



MACAU SUCCESS LIMITED

澳門實德有限公司

*(Incorporated in Hong Kong with limited liability)*  
(Formerly known as China Development Corporation Limited)



ANNUAL REPORT

2003



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# Corporate Information

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## Directors

### Executive Directors

Mr. Yeung Hoi Sing, Sonny (Chairman)

Mr. Chan William

Mr. Lee Siu Cheung

### Independent Non-Executive Directors

Mr. Choi Kin Pui, Russelle

Mr. Luk Ka Yee, Patrick

## Company Secretary

Miss Chiu Nam Ying, Agnes

## Audit Committee

Mr. Choi Kin Pui, Russelle

Mr. Luk Ka Yee, Patrick

## Auditors

Messrs. Charles Chan, Ip & Fung CPA Ltd.

## Legal Advisor

Iu, Lai & Li

## Principal Bankers

International Bank of Asia

## Share Registrars

Tengis Limited

G/F., BEA Harbour View Centre

56 Gloucester Road, Wanchai

Hong Kong

## Registered Office

Units 1002-05A, 10/F

West Tower, Shun Tak Centre

200 Connaught Road Central

Hong Kong

## Share Listing

The Stock Exchange of Hong Kong Limited

Stock Code: 0487



## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at Units 1002-05A, 10/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 23 February 2004 at 4:00 p.m. for the following purposes:

1. To receive and consider the Audited Financial Statements and Directors' Report and the Auditors' Report for the year ended 30 September 2003.
2. To re-elect Directors and to authorize the Board of Directors to fix the Directors' fees.
3. To re-appoint Auditors and to authorize the Board of Directors to fix their remuneration.
4. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as Ordinary Resolutions:

### ORDINARY RESOLUTIONS

- (A) **“THAT** the directors of the Company be and are hereby granted an unconditional general mandate to repurchase issued shares in the capital of the Company in accordance with all applicable laws and subject to the following conditions:–
- (a) such mandate shall not extend beyond the Relevant Period (as defined in sub-paragraph (c) below);
  - (b) the aggregate nominal amount of shares of the Company to be purchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to this resolution shall not exceed 10 per cent. of the aggregate nominal amount of the shares of the Company in issue at the date of passing of this resolution; and
  - (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company (the “Articles of Association”) or the Companies Ordinance to be held; and
    - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders in general meeting.”
- (B) **“THAT** the directors of the Company be and are hereby granted an unconditional general mandate to issue, and allot and deal with additional shares in the capital of the Company or securities convertible into shares, and to make or grant offers, agreements and options in respect thereof, subject to the following conditions:
- (a) such mandate shall not extend beyond the Relevant Period (as defined in subparagraph (c) below) save that the directors may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;



# Chairman's Statement

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## CHANGE OF COMPANY NAME

With effect from 5 November 2003, the Company's name was changed from China Development Corporation Limited to Macau Success Limited, in order to reflect the plan of the Group to develop business in Macau in view of the prosperous investment sentiment of Macau.

## BUSINESS REVIEW

During the year ended 30 September 2003, the Group's overall performance was satisfactory. Profit attributable to shareholders was approximately HK\$35.6 million, increased 130.9% when compared to that of last year. The construction business was under smooth progress with a few projects underway. Turnover from the retail business was on the rise despite the impact of Severe Acute Respiratory Syndrome ("SARS") during the first half of 2003. The Group's turnover, mainly contributed by the retail and construction business, was approximately HK\$116.8 million, representing a decrease of approximately 61.3% from that of last year.

The drop in turnover was due to the disposal of a major subsidiary group in Singapore, engaged in the construction business, named Sum Cheong Group. Despite its significant contribution of turnover, the Group disposed of the subsidiary in view of its operating loss incurred which would hamper the overall performance of the Group. Pursuant to the disposal, the Group was released from its obligations of approximately S\$48.9 million (approximately HK\$220.1 million), and all other commitments, liabilities and contingent liabilities.

During the year under review, the Group carried out a series of transactions to improve its overall financial position. In January 2003, the Company announced the capital reorganisation under which 10 shares of the Company have been consolidated into 1 share and the par value of the shares of the Company has been reduced from HK\$4.00 each to HK\$0.01 each. The credit of approximately HK\$594.8 million arisen as a result of the capital reduction were credited to eliminate accumulated losses of the Company.

In July 2003, the controlling shareholders and the Board of Directors of the Company have changed. At the same time, a deed of settlement has been entered with the lenders of other loans to settle the outstanding loan amounting HK\$56.1 million in full by paying a settlement sum of HK\$20 million. As a result, the Group recorded a gain on waiver of loans of approximately HK\$36.0 million.

Together with the subsequent placements undertaken by the Company, the indebtedness and cash flow position of the Company has been greatly improved. On the other hand, the management has endeavoured to implement a series of plans on effective cost control and reshuffle of resources in a bid to focus on profitable business.

## OUTLOOK

The execution of the "Individual Visit Scheme" by the PRC government stimulated the general business environment of Hong Kong. Among which, retail and tourism were mostly benefited. In order to grasp the opportunities arisen, the Group set up Travel Success Limited to develop the tourism business.

The Group also considered that stable source of revenue is an important backup to further develop the Group's business. As a result, the Group acquired a 55% interest in a cruise ship, namely "Macau Success", for leasing purpose in order to provide stable cash inflow to the Group.



