

2006

INTERIM REPORT



BERJAYA

BERJAYA HOLDINGS (HK) LIMITED

Stock Code: 288

The Board of Directors presents the interim financial statements of Berjaya Holdings (HK) Limited (the "Company") and its subsidiaries (the "Group") for the six months ended 31st October 2006. The consolidated results, cash flow statement and statement of changes in equity of the Group for the six months ended 31st October 2006 and the consolidated balance sheet as at 31st October 2006 of the Group, along with the notes, are set out on pages 6 to 18 of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 31st October 2006, the Group incurred a loss of HK\$1,074,000, compared to a loss of HK\$2,120,000 for the six months ended 31st October 2005. This is primarily due to exchange gain of HK\$1,070,000 arising from the appreciation of Renminbi and the share of profit of an associated company amounting to HK\$157,000 whereas a loss of HK\$110,000 was shared by the Group in the last period. The Group continued to generate stable rental income from its investment properties.

There had been no significant changes in the financial position of the Group since the latest annual report for the year ended 30th April 2006. There were also no acquisitions and disposals of significant assets by the Group during the six months ended 31st October 2006.

The management believes that the Group will continue to have adequate working capital for its operations. Other than normal operating cash flow, there is no significant cash requirement in the year to 30th April 2007. As of 31st October 2006, the Group had outstanding bank loan of approximately HK\$7,003,000 (30th April 2006: HK\$7,250,000), which was secured by the investment properties of the Group located in Hong Kong with a carrying value of HK\$45,570,000 (30th April 2006: HK\$43,620,000). In addition to the bank loan, the Group also had outstanding loan from a shareholder of HK\$55,773,000 (30th April 2006: HK\$51,990,000), which is unsecured and not repayable within the next twelve months.

The gearing ratio for the Group as at 31st October 2006 is 27% (30th April 2006: 26%) which is calculated based on the total bank loan to the total equity of the Group.

The Group will continue to seek new investment opportunities to improve profitability and to provide growth for the Group.

INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend for the six months ended 31st October 2006 (2005: Nil).

DETAILS OF THE CHARGES ON GROUP ASSETS

Investment properties in Hong Kong with an aggregate carrying value of HK\$45,570,000 as at 31st October 2006 (30th April 2006: HK\$43,620,000) have been pledged to secure general banking facilities granted to the Company.

SHARE CAPITAL

The total issued share capital of the Company as at 31st October 2006 was 591,047,975 shares of HK\$0.20 each.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 31st October 2006. Neither the Company nor any of its subsidiaries has purchased or sold any of the shares of the Company during the period.

CONTINGENT LIABILITIES

At 31st October 2006, the Group did not have any significant contingent liabilities.

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

At no time during the period was the Company or any of its subsidiary companies a party to any arrangements to enable the Directors or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors, nor their associates, had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (“SFO”), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as at 31st October 2006.

INTEREST OF SUBSTANTIAL SHAREHOLDERS 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 2006, the Company had been notified of the following interest of substantial shareholders and short positions, being 5% or more of the issued share capital of the Company. These interests are in addition to those disclosed above in respect of the Directors.

Name	Number of shares	Percentage
Berjaya Corporation Berhad (<i>Notes 1 and 3</i>)	292,149,475	49.43
Berjaya Group Berhad (<i>Notes 2 and 3</i>)	292,149,475	49.43
Berjaya Group (Cayman) Limited (<i>Notes 2 and 3</i>)	252,149,475	42.66
Grandgroup Investments Limited (<i>Note 3</i>)	126,245,000	21.36
Berjaya Leisure (Cayman) Limited (<i>Notes 2 and 3</i>)	40,000,000	6.77

1. Berjaya Corporation Berhad is the parent company of Berjaya Group Berhad and is deemed to be interested in the shares held by Berjaya Group Berhad.
2. The interests of Berjaya Group Berhad in the issued share capital of the Company refer to the interests of Berjaya Group (Cayman) Limited and Berjaya Leisure (Cayman) Limited, both being subsidiaries of Berjaya Group Berhad.
3. None of the Directors is the ultimate shareholder of these companies.

CORPORATE GOVERNANCE

During the six months ended 31 October 2006, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") save and except certain deviations described below:

Code Provision A.1.1

Full board meetings have not been held regularly as the Directors consider meetings by circulation are sufficient.

