



BERJAYA

Strength In Diversity

INTERIM REPORT 2004

BERJAYA HOLDINGS (HK) LIMITED

The Board of Directors are pleased to present the Interim Report and accounts of Berjaya Holdings (HK) Limited (the "Company") and its subsidiaries (the "Group") for the six months ended 31st October 2004. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 31st October 2004 and the consolidated balance sheet as at 31st October 2004 of the Group, along with the notes, are set out on pages 4 to 12 of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 31st October 2004, the Group incurred a loss of HK\$2.83 million compared to a loss of HK\$2.36 million for the six months ended 31st October 2003. This is primarily due to the lower share of profit of an associated company of HK\$7,000 in the current period compared to HK\$313,000 in the previous period. The Group continued to generate stable rental income from its investment properties.

There had been no significant changes in the Group's performance since the latest annual report for the year ended 30th April 2004. There were also no acquisitions and disposals of subsidiaries and associated companies within the Group during the six months ended 31st October 2004.

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 2005. As of 31st October 2004, the Group had outstanding bank loan of approximately HK\$7.96 million (30th April 2004: HK\$13.71 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\$30.89 million (30th April 2004: HK\$36.39 million). In addition to the bank loans, the Group also has outstanding loans from related companies of HK\$49.30 million (30th April 2004: HK\$46.45 million). These loans are unsecured and not repayable within the next twelve months.

The gearing ratio for the Group as at 31st October 2004 is 15% (30th April 2004: 25%) which is calculated based on the total bank loan to the total shareholders' equity of the Group.

On 4th October 2004, the Group entered into a sale and purchase agreement with MWE Properties Sendirian Berhad, a third party company, to dispose of a leasehold land and building with a carrying value of HK\$4.16 million at 31st October 2004 at a consideration of HK\$4.16 million.

The Group will endeavour to divest some of the assets to reduce bank borrowings and at the same time will seek new investment opportunities to 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 2004 (2003: 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\$30.89 million as at 31st October 2004 have been mortgaged as securities for the Group's banking facilities.

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.

CONTINGENT LIABILITIES

At 31st October 2004, the Group did not have any significant contingent liabilities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 31st October 2004, none of the Director and chief executive has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company.

At no time during the period was the Company, its holding company, or any of its subsidiaries, associated companies, or fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31st October 2004, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executives.

Long position in shares

Name of shareholders	Number of ordinary shares	Percentage of shareholding
Berjaya Group Berhad (<i>Note</i>)	292,149,475	49.43
Berjaya Group (Cayman) Limited (<i>Note</i>)	252,149,475	42.66
Grandgroup Investments Limited	126,245,000	21.36
Berjaya Leisure (Cayman) Ltd (<i>Note</i>)	40,000,000	6.77

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 condensed accounts for the six months ended 31st October 2004 with the Directors.

On behalf of the Board

Chan Kien Sing

Chairman

Hong Kong, 16th December 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT*FOR THE SIX MONTHS ENDED 31ST OCTOBER 2004*

	<i>Note</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Turnover	2	939	911
Other revenue		8	30
Administrative expenses		<u>(1,493)</u>	<u>(1,400)</u>
Operating loss	3	(546)	(459)
Share of profit of an associated company		7	313
Financial expenses		<u>(2,289)</u>	<u>(2,216)</u>
Loss before taxation		(2,828)	(2,362)
Taxation	4	<u>(5)</u>	<u>–</u>
Loss before minority interests		(2,833)	(2,362)
Minority interests		<u>–</u>	<u>–</u>
Loss attributable to shareholders		<u>(2,833)</u>	<u>(2,362)</u>
Loss per share	5	<u>(0.48 cent)</u>	<u>(0.40 cent)</u>