## Chairman's Statement

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Looking forward, the tourism industry will continue to be prosperous supported by the opening of Hong Kong Disneyland in 2005. Besides, with the transformation of Macau into “Asian Las Vegas” after the issuance of more casino-operating licences by the Macau government and the development of HK-Zhuhai-Macau Bridge, the Macau economy will continue to expand in the coming years. Accordingly, the Group will strategically focus on the development of the retail, travel and cruise businesses and at the same time, will capture the growth and further explore and, when opportunities arise, invest in new business with good potential in Macau.

### ACKNOWLEDGEMENTS

Last but not the least, I would like to thank my fellow directors, dedicated employees, our supportive shareholders and our loyal customers and suppliers for their confidence and continued support in the Group.

**Yeung Hoi Sing, Sonny**

Chairman

Hong Kong  
27 January 2004



## Notice of Annual General Meeting

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- (b) the aggregate nominal amount of the shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors, otherwise than pursuant to a Rights Issue (as defined in sub-paragraph (c) below) or pursuant to the grant or exercise of options issued under any share option scheme adopted by the Company for the grant or issue to employees of the Company and/or any of its subsidiaries and/or associated companies of options to subscribe for or rights to acquire shares of the Company, or pursuant to any scrip dividend or other similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the Articles of Association of the Company or with the consent of the Company in general meeting, shall not exceed 20% of the aggregate nominal amount of the shares of the Company in issue at the date of passing of this resolution; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or the Companies Ordinance to be held; and
  - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders in general meeting.”

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof of members on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong).”

- (C) **“THAT** the general mandate granted to the directors of the Company to issue and dispose of additional shares pursuant to Ordinary Resolution 4(B) set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares purchased by the Company under the authority granted pursuant to Ordinary Resolution 4(A) set out in the notice convening this meeting, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”

By Order of the Board  
**Chiu Nam Ying, Agnes**  
Company Secretary

Hong Kong, 27 January 2004

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## Notice of Annual General Meeting

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Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or notarially certified copy of such power of attorney or authority must be lodged at the Company's share registrars, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time of the meeting.
3. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.





# Management Discussion and Analysis

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## RESULTS

For the year under review, turnover of the Group was approximately HK\$116.8 million representing an approximately 61.3% decrease from last year (2002: approximately HK\$302.3 million). Profit attributable to shareholders amounted to approximately HK\$35.6 million, representing an increase of approximately 130.9% when compared to last year. (2002 Loss attributable to shareholders: approximately HK\$115.4 million). Earnings per share for the year were 9.0 HK cents. (2002 Loss per share: 77.4 HK cents).

## REVIEW OF OPERATIONS

### Construction Business

Construction projects generated turnover of approximately HK\$60.5 million which accounted for approximately 51.8% of the Group's total turnover. The general business environment remained sluggish during the period under review, which directly affected the construction industry. There was a reduction in the commencement of new construction project while the tender prices was also experiencing an ever-decreasing trend. The turnover decreased by approximately 77.1% when compared to last year. The restructuring and prudent cost control allowed the Group to record a profit of approximately HK\$0.6 million, representing an increase of approximately 102% when compared to last year, despite the decrease in turnover. Several projects were in progress including Xinhua News Agency and Lamma Power Station.

### Retail Business

Despite the outbreak of SARS, the turnover of the Group's retail business increased due to the relaxation of travel restrictions by the PRC government. Turnover contributed by the retail business amounted to approximately HK\$56.4 million, representing an increase of approximately 161.3% when compared to last year, which accounted for approximately 48.2% of the Group's total turnover. Operating loss amounted to approximately HK\$0.02 million of which the disposed subsidiary contributed the loss of approximately HK\$0.9 million (2002: approximately HK\$0.5 million).



## FINANCIAL REVIEW

### Pledge of Assets

As at 30 September 2003, the Group had certain assets pledged to financial institutions for term financing amounted to approximately HK\$1.0 million, of which approximately HK\$0.1 million is repayable within one year (2002: approximately HK\$0.1 million).

### Contingent Liabilities

As at 30 September 2003, the Group had no contingent liability.

# Management Discussion and Analysis

## Liquidity, Financial Resources and Gearing

As at 30 September 2003, the Group had net current assets of approximately HK\$19.3 million (2002: approximately HK\$11.4 million) and had net assets of approximately HK\$29.3 million (2002: net deficit of approximately HK\$95.2 million). The recovery from net liabilities to net assets position was due to the debt restructuring exercise of the Group during the year.

As at 30 September 2003, the Group had total financial borrowings of approximately HK\$11.5 million as compared to approximately HK\$118.3 million at last financial year end date, of which approximately HK\$0.03 million represents obligations under finance leases (2002: approximately HK\$0.14 million).

The Group's total financial borrowings were denominated in Hong Kong dollars and bear interest at floating rates. Of the total financial borrowings, approximately HK\$10.6 million (2002: approximately HK\$0.14 million) is repayable within one year or on demand, while approximately HK\$0.9 million (2002: approximately HK\$118.2 million) is repayable after one year.

The bank loan of approximately HK\$1.0 million were secured by property, plant and equipment with a carrying value of approximately HK\$2.3 million (2002: approximately HK\$2.3 million).