Code Provision A.2

Mr. Chan Kien Sing is the Chairman of the Board. The Company has not appointed a chief executive officer and the daily operation and management of the Company is monitored by the Executive Directors as well as the senior management.

Code Provision A.4.1

Although the Directors are not appointed for a specific term, they are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Code Provision E.1.2

The Chairman of the Board was unable to attend the 2006 Annual General Meeting of the Company because of other business commitment.

On 30th August 2006, a special resolution was passed at the 2006 Annual General Meeting of the Company to amend the Company's Articles of Association in order to comply with the Code, especially the director retirement requirements under the Code.

SECURITIES TRANSACTIONS OF THE DIRECTORS

The Company has adopted the code of conduct regarding securities transactions of the Directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry of all Directors, they all have confirmed that they have complied with the required standard as set out in the Model Code throughout the period.

BOARD OF DIRECTORS

During the period, the Board comprises seven directors, of which four are Executive Directors, namely Mr. Chan Kien Sing, Mr. Chin Chee Seng, Derek, Ms. Tan Ee Ling and Mr. Wong Man Hong and three are Independent Non-executive Directors, namely Dato' Lee Ah Hoe, Mr. Tan Tee Yong and Mr. Leou Thiam Lai and there is no subsequent change in the composition of the Board. Mr. Chan Kien Sing remains as the Chairman of the Board.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company has been established in accordance with the requirement of the Code. The Remuneration Committee comprises three Independent Non-executive Directors, namely Dato' Lee Ah Hoe, Mr. Tan Tee Yong and Mr. Leou Thiam Lai. Dato' Lee Ah Hoe is the Chairman of the Remuneration Committee.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with management, including a review of the unaudited interim financial statements for the six months ended 31st October 2006.

On behalf of the Board

Chan Kien Sing

Chairman

Hong Kong, 14th December 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the six months ended 31st October 2006

	Note	2006 HK\$'000	2005 HK\$'000
Turnover	3	762	4,938
Cost of sales		<u>(36)</u>	<u>(4,383)</u>
Gross profit		726	555
Other gains		1,119	–
Administrative expenses		<u>(1,615)</u>	<u>(1,753)</u>
Changes in fair value of investment properties		<u>2,100</u>	<u>2,425</u>
Operating profit	4	2,330	1,227
Share of profit/(loss) of an associated company		157	(110)
Financial expenses		<u>(3,193)</u>	<u>(2,814)</u>
Loss before taxation		<u>(706)</u>	<u>(1,697)</u>
Taxation	5	<u>(368)</u>	<u>(423)</u>
Loss for the period		<u><u>(1,074)</u></u>	<u><u>(2,120)</u></u>
Attributable to:			
Equity holders		<u>(1,034)</u>	<u>(2,089)</u>
Minority interests		<u>(40)</u>	<u>(31)</u>
		<u><u>(1,074)</u></u>	<u><u>(2,120)</u></u>
Loss per share	6	<u><u>(0.17 cents)</u></u>	<u><u>(0.35 cents)</u></u>

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 31st October 2006

	Note	31st October 2006 HK\$'000	30th April 2006 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	116	112
Investment properties	7	47,895	45,795
Associated company		5,755	5,633
Available-for-sale financial assets		295	295
Amounts due from a shareholder		559	559
Other receivable		7,393	8,210
		62,013	60,604
Current assets			
Debtors and prepayments	8	32,348	31,495
Cash and bank balances		147	762
		32,495	32,257
Total assets		94,508	92,861
EQUITY			
Share capital	9	118,210	118,210
Reserves		(91,376)	(90,307)
Total equity		26,834	27,903
LIABILITIES			
Non-current liabilities			
Long-term liabilities	10	64,149	60,724
Deferred taxation liabilities		1,782	1,414
		65,931	62,138
Current liabilities			
Creditors and accruals	11	1,197	2,345
Current portion of long-term liabilities	10	546	475
		1,743	2,820
Total liabilities		67,674	64,958
Total equity and liabilities		94,508	92,861

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 31st October 2006

	2006 HK\$'000	2005 HK\$'000
Net cash (used in)/from operating activities	(1,222)	1,432
Net cash used in investing activities	(14)	(132)
Net cash from/(used in) financing activities	621	(411)
(Decrease)/increase in cash and bank balances	(615)	889
Cash and bank balances at beginning of the period	762	1,345
Cash and bank balances at end of the period	147	2,234