CONSOLIDATED BALANCE SHEET

AS AT 31ST OCTOBER 2004

		31st October 2004 HK\$'000	30th April 2004 HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	6	32,567	38,067
Land held for development		69,633	69,600
Associated company		5,427	5,425
Long-term investments		295	295
Amounts due from shareholders	7	560	559
		<u>108,482</u>	<u>113,946</u>
		-----	-----
Current assets			
Property held for sale		4,162	4,162
Debtors and prepayments	8	566	532
Cash and bank balances		164	101
		<u>4,892</u>	<u>4,795</u>
		-----	-----
Current liabilities			
Creditors and accruals	9	1,770	1,401
Current portion of long-term bank loan – secured	11	498	854
		<u>2,268</u>	<u>2,255</u>
		-----	-----
Net current assets		<u>2,624</u>	<u>2,540</u>
		-----	-----
Employment of funds		<u>111,106</u>	<u>116,486</u>
		-----	-----
Financed by			
Share capital	10	118,210	118,210
Reserves		(65,957)	(63,124)
		<u>52,253</u>	<u>55,086</u>
Shareholders' funds		52,253	55,086
Minority shareholders		2,093	2,094
Long-term bank loan – secured	11	7,460	12,852
Loans from related companies	12	49,300	46,454
		<u>111,106</u>	<u>116,486</u>
		-----	-----
Funds employed		<u>111,106</u>	<u>116,486</u>
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CONSOLIDATED CASH FLOW STATEMENT*FOR THE SIX MONTHS ENDED 31ST OCTOBER 2004*

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Net cash used in operating activities	(708)	(31)
Net cash from investing activities	5,489	–
Net cash used in financing activities	(4,718)	(389)
Increase/(decrease) in cash and bank balances	63	(420)
Cash and bank balances at beginning of the period	101	716
Cash and bank balances at end of the period	<u>164</u>	<u>296</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*FOR THE SIX MONTHS ENDED 31ST OCTOBER 2004*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Accumulated loss <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st May 2004	118,210	12,282	503	(75,909)	55,086
Loss for the period	—	—	—	(2,833)	(2,833)
At 31st October 2004	<u>118,210</u>	<u>12,282</u>	<u>503</u>	<u>(78,742)</u>	<u>52,253</u>
At 1st May 2003	118,210	12,282	503	(76,501)	54,494
Loss for the period	—	—	—	(2,362)	(2,362)
At 31st October 2003	<u>118,210</u>	<u>12,282</u>	<u>503</u>	<u>(78,863)</u>	<u>52,132</u>

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

These accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties and land and buildings, and in accordance with Hong Kong Financial Reporting Standards.

The accounting policies and methods of computation adopted in the preparation of these accounts are consistent with those described in the 2004 Annual Accounts.

2. SEGMENT INFORMATION

The Group is principally engaged in property investment, development and investment holding.

A summary of the business segment is set out as follows:

	Property investment <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 31st October 2004			
Turnover	939	–	939
Segment results	(546)	–	(546)
Share of profit of an associated company			7
Financial expenses			(2,289)
Loss before taxation			(2,828)
Taxation			(5)
Minority interests			–
Loss attributable to shareholders			(2,833)
Six months ended 31st October 2003			
Turnover	911	–	911
Segment results	(462)	3	(459)
Share of profit of an associated company			313
Financial expenses			(2,216)
Loss before taxation			(2,362)
Taxation			–
Minority interests			–
Loss attributable to shareholders			(2,362)

A summary of the geographical segment is set out as follows:

	Turnover		Operating loss	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Hong Kong	710	663	(333)	(133)
Malaysia	229	229	(155)	(161)
Other	–	19	(58)	(165)
	<u>939</u>	<u>911</u>	<u>(546)</u>	<u>(459)</u>

3. OPERATING LOSS

Operating loss is stated after charging operating lease rental amounting to HK\$77,000 (2003: Nil) and depreciation on property, plant and equipment of HK\$11,000 (2003: HK\$83,000).

4. TAXATION

The Company has no estimated assessable profit for Hong Kong and overseas profits tax purposes for the period. Taxation represents share of overseas profits tax of an associated company.