Shareholders' funds of the Group as at 30 September 2003 recorded a surplus of approximately HK\$29.3 million (2002: deficit of approximately HK\$95.2 million). Accordingly, the gearing ratio which is measured on the basis of the Group's total borrowings over the shareholders' funds was 39.3%.

## Capital Structure

### Capital Reorganization

During the year, a special resolution was passed in an extraordinary general meeting of the Company held on 6 February 2003, pursuant to which and with the sanction of an Order of the High Court of the Hong Kong Special Administrative Region dated 21 May 2003, the paid up capital of the Company was reduced from HK\$1,600 million divided into 400,000,000 ordinary shares of HK\$4.00 per share to HK\$4 million divided into 400,000,000 ordinary shares of HK\$0.01 per share (the "Reduced Share") by the cancellation of HK\$3.99 of the paid up capital on each share (the "Capital Reduction"). After the Capital Reduction and based upon the number of issued shares of the Company as at 21 May 2003, an amount of approximately HK\$594 million from the share capital account of the Company was cancelled and credited to the contributed surplus account of the Company and was applied to eliminating part of the accumulated losses of the Company. The Capital Reduction became effective on 2 June 2003 whereupon every 10 Reduced Shares were consolidated into 1 share of HK\$0.01 each and the share capital of the Company was increased from HK\$4 million to HK\$1,600 million by the creation of an additional 159,600,000,000 ordinary shares of HK\$0.01 each.



## Management Discussion and Analysis

### Subscription of New Shares

Pursuant to a subscription agreement dated 20 May 2003 and a supplemental agreement dated 10 June 2003 entered into between the Company and Silver Rich Macau Development Limited, Spring Wise Investments Limited and Leader Assets Limited in relation to the subscription of an aggregate of 1,043,200,000 new shares at HK\$0.0671 per share (the “Subscription”). The Subscription was completed on 25 July 2003.

### Placing of New Shares

Pursuant to a placing agreement dated 20 May 2003 and a supplemental agreement dated 10 June 2003 entered into between the Company and Tai Fook Securities Company Limited in relation to the placing of 298,000,000 new shares at HK\$0.0671 per share to not less than six independent investors (the “Placing I”). The Placing I was completed on 31 July 2003.

The net proceeds derived from the Subscription and the Placing I amounted to approximately HK\$89.0 million has been applied as to approximately HK\$20.0 million to pay the Settlement Sum (as defined in the circular of the Company dated 2 July 2003), as to approximately HK\$25.0 million to settle the Full Ample Indebtedness (as defined in the circular of the Company dated 2 July 2003) and as to approximately HK\$44.0 million as general working capital for meeting the financial needs of the operations of the Group and for investing in new business with good potential when opportunities arise.

Subsequent to the period, pursuant to a placing agreement dated 3 November 2003 and a supplemental agreement dated 17 November 2003 entered into between the Company and Tai Fook Securities Company Limited in relation to the placing of 97,200,000 new shares at HK\$0.4325 per share to not less than six independent investors (the “Placing II”). The net proceeds amounted to approximately HK\$41.0 million has been applied as to approximately HK\$10.0 million as general working capital of the Group and as to approximately HK\$31.0 million for making investments in tourism and retail related businesses in Hong Kong with good potential when opportunities arise. The Placing II was completed on 17 November 2003.

### Staffing

As at 30 September 2003, the Group had approximately 148 employees. Remuneration is determined by reference to their qualifications, experiences, responsibility and performance of the staff concerned. Apart from the basic remuneration, staff benefits include medical insurance, retirement benefits under Mandatory Provident Fund Scheme, etc.

### PROSPECTS

Construction and retail have been the Group’s principal businesses all along. However, since the property market remained sluggish, the number of new construction projects reduced. On the other hand, the tender price also dropped due to the cutthroat-price competition. Hence, the outlook of the construction business is not promising.

In order to diversify its business, the Group set up Travel Success Limited to develop the tourism business in October 2003. In addition, the Group entered into an agreement on the acquisition of 55% interests of a cruise ship and its inventories at a total consideration of approximately HK\$52.0 million. Upon completion of the acquisition on 12 January 2004, the name of the cruise ship was changed to “Macau Success” (the “Cruise Ship”). The Cruise Ship was leased to Hover Management Limited for a period of 36 months. The fixed monthly rental payment was agreed to be HK\$2.5

## Management Discussion and Analysis

million together with a variable payment amounted to 15% of the aggregate monthly revenues generated by the Cruise Ship, this percentage may be adjusted upward to not more than 25% if the monthly revenues are more than HK\$20 million per calendar month.

According to a survey conducted by the MasterCard International, the confidence to consume (the “Index”) has surged from 23.2 in the period of SARS to 81.1 in the fourth quarter of 2003, that is a 3.5 times increase. The Index is even 45% higher than the period before the financial crisis. At the same time, the “Individual Visit Scheme” also stimulates the retail market to a large extent. The retail business is expected to exhibit satisfactory performance.

Following the implementation of a series of measures to boost the economy by the Hong Kong government, coupled with the execution of the “Individual Visit Scheme” by the PRC government starting from July 2003, the local tourism and retail industries have significantly revived. The opening of Hong Kong Disneyland in 2005, the transformation of Macau into “Asian Las Vegas” after the issuance of more casino-operating licences by the Macau Government and the development of HK-Zhuhai-Macau Bridge would further boost the entertainment and tourism industries.