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 31st October 2006

	Share capital	Other reserves	Equity holders	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30th April 2006	118,210	(90,307)	27,903	–	27,903
Changes in exchange rates	–	(35)	(35)	–	(35)
Loss for the period	–	(1,034)	(1,034)	(40)	(1,074)
Excess of loss covered by advances from minority interests	–	–	–	40	40
At 31st October 2006	<u>118,210</u>	<u>(91,376)</u>	<u>26,834</u>	<u>–</u>	<u>26,834</u>
At 30th April 2005	118,210	(75,274)	42,936	–	42,936
Loss for the period	–	(2,089)	(2,089)	(31)	(2,120)
Excess of loss covered by advances from minority interests	–	–	–	31	31
At 31st October 2005	<u>118,210</u>	<u>(77,363)</u>	<u>40,847</u>	<u>–</u>	<u>40,847</u>

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

The Company was incorporated in Hong Kong with limited liability on 19th January 1971. The address of its registered office is Unit 901-2, 9th Floor, 59 Connaught Road Central, Hong Kong. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

The principal activities of the Group are property investment, development and investment holding.

The unaudited interim financial statements were approved by the Board of Directors on 14th December 2006.

2 Basis of Preparation

The interim financial statements for the six months ended 31st October 2006 have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets which are carried at fair values, and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used and as disclosed in the annual financial statements for the year ended 30th April 2006. The interim financial statements should be read in conjunction with the annual report for the year ended 30th April 2006.

The Group has adopted the new standards, amendments to standards and interpretation of Hong Kong Financial Reporting Standards which become effective for the financial year ending 30th April 2007. However, the adoption of these new standards does not have any effect to the accounting policies of the Group.

3 Segment Information

(a) Business segment

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 31st October 2006				
Turnover	<u>762</u>	-	-	<u>762</u>
Segment results	<u>2,330</u>	-	-	<u>2,330</u>
Share of profit of an associated company	-	-	157	157
Financial expenses				<u>(3,193)</u>
Loss before taxation				<u>(706)</u>
Taxation				<u>(368)</u>
Loss for the period				<u>(1,074)</u>
Equity holders				<u>(1,034)</u>
Minority interests	-	(40)	-	<u>(40)</u>
Capital expenditure	-	-	14	14
Depreciation	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
Six months ended 31st October 2005				
Turnover	<u>776</u>	<u>4,162</u>	-	<u>4,938</u>
Segment results	<u>1,227</u>	-	-	<u>1,227</u>
Share of loss of an associated company	-	-	(110)	(110)
Financial expenses				<u>(2,814)</u>
Loss before taxation				<u>(1,697)</u>
Taxation				<u>(423)</u>
Loss for the period				<u>(2,120)</u>
Equity holders				<u>(2,089)</u>
Minority interests	-	(31)	-	<u>(31)</u>
Capital expenditure	-	-	2	2
Amortisation of leasehold land for development	-	-	698	698
Depreciation	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>

3 Segment Information (Continued)

(a) *Business segment (Continued)*

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
31st October 2006				
Segment assets	48,619	-	39,164	87,783
Associated company	-	-	5,755	5,755
Unallocated assets				970
				<hr/>
Total assets				94,508
				<hr/>
Segment liabilities	453	-	-	453
Unallocated liabilities				67,221
				<hr/>
Total liabilities				67,674
				<hr/>
30th April 2006				
Segment assets	47,098	-	39,164	86,262
Associated company	-	-	5,633	5,633
Unallocated assets				966
				<hr/>
Total assets				92,861
				<hr/>
Segment liabilities	526	-	-	526
Unallocated liabilities				64,432
				<hr/>
Total liabilities				64,958
				<hr/>

3 Segment Information (Continued)

(b) Geographical segment

	Turnover <i>HK\$'000</i>	Operating profit/(loss) <i>HK\$'000</i>	Capital expenditure <i>HK\$'000</i>
Six months ended 31st October 2006			
Hong Kong	762	2,330	14
Six months ended 31st October 2005			
Hong Kong	671	2,128	2
Malaysia/Singapore	4,267	(51)	–
Mainland China	–	(850)	–
	4,938	1,227	2
		31st October 2006 <i>HK\$'000</i>	30th April 2006 <i>HK\$'000</i>
Total assets			
Hong Kong		48,961	47,445
Malaysia/Singapore		5,757	5,677
Mainland China		39,790	39,739
		94,508	92,861

