Kai Securities Limited (“SHKSL”), a wholly-owned subsidiary of the Company, issued proceedings against New World Development Company Limited (“NWD”) on 22 December 1998, claiming, inter alia, the repayment of approximately HK\$35,319,000 paid by SHKSL to NWD as restitution of monies received by NWD in relation to a hotel project in Kuala Lumpur, Malaysia.

NWD and its wholly-owned subsidiary, namely, Stapleton Developments Limited, subsequently issued proceedings against SHKSL, claiming, inter alia, the specific performance of SHKSL's alleged commitment with them in respect of the development project to provide funding of approximately HK\$115,910,000, of which HK\$18,740,000 represents interest accrued. A trial date, originally set for April 2002, was vacated following NWD's request to do so and the trial commenced on 9 June 2003. Final submissions have been made and the court has reserved its judgement.

Legal costs are recorded in the profit and loss account as incurred.

(b) 本公司全資附屬公司新鴻基証券有限公司(「新証」)，於一九九八年十二月二十二日向新世界發展有限公司(「新世界」)提出訴訟，索償(其中包括)由新証付予新世界約35,319,000港元，作為歸還新世界一項有關馬來西亞吉隆坡酒店計劃所收之款項。

新世界與其全資附屬公司Stapleton Developments Limited隨後向新証提出訴訟，要求(其中包括)新証履行一項聲稱之特定承諾，就有關發展計劃提供款項約115,910,000港元，其中18,740,000港元為應計利息。在新世界之要求下，原訂於二零零二年四月之審訊日期已取消，而於二零零三年六月九日開始。雙方已作出最後陳詞，法院押後宣佈判決。

法律費用於產生期間在損益計算表中支銷。

18. Contingent liabilities (continued)

- (c) On 9 September 2002, Sun Hung Kai Investment Services Limited (“SHKIS”), an indirect wholly-owned subsidiary of the Company, was served with a writ attaching a statement of claim by Shenzhen Building Materials Group Co. Limited, a Shenzhen P.R.C. registered company, claiming the return of certain shares in Shenzhen International Holdings Limited (worth approximately HK\$29,031,000 at 30 June 2003) together with interest, costs and damages. The actions taken by SHKIS were based on considered advice from reputable legal counsel, which advice was strictly followed in its implementation. The claim is being strenuously defended and at this stage the Directors take the view that no contingency arises for which a provision is required to be made. The case is at an early stage with interlocutory matters only being dealt with.

19. Acquisition of subsidiary

On 25 June 2003, the Group has acquired 100% of the share capital of Shun Loong Holdings Limited (“Shun Loong”). The principal activities of its subsidiaries are securities, forex, bullion, commodities and future broking, money lending, share margin financing and property investment. The consideration of the above acquisition is HK\$36,500,000 subject to additional amounts in a sum of HK\$15,700,000 which may be payable one year from the date of completion under certain conditions. A negative goodwill of HK\$19,918,000 resulted from the acquisition based on the maximum consideration of HK\$52,200,000 and related cost on acquisition. The acquisition of Shun Loong during the period did not have any significant contribution to the Group’s operating profit or material impact on the Group’s net operating cash flow.

18. 或然負債(續)

- (c) 於二零零二年九月九日，深圳市建材集團有限公司(一間在中國深圳市註冊成立之公司)向本公司間接全資附屬公司新鴻基投資服務有限公司(「新鴻基投資」)發出索償傳票，要求退還若干深圳國際控股有限公司之股份(於二零零三年六月三十日約值29,031,000港元)，並索償涉及之利息、費用及有關損失。新鴻基投資採取之行動是基於一有名望的法律顧問所提出之深思熟慮意見，而緊遵執行。集團現正斷然否定此索償，而在現階段，公司董事認為不會有任何或然負債產生而導致需要作出撥備。此訴訟正進行非正審事項，並處於初部訴訟階段。

19. 收購附屬公司

於二零零三年六月二十五日，集團購入順隆集團有限公司(「順隆」)100%股本，其附屬公司之主要業務為證券、外匯、黃金、商品及期貨經紀、借貸、證券放款及物業投資。以上收購之代價為36,500,000港元(可因應總數為15,700,000港元之額外款項作出調整)，該等額外款項是基於某些條件下可能於交易完成一年後支付。以最高代價52,200,000港元連同有關購入費用計算，收購產生之負商譽為19,918,000港元。於期內收購順隆對集團經營溢利並無重大貢獻，及對集團經營淨現金流量無重大影響。