Accordingly, the Group will strategically focus on the development of the retail, travel and cruise businesses and at the same time, will capture the growth and further explore and, when opportunities arise, invest in new business with good potential in Macau.

The management of the Group is committed to enhance the shareholders’ value by implementing strategic developments and plans, leveraged on the expertise and experience of the management. The Group is dedicated to capitalize on the reviving economy of Hong Kong and the growing affluence in the PRC.



# Report of Directors

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The directors present their annual report and the audited financial statements of the Company and the Group for the year ended 30 September 2003.

## 1. PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of the retailing of consumer goods targeting at tourists in Hong Kong and provision of construction and related services in Hong Kong.

## 2. CHANGE OF COMPANY NAME

Pursuant to a special resolution passed in the extraordinary general meeting held on 21 October 2003 and the issuance of a certificate of incorporation on change of name by the Companies Registry of Hong Kong, the name of the Company has been changed from China Development Corporation Limited to Macau Success Limited with effect from 5 November 2003.

## 3. RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 20.

The directors do not recommend the payment of any dividends in respect of the year ended 30 September 2003.

## 4. SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in note 3 to the financial statements.

## 5. FIVE-YEAR FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 62.

## 6. SHARE CAPITAL

Details of the Company's share capital are set out in note 26 to the financial statements.

## 7. RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 25 of this report and other details of the reserves of the Group and the Company are set out in note 28 to the financial statements.

As at 30 September 2003, the Company had no reserves available for cash distribution and/or distribution in specie.

## 8. PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group and the Company during the year are set out in note 13 to the financial statements.



### 9. SUBSIDIARY COMPANIES

Particulars of the Company's subsidiary companies are set out in note 15 to the financial statements.

### 10. DIRECTORS

The directors who held office during the year and up to the date of this report were:

#### Executive directors:

Yeung Hoi Sing, Sonny ( <i>Chairman</i> )	(appointed on 25 July 2003)
Chan William	(appointed on 25 July 2003)
Lee Siu Cheung	(appointed on 25 July 2003)
Cheung Yu Shum, Jenkin	(resigned on 25 April 2003)
Lam Siu Sek	(resigned on 25 July 2003)
Kwok Ka Lap, Alva	(appointed on 4 April 2003 and resigned on 25 July 2003)
Ng Wai Ming	(resigned on 31 July 2003)

#### Non-executive director:

Lien Kait Long	(resigned on 25 July 2003)
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#### Independent non-executive directors:

Choi Kin Pui, Russelle	(appointed on 28 January 2003)
Luk Ka Yee, Patrick	(appointed on 28 January 2003)
Shum Ka Hei	(resigned on 20 January 2003)
Cheung Man Yau	(resigned on 28 January 2003)

In accordance with Article 95 of the Articles of Association of the Company, Messrs. Yeung Hoi Sing, Sonny, Chan William and Lee Siu Cheung, who were appointed during the year from the last annual general meeting, shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with Article 104(A) of the Articles of Association of the Company, Mr. Choi Kin Pui, Russelle will retire by rotation and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

### 11. DIRECTORS' SERVICE CONTRACTS

The independent non-executive directors were appointed for a period of one year commencing on their appointment dates.

Save as disclosed above, none of the directors has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

### 12. DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



## Report of Directors

### 13. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2003, the Directors or chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange:—

Name	Long position/ Short position	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Yeung Hoi Sing, Sonny (Note 1)	Long position	Corporate interest	678,080,000	42.7%
Mr. Chan William (Note 2)	Long position	Corporate interest	290,606,000	18.3%

Notes:

1. Mr. Yeung Hoi Sing, Sonny is deemed to have corporate interest in 678,080,000 Shares by virtue of the interest of the Shares held by Silver Rich Macau Development Limited, which is wholly owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny.
2. Mr. Chan William is deemed to have corporate interest in 290,606,000 Shares by virtue of his interest in the issued share capital of Spring Wise Investments Ltd.

Save as disclosed above, as at 30 September 2003, none of the Directors or chief executive, or their associates, had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.



### 14. SHARE OPTIONS SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to the share option scheme adopted by the shareholders of the Company on 7 March 2002 (the "Share Option Scheme"), the board of the Company may for a consideration of HK\$1 offer to selected eligible persons to subscribe for shares of the Company as incentive or rewards for their contribution to the Group. The subscription price will be determined by the board at its absolute discretion, but in any event shall not be less than the higher of the nominal value for the time being of each share of the Company, the average closing price of the shares of the Company as stated in the daily quotation sheets of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the five trading days immediately preceding the date on which the relevant option is granted and the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date on which the relevant option is granted.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other schemes of the Company must not, in aggregate, exceed 30% of the issued share capital of the Company from time to time.

The Share Option Scheme became effective for a period of ten years commencing on 7 March 2002.

No options under the Share Option Scheme had been granted to any person since its adoption.

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.





