

NOTES TO CONDENSED INTERIM ACCOUNTS 簡明中期賬目附註

1. Basis of preparation and accounting policies

These unaudited consolidated condensed 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 (“HKSA”).

These condensed interim accounts should be read in conjunction with the 2002 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31st December, 2002 except that the Group has changed certain of its accounting policies following its adoption of SSAP 12 “Income Taxes” issued by HKSA which is effective for accounting periods commencing 1st January, 2003.

Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior year, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profits 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.

The effect of the above change in accounting policy is not material and accordingly comparatives are not restated.

1. 編製基準及會計政策

此未經審核之綜合簡明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（「會計實務準則」）第25號「中期財務報告」而編製。

此簡明中期賬目應與二零零二年之年度財務報表一併參閱。

編製簡明中期賬目時所採用之會計政策及計算方法與編製截至二零零二年十二月三十一日止年度全年賬目所採用者一致。惟本集團於採納由香港會計師公會頒佈並由二零零三年一月一日開始之會計期間生效之會計實務準則第12號「所得稅」後就若干會計政策作出變動。

遞延稅項

遞延稅項以負債法就資產及負債之稅基與彼等於賬目之賬面值兩者之暫時差異作全數撥備。遞延稅項乃採用結算日前已頒佈或實質頒佈之稅率釐定。

遞延稅項資產乃就可能將未來應課稅溢利與可動用之暫時差異抵銷而確認。

遞延稅項乃就附屬公司及聯營公司投資產生之暫時差異而撥備，惟假若可以控制暫時差異之撥回，並可能於可見未來不會撥回則除外。

往年度，遞延稅項乃因應就計算應課稅溢利與賬目所示之溢利兩者之時差，根據預期於可預見將來應付或可收回之負債或資產而按現行稅率計算。採納新會計實務準則第12號構成會計政策之變動。

上述會計政策變動之影響並不重大，因此並無重列比較數字。

2. Turnover

The principal activity of the Company and its subsidiaries is the holding of listed and unlisted securities.

2. 營業額

本公司及其附屬公司之主要業務為持有上市及非上市證券。

		Unaudited 未經審核	
		Six months ended 30th June, 截至六月三十日止六個月	
		2003	2002
		HK\$	HK\$
		港元	港元
Interest income from debt securities	債務證券利息收入	1,922,216	4,685,812
Bank interest income	銀行利息收入	1,774,263	4,269,494
Dividend income	股息收入		
– from listed investments	– 來自上市投資	107,600	85,550
– from unlisted investments	– 來自非上市投資	282,324	114,775
		4,086,403	9,155,631

No geographical analysis is provided as less than 10% of the consolidated turnover and less than 10% of the consolidated trading results of the Group are attributable to operations outside Hong Kong.

由於本集團綜合營業額及綜合經營業績少於10%源自海外業務，故無按地域分析本集團之綜合營業額及綜合經營業績。

3. Operating profit/(loss)**3. 經營溢利/(虧損)**

		Unaudited 未經審核	
		Six months ended 30th June, 截至六月三十日止六個月	
		2003	2002
		HK\$	HK\$
		港元	港元
Operating profit/(loss) is stated after (crediting)/charging the following:	經營溢利/(虧損)已(計入)/ 扣除下列各項：		
Staff cost (excluding directors' emoluments)	員工成本(除董事酬金)	231,332	255,800
Exchange loss/(gain)	滙兌虧損/(收益)	393,160	(18,964,004)

4. Taxation

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

4. 稅項

香港利得稅乃按本期間之估計應課溢利以稅率17.5%提撥準備(二零零二年: 16%)。

No deferred taxation has been provided as there are no significant temporary differences between the carrying amounts of assets and liabilities in the condensed financial statements and the corresponding tax bases used in the computation of taxable profit.

由於簡明財務報表之資產及負債賬面值與用作計算應課稅溢利之有關稅基並無重大暫時差異，故並無就遞延稅項作出撥備。

5. Dividend

The directors have resolved not to declare an interim dividend for the period (2002: HK2 cents per share)

董事會已議決不派發本期間之中期股息 (二零零二年：每股2港仙)

Notes:

- (a) At a meeting held on 27th March, 2003 the directors proposed a final dividend of HK2 cents per ordinary share for the year ended 31st December, 2002, which was paid on 30th May, 2003 and has been reflected as an appropriation of retained earnings for the six months ended 30th June, 2003.
- (b) At a meeting held on 3rd September, 2003 the directors have resolved not to declare an interim dividend for the period.

6. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$74,850,012 (2002: HK\$3,837,321) and the number of ordinary shares in issue during the period amounting to 1,691,171,989 (2002: 1,691,171,989).

For the period ended 30th June, 2002, the diluted earnings per share was not disclosed as the exercise of the share options outstanding would have no dilutive effect.

For the period ended 30th June, 2003, there was no diluting effect on earnings per share as the share options expired in May 2003.