20. Maturity profile of assets and liabilities

20. 資產及負債到期分析

| | | As at 30 June 2003 於二零零三年六月三十日 | | | | | |
|---|--------------|---|-----------|------------|---------------|----------|----------|
| | | Within 3 months | 1 year | | On | | |
| | | 3 months | to 1 year | to 5 years | After 5 years | demand | Total |
| | | 三個月 | 三個月 | 一年至 | 五年 | 五年後 | 即時 |
| | | 月內 | 至一年 | 五年 | 五年後 | 還款 | 總額 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| Assets | 資產 | | | | | | |
| Promissory notes of a listed associated company | 一上市聯營公司之承諾票據 | - | 185,419 | - | - | - | 185,419 |
| Fixed deposits with banks | 銀行定期存款 | 168,715 | - | - | - | - | 168,715 |
| Term loans | 有期借款 | 71,510 | 100,617 | - | - | 161,547 | 333,674 |
| Debts securities in trading account securities | 於證券經營賬之債務證券 | 7,779 | - | - | - | - | 7,779 |
| Liabilities | 負債 | | | | | | |
| Bank loans and overdrafts | 銀行借款及透支 | 43,018 | - | - | - | - | 43,018 |
| Loan notes | 貸款票據 | - | - | 233,637 | - | - | 233,637 |
| Long term bank loans | 長期銀行借款 | 1,451 | 4,398 | 24,694 | 8,579 | - | 39,122 |
| Obligation under a finance lease | 融資租賃債務 | 214 | 656 | 526 | - | - | 1,396 |
| | | | | | | | |
| | | As at 31 December 2002 於二零零二年十二月三十一日 | | | | | |
| | | Within 3 months | 1 year | | On | | |
| | | 3 months | to 1 year | to 5 years | After 5 years | demand | Total |
| | | 三個月 | 三個月 | 一年至 | 五年 | 五年後 | 即時 |
| | | 月內 | 至一年 | 五年 | 五年後 | 還款 | 總額 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| Assets | 資產 | | | | | | |
| Promissory notes of a listed associated company | 一上市聯營公司之承諾票據 | - | 185,419 | - | - | - | 185,419 |
| Fixed deposits with banks | 銀行定期存款 | 133,884 | - | - | - | - | 133,884 |
| Term loans | 有期借款 | 127,339 | 309,500 | - | - | 161,137 | 597,976 |
| Debts securities in trading account securities | 於證券經營賬之債務證券 | 13,196 | - | - | - | - | 13,196 |
| Liabilities | 負債 | | | | | | |
| Bank loans and overdrafts | 銀行借款及透支 | 23 | - | - | - | - | 23 |
| Long term bank loans | 長期銀行借款 | 1,436 | 4,351 | 24,428 | 11,785 | - | 42,000 |
| Obligation under a finance lease | 融資租賃債務 | 209 | 641 | 966 | - | - | 1,816 |

The above tables only list out the assets and liabilities which have a term of maturity. Overdue assets are reported as on demand.

上表只列出有限期之資產及負債，過期而未償還之資產列為即時還款。

21. Related party transactions

21. 有關連人士之交易

During the period, the Group had the following material transactions with related parties:

於期內，集團與有關連人士有以下之重大交易：

| | | Note 附註 | For six months ended 六個月結算至 | |
|--|--|------------|--------------------------------|------------------------------|
| | | | 30.6.2003 HK\$'000 千港元 | 30.6.2002 HK\$'000 千港元 |
| Dividend received from a subsidiary company of the ultimate holding company | 向最終控股公司之一附屬公司收取之股息 | | 4,610 | 9,300 |
| Disposal of Group's interest in a jointly controlled entity together with the assignments of advances to that company and its subsidiary to an indirect subsidiary of the ultimate holding company | 出售一共同控制公司之權益及轉讓給予該公司及其附屬公司之貸款予最終控股公司之一間接附屬公司 | (a) & (b) | 87,500 | – |
| Interest income from a listed associated company | 從一上市聯營公司所得之利息收益 | | 6,436 | 5,891 |
| Insurance premium received from the ultimate holding company and its subsidiary companies | 從最終控股公司及其附屬公司收取之保險費 | | 3,784 | 3,158 |
| Insurance premium received from a listed associated company | 從一上市聯營公司收取之保險費 | | 1,249 | – |
| Promissory note received from a listed associated company | 從一上市聯營公司收取之承諾票據 | (c) | 40,419 | 40,419 |
| Rent, property management and air-conditioning fees received from a listed associated company | 從一上市聯營公司所得之租金、物業管理及空調費用 | | 468 | 622 |

21. Related party transactions (continued)

At 30 June 2003, the Group had the following material balances with related parties:

21. 有關連人士之交易(續)

於二零零三年六月三十日，集團與有關連人士有以下之重大結餘：

| | | 30.6.2003 | 31.12.2002 |
|---|---------------------------|-----------|------------|
| | | Note | Note |
| | | 附註 | 附註 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Amounts due from/(to) associated companies | 聯營公司欠賬／(貸賬) | | |
| Amounts due from a listed associated company | — 上市聯營公司欠賬 | | |
| — Promissory notes | — 承諾票據 | 185,419 | 185,419 |
| — Interest receivable and others | — 應收利息及其他 | 35,535 | 29,706 |
| Amounts due from other associated companies | 其他聯營公司欠賬 | 81,452 | 78,209 |
| Trade payable to a listed associated company | — 上市聯營公司經營應付賬 | (2,478) | — |
| Amounts due to other associated companies | 其他聯營公司貸賬 | (32,168) | (31,818) |
| Amount due from a jointly controlled entity | — 共同控制公司欠賬 | (b) — | 90,000 |
| Guarantees for banking and loan facilities granted to a subsidiary of a jointly controlled entity | 給予一共同控制公司之一附屬公司銀行及貸款信貸之保證 | (b) — | 100,000 |

(a) The loss on disposal of the jointly controlled entity was HK\$5,549,000.

(b) The jointly controlled entity is also a subsidiary of the ultimate holding company before the disposal.

(c) The promissory note was issued by a listed associated company for the purpose of repaying the outstanding principal and interest under the 4% convertible loan note dated 2 June 1998 due on 2 June 2002. The promissory note bore interest at 7% per annum and matured for repayment on 2 June 2003. It was agreed on 2 September 2003 that the repayment date of the amount and accrued interest should be extended to 2 June 2004 with other terms and conditions remained unchanged.

(a) 出售此共同控制公司之虧損為5,549,000港元。

(b) 此共同控制公司於出售前亦為最終控股公司之一附屬公司。

(c) 該承諾票據由一上市聯營公司發行，是作為償還於二零零二年六月二日到期之一九九八年六月二日4%可換股貸款票據的未償還本金及利息。此承諾票據附有年利率7%之利息及於二零零三年六月二日到期償還。於二零零三年九月二日，雙方同意將該款項及應計利息之到期償還日延長至二零零四年六月二日，而其他的條款及條件維持不變。