## Report of Directors

### 15. SUBSTANTIAL SHAREHOLDERS

As at 30 September 2003, so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:—

Name of Shareholder	Long position/ Short position	Nature of interest	Number of Shares held	Approximate percentage of shareholding
Silver Rich Macau Development Limited	Long position	Corporate interest	678,080,000	42.7%
Spring Wise Investments Ltd.	Long position	Corporate interest	290,606,000	18.3%
Mr. Chan Hon Keung (Note)	Long position	Corporate interest	290,606,000	18.3%

Note: Mr. Chan Hon Keung is deemed to have corporate interest in 290,606,000 Shares by virtue of his interest in the issued share capital of Spring Wise Investments Ltd.

Save as disclosed above, as at 30 September 2003, so far as was known to the Directors, no other person had, or was deemed or taken to have an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 16. CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 30 September 2003.

### 17. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, there was no purchase, sale or redemption by the Company, or any of its subsidiaries of the listed securities of the Company.

### 18. MAJOR SUPPLIERS AND CUSTOMERS

During the year, the five largest customers of the continuing operations of the Group accounted for 46.8% of total turnover of the continuing operations of the Group of which the largest customer accounted for approximately 23.7% and the five largest suppliers of the continuing operations of the Group accounted for 31.6% of total purchases of the continuing operations of the Group, of which the largest supplier accounted for approximately 12.7%.



None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors owns more than 5% of the Company's issued share capital) had any beneficial interest in the above five largest customers or five largest suppliers.

### 19. CHARITABLE CONTRIBUTIONS

During the year, no charitable contributions (2002: Nil) were made by the Group.

### 20. POST BALANCE SHEET EVENTS

Details of the significant events after the balance sheet date are set out in note 34 to the financial statements.

### 21. CODE OF BEST PRACTICE

In the opinion of the Board, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

### 22. PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### 23. AUDITORS

On 23 May 2003, John K. H. Lo & Co. tendered their resignation as auditors of the Company and Deloitte Touche Tohmatsu were appointed as auditors of the Company to fill the vacancy created by the resignation of John K. H. Lo & Co..

On 17 September 2003, Deloitte Touche Tohmatsu tendered their resignation as auditors of the Company and Charles Chan, Ip & Fung CPA Ltd. were appointed as auditors of the Company to fill the vacancy left by the resignation of Deloitte Touche Tohmatsu.

A resolution to re-appoint the retiring auditors, Charles Chan, Ip & Fung CPA Ltd., will be put at the forthcoming annual general meeting.

On behalf of the board  
**Yeung Hoi Sing, Sonny**  
Chairman

Hong Kong, 27 January 2004



## Biographical Details of Directors

### EXECUTIVE DIRECTORS

**Mr. Yeung Hoi Sing, Sonny**, aged 49, joined the Company in 2003 as Chairman of the Company. He is responsible for the overall corporate planning and business development of the Group. Mr. Yeung has been the Member of the Chinese People's Political Consultative Conference, the People's Republic of China since 1993 and has over 20 years of experience in finance industry in Hong Kong. Prior to joining the Company, Mr. Yeung held managerial roles in several financial services sectors such as leveraged foreign exchange trading; and securities and future brokerage. He is presently the sole beneficial owner of a securities company, which is a licensed corporation under the Securities and Futures Ordinance and is also a participant of The Stock Exchange of Hong Kong Limited, principally engaged in the provision of securities trading services.

**Mr. Chan William**, aged 29, joined the Company in 2003 as executive director. Mr. Chan holds a Master degree of Business Administration and a Bachelor degree of Business Administration both from University of La Verne in the USA and a Diploma in Legal Studies from The University of Hong Kong (SPACE). He is a director of Tung Wah Group of Hospitals (2003/2004), the Current Advisor of Yan Chai Hospital 36th Term Board of Directors, the Divisional Senior Vice President of Hong Kong St. John Ambulance Brigade Headquarters Command and a member of Hong Kong Chiu Chow Chamber of Commerce. Before joining the Company, Mr. Chan was an accounts manager of a securities company in Hong Kong.

**Mr. Lee Siu Cheung**, aged 39, joined the Company in 2003 as executive director. Mr. Lee is a member of Hong Kong Institute of Architects and an Authorized Person (List of Architects). He has over 15 years of experience in the architectural industry and has worked for a number of architects companies in Hong Kong. Before joining the Company, Mr. Lee was a consultant of a real estate project management company.



### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Choi Kin Pui, Russell**, aged 49, joined the Company in 2003 as independent non-executive director. Mr. Choi is the co-founder of Elephant Talk Limited, a wholly owned subsidiary of ETCL. Mr. Choi is responsible for the overall strategic director of ETCL, and is appointed as president and chief executive officer of ETCL. Mr. Choi serves as chairman of ET Network Services Limited in Hong Kong. He has over 20 years of experience in management and leadership in a wide range of industries including media, garment and telecommunication in Hong Kong, China and the United States. In 1981, Mr. Choi established "Happy Days Association" which earned him fame and connections in media and entertainment industries in Hong Kong. Mr. Choi serves as chairman of WKA Association, a leading association for Thai-style boxing for South East Asia Region. In 1985, Mr. Choi opened his own garment factory in Canada with branches in Hong Kong and China, before jointly founding Elephant Talk Limited in Hong Kong 1994. Mr. Choi received his education in Hong Kong and Toronto, Canada respectively.