5. LOSS PER SHARE

The calculation of loss per share is based on the loss attributable to shareholders for the six months ended 31st October 2004 of HK\$2,833,000 (2003: HK\$2,362,000) and on the 591,047,975 shares in issue during the period.

6. PROPERTY, PLANT AND EQUIPMENT

	<i>HK\$'000</i>
Net book value at 1st May 2004	38,067
Additions	11
Disposals	(5,500)
Depreciation	<u>(11)</u>
Net book value at 31st October 2004	<u>32,567</u>

7. AMOUNTS DUE FROM SHAREHOLDERS

The amounts receivable are unsecured, non-interest bearing and are not repayable within the next twelve months.

8. DEBTORS AND PREPAYMENTS

	31st October 2004 <i>HK\$'000</i>	30th April 2004 <i>HK\$'000</i>
Trade debtors	129	60
Prepayments and deposits	437	472
	<u>566</u>	<u>532</u>

The credit period granted to the trade debtors are usually 15 days. The aging analysis of the trade debtors, based on the due date of the invoices, is as follows:

	31st October 2004 <i>HK\$'000</i>	30th April 2004 <i>HK\$'000</i>
31 to 90 days	64	43
91 to 180 days	65	17
	<u>129</u>	<u>60</u>

9. CREDITORS AND ACCRUALS

	31st October 2004 <i>HK\$'000</i>	30th April 2004 <i>HK\$'000</i>
Other creditors	693	540
Accrued expenses	1,077	861
	<u>1,770</u>	<u>1,401</u>

10. SHARE CAPITAL

	31st October 2004 <i>HK\$'000</i>	30th April 2004 <i>HK\$'000</i>
<i>Authorised:</i>		
1,250,000,000 shares of HK\$0.2 each	<u>250,000</u>	<u>250,000</u>
<i>Issued and fully paid:</i>		
591,047,975 shares of HK\$0.2 each	<u>118,210</u>	<u>118,210</u>

11. LONG-TERM BANK LOAN – SECURED

	31st October 2004 <i>HK\$'000</i>	30th April 2004 <i>HK\$'000</i>
Within one year	498	854
Between one to two years	533	870
Between two to five years	1,825	2,976
More than five years	5,102	9,006
	<hr/>	<hr/>
	7,958	13,706
Current portion included under current liabilities	(498)	(854)
	<hr/>	<hr/>
	7,460	12,852

The long-term bank loan is secured by certain of the investment properties and leasehold land and buildings of the Group located in Hong Kong.

12. LOANS FROM RELATED COMPANIES

The loans payable are unsecured, carry interest at 3% per annum above the Hong Kong Dollar prime lending rate of The Hong Kong and Shanghai Banking Corporation Limited and are not repayable within the next twelve months.

13. COMMITMENTS**(a) Operating lease rental receivables**

The future aggregate minimum rental income in respect of investment properties under non-cancellable operating leases is receivable in the following years:

	31st October 2004 <i>HK\$'000</i>	30th April 2004 <i>HK\$'000</i>
Within one year	1,022	1,470
Between one to five years	318	620
	<hr/>	<hr/>
	1,340	2,090

(b) Operating lease rental payable

The future aggregate minimum lease rental expense in respect of land and buildings under non-cancellable operating leases is payable in the following years:

	31st October 2004 <i>HK\$'000</i>	30th April 2004 <i>HK\$'000</i>
Within one year	152	153
Between one to five years	38	114
	<hr/>	<hr/>
	190	267

(c) Capital commitment

The Group has commitment to make further capital contribution of US\$1,592,568 (approximately HK\$12,400,000) to Shanghai Berjaya – Huitong Real Estate Development Company Limited, details of which are set out in note 24(c) to the 2004 Annual Accounts.

14. LITIGATION

The Group is involved in litigation with a third party in relation to the sale of a property as more fully described in note 25 to the 2004 Annual Accounts.