4 Operating Profit

	2006 HK\$'000	2005 HK\$'000
Operating profit is stated after charging:		
Depreciation	10	10
Amortisation of leasehold land for development	–	698
Operating lease rental for buildings	130	77
	<u> </u>	<u> </u>

5 Taxation

	2006 HK\$'000	2005 HK\$'000
Current	–	–
Deferred	368	423
	<u> </u>	<u> </u>
	368	423
	<u> </u>	<u> </u>

Hong Kong profits tax has been provided for at the rate of 17.5% on the estimated assessable profit for the period (2005: 17.5%).

6 Loss Per Share

The calculation of loss per share is based on the loss attributable to equity holders for the six months ended 31st October 2006 of HK\$1,034,000 (2005: HK\$2,089,000) and on the 591,047,975 (2005: 591,047,975) shares in issue during the period.

7 Capital Expenditure

	Investment properties <i>HK\$'000</i>	Furniture, fixture and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net book value at 30th April 2006	45,795	112	45,907
Additions	–	14	14
Depreciation	–	(10)	(10)
Change in fair value	2,100	–	2,100
Net book value at 31st October 2006	47,895	116	48,011
Net book value at 30th April 2005	41,716	129	41,845
Additions	–	2	2
Depreciation	–	(10)	(10)
Change in fair value	2,425	–	2,425
Net book value at 31st October 2005	44,141	121	44,262

8 Debtors and Prepayments

	31st October 2006 <i>HK\$'000</i>	30th April 2006 <i>HK\$'000</i>
Trade debtors (<i>note a</i>)	20	17
Amount due from a related company (<i>note b</i>)	31,790	30,954
Other debtors and prepayments	538	524
	32,348	31,495

8 Debtors and Prepayments (Continued)

- (a) The credit terms granted to the trade debtors are usually 15 days. The ageing analysis of the trade debtors, based on the due date of the invoices, is as follows:

	31st October 2006 HK\$'000	30th April 2006 HK\$'000
31 to 90 days	<u>20</u>	<u>17</u>

- (b) In January 2006, the Group disposed of its entire 82% equity interest in Shanghai Berjaya-Huitong Real Estate Development Company Limited to third parties. In view of the foreign exchange control in Mainland China, part of the consideration amounting to RMB32,219,000 has therefore been received by a related company in Mainland China on behalf of the Group since the Group does not have a Renminbi bank account in Mainland China. The Group is in the process of applying to the State Administration of Foreign Exchange, Shanghai Branch for the approval to remit the said consideration out of Mainland China.

9 Share Capital

	31st October 2006 HK\$'000	30th April 2006 HK\$'000
Authorised:		
1,250,000,000 shares of HK\$0.2 each	<u>250,000</u>	<u>250,000</u>
Issued and fully paid:		
591,047,975 shares of HK\$0.2 each	<u>118,210</u>	<u>118,210</u>

10 Long-term Liabilities

	31st October 2006 HK\$'000	30th April 2006 HK\$'000
Secured bank loan	7,003	7,250
Loan from a shareholder	55,773	51,990
Loan from a minority shareholder	1,919	1,959
	64,695	61,199
Current portion included under current liabilities		
Secured bank loan	(546)	(475)
	64,149	60,724

Interest expense on secured bank loan and loan from a shareholder for the six months ended 31st October 2006 is HK\$3,193,000 (31st October 2005: HK\$2,814,000).

11 Creditors and Accruals

	31st October 2006 HK\$'000	30th April 2006 HK\$'000
Other creditors	441	1,441
Accrued expenses	756	904
	1,197	2,345

12 Commitments

(a) Operating lease rental receivable

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

	31st October 2006 HK\$'000	30th April 2006 HK\$'000
Within one year	1,229	1,043
Between one to five years	489	248
	<u>1,718</u>	<u>1,291</u>

(b) Operating lease rental payable

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

	31st October 2006 HK\$'000	30th April 2006 HK\$'000
Within one year	259	259
Between one to five years	65	194
	<u>324</u>	<u>453</u>