**Mr. Luk Ka Yee, Patrick**, aged 43, joined the Company in 2003 as independent non-executive director. Mr. Luk took his Law Degree in England during 80's. Throughout his tenure of career, Mr. Luk has been appointed to serve in various senior management positions of which involving in corporate/legal and property development as well as property management aspects. He is at present being the consultant to the groups of different companies with which have an extensive property facilities management and property development portfolio as well as sales and marketing programs in both Hong Kong and overseas.



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## **AUDITORS' REPORT TO THE SHAREHOLDERS OF MACAU SUCCESS LIMITED**

(FORMERLY KNOWN AS CHINA DEVELOPMENT CORPORATION LIMITED)  
(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

We have audited the financial statements on pages 20 to 61 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

## **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Hong Kong Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

## **BASIS OF OPINION**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

## **OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 30 September 2003 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

**Charles Chan, Ip & Fung CPA Ltd.**  
Certified Public Accountants  
Hong Kong, 27 January 2004

**Chan Wai Dune, Charles**  
Practising Certificate Number P00712

# Consolidated Income Statement

Year ended 30 September 2003

	Notes	Continuing operations		Discontinued operations		Consolidated	
		2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
<b>Turnover</b>	4	116,838	35,992	–	266,271	116,838	302,263
Cost of sales		(79,794)	(21,784)	–	(259,043)	(79,794)	(280,827)
Gross profit		37,044	14,208	–	7,228	37,044	21,436
Other revenue	4	307	2,504	–	3,239	307	5,743
Selling expenses		(29,756)	(9,244)	–	–	(29,756)	(9,244)
Administrative expenses		(10,573)	(11,110)	–	(51,657)	(10,573)	(62,767)
Other operating expenses, net		(660)	(69,522)	–	(32,035)	(660)	(101,557)
Gain on disposal of subsidiaries		7,984	–	–	–	7,984	–
Waiver of other loans	5	36,180	–	–	–	36,180	–
Gain on disposal of discontinued operations	6	–	–	–	44,551	–	44,551
<b>Profit/(loss) from operations</b>	8	40,526	(73,164)	–	(28,674)	40,526	(101,838)
Finance costs	9	(4,642)	(3,320)	–	(9,272)	(4,642)	(12,592)
Share of loss of associated company		–	–	–	(1,285)	–	(1,285)
<b>Profit/(loss) before taxation</b>		35,884	(76,484)	–	(39,231)	35,884	(115,715)
Taxation	10	(296)	–	–	133	(296)	133
Profit/(loss) after taxation		35,588	(76,484)	–	(39,098)	35,588	(115,582)
Minority interests		44	175	–	–	44	175
<b>Net profit/(loss) from ordinary activities attributable to shareholders</b>	11	<u>35,632</u>	<u>(76,309)</u>	<u>–</u>	<u>(39,098)</u>	<u>35,632</u>	<u>(115,407)</u>
Earnings/(loss) per share	12						
– Basic						<u>9.0 cents</u>	<u>(77.4 cents)</u>
– Diluted						<u>N/A</u>	<u>N/A</u>

The notes on pages 26 to 61 form an integral part of these financial statements.

## Consolidated Balance Sheet

As at 30 September 2003

	Notes	2003 HK\$'000	2002 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	6,346	6,072
Goodwill	14	5,633	6,819
		<u>11,979</u>	<u>12,891</u>
<b>CURRENT ASSETS</b>			
Inventories	16	3,797	4,925
Amount due from customers for contract work	17	3	3,093
Trade receivables	18	19,480	13,332
Deposits, prepayment and other receivables		1,265	33,423
Short-term investments	19	–	230
Cash and bank balances		47,358	4,774
		<u>71,903</u>	<u>59,777</u>
<b>CURRENT LIABILITIES</b>			
Amount due to customers for contract work	17	(7,637)	(5,792)
Trade payables	20	(16,309)	(21,608)
Other payables and accruals		(17,756)	(14,737)
Due to a former director	21	–	(5,615)
Tax payable		(305)	(516)
Current portion of finance lease payable	22	(32)	(48)
Current portion of interest-bearing bank loan	23	(99)	(95)
Other borrowings	24	(10,470)	–
		<u>(52,608)</u>	<u>(48,411)</u>
<b>NET CURRENT ASSETS</b>		<u>19,295</u>	<u>11,366</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		31,274	24,257
<b>NON-CURRENT LIABILITIES</b>			
Finance lease payable	22	–	(96)
Interest-bearing bank loan	23	(901)	(1,000)
Other borrowings	24	–	(117,104)
		<u>(901)</u>	<u>(118,200)</u>
<b>MINORITY INTERESTS</b>		<u>(1,106)</u>	<u>(1,261)</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>29,267</u>	<u>(95,204)</u>



## Consolidated Balance Sheet

As at 30 September 2003

	Notes	2003 HK\$'000	2002 HK\$'000
<b>CAPITAL AND RESERVES</b>			
Issued capital	26	14,903	596,257
Reserves	28	<u>14,364</u>	<u>(691,461)</u>
		<u>29,267</u>	<u>(95,204)</u>

Approved and authorised for issue by the board of directors on 27 January 2004.