5. 股息

Unaudited
未經審核
Six months ended 30th June,
截至六月三十日止六個月

2003	2002
HK\$	HK\$
港元	港元

	-	33,823,440
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附註：

- (a) 於二零零三年三月二十七日舉行之會議，董事建議派發截至二零零二年十二月三十一日止年度之末期股息每股普通股2港仙。有關股息已於二零零三年五月三十日派付，並已於截至二零零三年六月三十日止六個月列作保留溢利分派。
- (b) 於二零零三年九月三日舉行之會議，董事會已議決不派發本期間之中期股息。

6. 每股盈利

每股基本盈利是按照本期間本集團股東應佔溢利74,850,012港元(二零零二年：3,837,321港元)及已發行之普通股數目合共1,691,171,989股(二零零二年：1,691,171,989股)計算。

鑑於所有於二零零二年六月三十日尚未行使之購股權行使不會對每股盈利造成攤薄影響，故並無呈報截至二零零二年六月三十日止期間之每股攤薄盈利。

鑑於購股權於二零零三年五月期滿，截至二零零三年六月三十日止期間之每股盈利並無攤薄影響。

7. Investment securities

		Unaudited 未經審核 30th June, 2003 二零零三年 六月三十日 HK\$ 港元	Audited 經審核 31st December, 2002 二零零二年 十二月三十一日 HK\$ 港元
Shares listed in Hong Kong	香港上市股份	65,849,787	99,576,224
Unlisted shares	非上市股份	5	217,084
Unlisted investments	非上市投資	<u>74,425,582</u>	<u>62,783,530</u>
		<u>140,275,374</u>	<u>162,576,838</u>

8. Debt securities

		Unaudited 未經審核 30th June, 2003 二零零三年 六月三十日 HK\$ 港元	Audited 經審核 31st December, 2002 二零零二年 十二月三十一日 HK\$ 港元
Convertible notes	可換股票據	4,000,000	7,563,731
Bonds	債券	<u>87,575,588</u>	<u>24,704,472</u>
		<u>91,575,588</u>	<u>32,268,203</u>

9. Trade and other receivables

		Unaudited 未經審核 30th June, 2003 二零零三年 六月三十日 HK\$ 港元	Audited 經審核 31st December, 2002 二零零二年 十二月三十一日 HK\$ 港元
Trade receivables	經營應收款	-	-
Other receivables	其他應收款	<u>43,017,615</u>	<u>40,889,366</u>
		<u>43,017,615</u>	<u>40,889,366</u>

7. 投資證券

8. 債務證券

9. 經營及其他應收款

10. Trade and other payables

Trade payables	經營應付款
Other payables	其他應付款

10. 經營及其他應付款

Unaudited 未經審核 30th June, 2003 二零零三年 六月三十日 HK\$ 港元	Audited 經審核 31st December, 2002 二零零二年 十二月三十一日 HK\$ 港元
-	-
10,812,397	14,511,194
10,812,397	14,511,194

11. Contingent liabilities

- (a) The Company has given a guarantee to a bank to secure 33 $\frac{1}{3}$ % of the outstanding indebtedness due by its associated companies, of which the Group controlled 33 $\frac{1}{3}$ % interest in each. The amount of outstanding indebtedness due by the associated companies to this bank as at 30th June, 2003 was approximately HK\$408 million (at 31st December, 2002: approximately HK\$421 million).
- (b) The Company has given a guarantee to a financial institution to secure borrowing facilities available to a wholly-owned subsidiary in the amount not exceeding US\$15 million. There was no outstanding indebtedness at 30th June, 2003 and 31st December, 2002.
- (c) In September 2001, the Company, together with Chow Tai Fook Nominee Limited and Fung Wing Cheung, Tony together referred to as the "Plaintiffs", issued a statement of claim against three independent third parties (the "Defendants") for the refund of a deposit made to the Defendants and related damages as a result of a breach of terms in an offer (the "Offer") relating to the sale and purchase of shares in Kowloon Development Company Limited. The deposit attributable to the Company amounts to approximately HK\$17 million and is included in "Trade and other receivables" on the consolidated balance sheet. Subsequently, in October 2001, the Defendants served a counterclaim on the Plaintiffs for loss and damages as a result of the non-completion of the Offer. At this stage, the directors have not made any provision against the deposit and the counterclaim because they believe the Company have meritorious claims against the Defendants, however the directors and the Company's legal advisor are unable to assess the outcome and the effect of the above legal proceedings on the Company.

Save as disclosed above, the directors are not aware of any litigation or claims of material importance pending or threatened against the Company or any of its subsidiaries.