On behalf of the board

**Yeung Hoi Sing, Sonny**  
Director

**Lee Siu Cheung**  
Director



## Balance Sheet

As at 30 September 2003

	Notes	2003 HK\$'000	2002 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	1,706	11
Interest in subsidiaries	15	5	—
		<u>1,711</u>	<u>11</u>
<b>CURRENT ASSETS</b>			
Other receivables		277	32,472
Cash and bank balances		42,701	229
		<u>42,978</u>	<u>32,701</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		<u>(12,938)</u>	<u>(12,197)</u>
<b>NET CURRENT ASSETS</b>			
		<u>30,040</u>	<u>20,504</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		31,751	20,515
<b>NON-CURRENT LIABILITIES</b>			
Other borrowings	24	<u>—</u>	<u>(106,163)</u>
<b>NET ASSETS/(LIABILITIES)</b>			
		<u><u>31,751</u></u>	<u><u>(85,648)</u></u>
<b>CAPITAL AND RESERVES</b>			
Issued capital	26	14,903	596,257
Reserves	28	<u>16,848</u>	<u>(681,905)</u>
		<u>31,751</u>	<u>(85,648)</u>



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Approved and authorised for issue by the board of directors on 27 January 2004.

On behalf of the board

**Yeung Hoi Sing, Sonny**  
Director

**Lee Siu Cheung**  
Director

The notes on pages 26 to 61 form an integral part of these financial statements.



# Consolidated Cash Flow Statement

Year ended 30 September 2003



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	Notes	2003 HK\$'000	2002 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		115,528	277,616
Cash paid to suppliers and employees		(115,484)	(243,420)
Cash generated from operations		44	34,196
Interest paid		(771)	(4,781)
Tax paid		(507)	(816)
Others		(510)	6,008
Net cash (used in)/generated from operating activities		(1,744)	34,607
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(2,770)	(3,564)
Proceeds from disposal of property, plant and equipment		–	3,824
Interest received		77	543
Collection from long term receivables		–	5,397
Collection of an exchange note		32,370	–
Acquisition of subsidiaries	29	–	4,346
Disposal of subsidiaries	30	73	(8,196)
Net cash generated from investing activities		29,750	2,350
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of new shares		89,994	–
Costs on issue of new shares		(1,155)	–
Other borrowings raised		27,925	–
Capital element of finance lease rental payments		(112)	(4,672)
Repayment of bank loan		(95)	–
Repayment of other borrowings		(101,979)	(48,749)
Release of fixed deposits pledged to financial institutions		–	6,631
Net cash generated from/(used in) financing activities		14,578	(46,790)
Increase/(decrease) in cash and cash equivalents		42,584	(9,833)
Cash and cash equivalents at beginning of year		4,774	14,607
Cash and cash equivalents at end of year		47,358	4,774

The notes on pages 26 to 61 form an integral part of these financial statements.

## Consolidated Statement of Changes in Equity

Year ended 30 September 2003

	Notes	2003 HK\$'000	2002 HK\$'000
Shareholders' equity brought forward		(95,204)	44,343
Proceeds from issue of new shares	26,28	89,994	–
Costs on issue of new shares	28	(1,155)	–
Realisation of capital reserve on disposal of subsidiary company	28	–	11,933
Realisation of investment revaluation reserve on disposal of subsidiary company	28	–	12,192
Realisation of asset revaluation reserve on disposal of subsidiary company	28	–	(15,485)
Realisation of exchange fluctuation reserve on disposal of subsidiary company	28	–	(32,780)
Net profit/(loss) for the year	28	<u>35,632</u>	<u>(115,407)</u>
Shareholders' equity carried forward		<u><u>29,267</u></u>	<u><u>(95,204)</u></u>



# Notes to the Financial Statements

30 September 2003

## 1. ORGANISATION AND PRINCIPAL ACTIVITIES

Macau Success Limited (formerly known as China Development Corporation Limited) (the “Company”) was incorporated under the laws of Hong Kong on 29 September 1987 with limited liabilities. The Company’s shares are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of subsidiaries are set out in note 15 to the financial statements.

## 2. PRINCIPAL ACCOUNTING POLICIES

### a) BASIS OF PREPARATION

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong, and comply with statements of standard accounting practice (“SSAPs”) issued by the Hong Kong Society of Accountants (“HKSA”), the requirements of the Hong Kong Companies Ordinance and The Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange. The financial statements are prepared under the historical cost convention.

In the current year, the Group has adopted, for the first time, the following revised SSAPs which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 11 (revised)	:	Foreign currency translation
SSAP 34 (revised)	:	Employee benefits

These SSAPs prescribe new accounting measurement and disclosure practice. The major effects on the Group’s accounting policies and on the amounts disclosed in these financial statements of adopting these SSAPs are summarised as follows:

SSAP 11 (revised) prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the income statement of subsidiaries operating in overseas are now translated to Hong Kong dollars at the weighted average exchange rate for the year whereas previously they were translated at the exchange rate at the balance sheet date. The adoption of this SSAP has had no material effect on the results of the current year. Further details of this change are included in the accounting policy for “Translation of Foreign Currencies” in note 2(o) to the financial statements.

SSAP 34 (revised) prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has had no material effect on the financial statements. Additional disclosures are now required in respect of the Group’s share option scheme, as detailed in note 27 to the financial statements. These share option scheme disclosures are similar to the Listing Rules on the Stock Exchange disclosures previously included in the Report of the Directors, which are now required to be included in the notes to the financial statements as a consequence of the adoption of the SSAP 34 (revised).



## 2. PRINCIPAL ACCOUNTING POLICIES

### b) BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 September.

The results of the subsidiary acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant inter-company transactions and balances within the Group are eliminated on consolidation.