11. 或然負債

- (a) 本公司就其聯營公司所欠債項向一間銀行提供33 $\frac{1}{3}$ %之擔保，而本集團擁有該等聯營公司33 $\frac{1}{3}$ %權益。該等聯營公司於二零零三年六月三十日欠該銀行之未償還債項約為408,000,000港元（於二零零二年十二月三十一日：約為421,000,000港元）。
- (b) 本公司為一間全資附屬公司所獲一間財務機構提供之不超過15,000,000美元之信貸額提供擔保。於二零零三年六月三十日及於二零零二年十二月三十一日，並無任何尚未償還之債務。
- (c) 於二零零一年九月，本公司與周大福代理人有限公司及馮永祥作為原告人（下稱「原告人」）向三名獨立第三方（下稱「被告人」）提出訴訟，追索被告人退回訂金和違反買賣九龍建業有限公司股份（下稱「建議收購」）之條款所造成之損失。涉及應收回本公司之訂金金額約為17,000,000港元（包括在綜合資產負債表之「經營及其他應收款項目」中）。隨後，於二零零一年十月，被告人向原告人提起反訴訟，追索原告人賠償未完成建議收購所造成之損失。目前階段，董事們並無對該訂金和反訴訟作出撥備，因為董事們相信本公司對被告人的訴訟有合理的根據，但董事們及本公司之法律顧問都無法評估上述之訴訟對本公司之影響。

除上文所披露者外，就董事所知，本公司及其附屬公司並無尚未了結或可能提出或面臨威脅的重大訴訟或索償要求。

12. Commitments

Capital commitments for investments in investment securities

Authorised but not contracted for 已批准但未簽約

12. 承擔

投資於投資證券之資本承擔

Unaudited 未經審核 30th June, 2003 二零零三年 六月三十日 HK\$ 港元	Audited 經審核 31st December, 2002 二零零二年 十二月三十一日 HK\$ 港元
20,199,150	18,408,825

13. Related party transactions

The Group had the following material transactions with its related company during the period:

Management fee expenses to a related company 給予一間有關連公司之投資管理費用

Pursuant to the management agreement dated 5th March, 1997 (“Existing Investment Management Agreement”) between the Group and Yu Ming Investment Management Limited (“YMIM”), in which Fung Wing Cheung, Tony and Fung Yiu Fai, Peter, jointly own 100% of the shares, YMIM agreed to assist the board of directors with the day-to-day management of the Group for a period of five years commencing 27th March, 1997. YMIM will be entitled to a management fee equal to 0.375 per cent. of the net asset value on each quarter date and an incentive fee equal to 20 per cent. of such amount (if any) by which the profit before tax for each financial year completed exceeds such amount as is equal to 6 per cent. of average monthly net asset value of the Group as shown by the audited accounts of the companies within the Group for each such financial year but adjusted so that the associated companies of the Group will not be equity accounted for the purpose of calculating such average monthly net asset value and consolidated profit before tax.

On 4th March, 2002, a supplemental agreement (“Supplemental Agreement”) was approved by independent shareholders to extend the expiry date of the Existing Investment Management Agreement to 31st March, 2007. Under the Supplemental Agreement, the management fee remains unchanged. Pursuant to the Supplemental Agreement, YMIM will not be entitled to the incentive fee if the Group reports an accumulated loss at the time of the incentive fee computation. Therefore, the incentive fee will be equivalent to 20 per cent. of the amount by which the audited consolidation profit before tax of each year ending 31st December (before adjusting for the incentive fee), and after offsetting the accumulated losses during the term of the Supplemental Agreement, if any, exceeds 6 per cent. of the average monthly net asset value for such calendar year.

13. 與有關連人士之交易
期內本集團曾與有關連公司進行下列重大交易：

Unaudited 未經審核 Six months ended 30th June, 截至六月三十日止六個月 2003 HK\$ 港元	2002 HK\$ 港元
4,521,984	5,820,537

根據本集團與由馮永祥及馮耀輝共同全資擁有的禹銘投資管理有限公司（「禹銘投資管理」）於一九九七年三月五日訂立之管理協議（「現行管理協議」），禹銘投資管理同意由一九九七年三月二十七日起計五年內協助董事會處理本集團之日常工作。禹銘投資管理有權收取投資管理費用，金額相等於每季最後一日之資產淨值之0.375%，以及獎金（如有），金額相等於各財政年度完結後之除稅前溢利減去本集團於該年度之每月平均資產淨值（按本集團內公司於各財政年度之經審核賬目所示）6%後之超出數額之20%。而於計算投資管理費用及獎金時，本公司之聯營公司將不會按權益會計法計算入每月平均資產淨值及綜合除稅前溢利。

在二零零二年三月四日，獨立股東批准一份補充協議（「補充協議」）延長現行管理協議之到期日，直至二零零七年三月三十一日。補充協議中，管理費維持不變。在補充協議中的有效期限內，如本集團錄得累計虧損時，禹銘投資管理將不收取獎金。因而，該項獎金金額為截至每年度十二月三十一日止經審核之除稅前綜合溢利（未計獎金前），扣除補充協議條款規定之累計虧損後，如有溢利，再減本集團每月平均綜合資產淨值6%後超出數額之20%。