The gain or loss on disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or negative goodwill which was not previously charged or recognised in the consolidated income statement.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

### c) SUBSIDIARIES

A subsidiary is a company in which the Group or the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Subsidiaries are considered to be controlled if the Group or the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a subsidiary is consolidated into the consolidated financial statements, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated income statement as they arise.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case, it is stated at fair value with changes in fair value recognised in the income statement as they arise.



# Notes to the Financial Statements

30 September 2003

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### d) REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following basis:

- (i) revenue from construction contracts is recognised using the percentage of completion method when the contracts have progressed to a stage where a profitable outcome can be prudently foreseen and is measured by reference to the costs incurred to the balance sheet date as compared to the estimated total costs to completion. Anticipated losses on contracts are fully provided when identified.
- (ii) on the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided the Company maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- (iii) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

### e) TRADE RECEIVABLE

Provision is made against trade receivable to the extent that they are considered to be doubtful. Trade receivable in the balance sheet is stated net of such provision.

### f) GOODWILL

Goodwill arising from the acquisition of subsidiaries represents the excess of the cost of the acquisition over the Group's share of fair values of the identifiable assets and liabilities acquired as the date of acquisition. Negative goodwill arising on the acquisition of subsidiaries represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition, over the cost of the acquisition.

Goodwill arising from acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful of 10 years. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated income statement when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated income statement on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.



**2. PRINCIPAL ACCOUNTING POLICIES (Continued)****f) GOODWILL (Continued)**

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill/negative goodwill which remains unamortised/has not been recognised in the consolidated income statement and relevant consolidated reserves, as appropriate. Any attributable goodwill/negative goodwill previously eliminated against/credited to the consolidated capital reserve at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

**g) PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset. Overhauling expenses to extend the useful lives of old assets are, therefore, capitalised and depreciated over the period of the extended useful lives.

Changes in the values of property, plant and equipment are dealt with as movements in the assets revaluation reserve. If the total of this reserve is insufficient to cover a deficit on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained earnings as movement in reserves.

Depreciation is provided to write off the cost or valuation of each asset over its estimated useful life on a straight-line basis at the following annual rates:

Leasehold land and buildings	Over lease terms
Leasehold improvements	Over lease terms
Motor vehicles	30% – 33 <sup>1</sup> / <sub>3</sub> %
Plant and machinery	20%
Furniture, fittings and office equipment	20% – 33 <sup>1</sup> / <sub>3</sub> %

The gain or loss arising from the disposal or retirement of the asset is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognised in the income statement.



# Notes to the Financial Statements

30 September 2003

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### h) ASSETS UNDER LEASES

#### (i) Finance leases

At the inception of a finance lease, the fair value of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals or, if lower, at the present value of the minimum lease payment.

Payments to the lessor are treated as consisting of capital and interest elements. Finance charges are debited to the income statement over the periods of the leases so as to produce an approximately constant periodic rate of charge on the remaining balances of the obligation for each accounting period.

Assets held under finance leases are depreciated over the shorter of the lease terms and their estimated useful lives on the same basis as owned assets. Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(i) to the financial statements.

#### (ii) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under such operating leases are charged to the income statement on the straight-line basis over the periods of the respective leases.

### i) IMPAIRMENT OF ASSETS

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

#### (i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).



## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### i) IMPAIRMENT OF ASSETS (Continued)

#### (ii) Reversal of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

### j) SHORT-TERM INVESTMENTS

Short-term investments are investments in equity securities held for trading purpose and are stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual investment basis. The gains or losses arising from changes in the fair value of a security are credited or charged to the income statement for the period in which they arise.

### k) RELATED PARTIES

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

### l) INVENTORIES

Stocks are valued at the lower of cost and net realisable value. Cost include cost of purchase of materials computed using the first-in, first-out method, and in the case of work in progress and finished goods, direct labour and an appropriate proportion of production overheads. Net realisable value is determined by reference to the sales proceeds of items sold in the ordinary course of business after the balance sheet date less the estimated costs of completion and the estimated costs necessary to make the sale.

### m) CASH EQUIVALENTS

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were generally within three months of maturity when acquired. Cash equivalents also include bank overdrafts and advances from banks repayable within three months from the date of the advance.





# Notes to the Financial Statements

30 September 2003

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### n) DEFERRED TAXATION

Deferred taxation is provided at the current tax rate on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that a liability or asset is expected to be payable or receivable in the foreseeable future.

### o) TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies during the year are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the income statement.

On consolidation, the financial statements of subsidiaries, operating in overseas are translated into Hong Kong dollars using the net investment method. The income statement of overseas subsidiaries are translated to Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated to Hong Kong dollars at the exchange rates at the balance sheet date. The resulting translation differences are included in the exchange equalisation reserve.

Prior to the adoption of the revised SSAP 11 during the year, as explained in note 2(a) to the financial statements, the income statement and cash flow statements of subsidiaries operating overseas were translated to Hong Kong dollars at the exchange rates at the balances sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements.

### p) EMPLOYEE BENEFITS

#### (i) Retirement benefit scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the Scheme. Contributions are made based on a percentage of the employee's basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed to the Scheme in accordance with the rules of the Scheme.



## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### p) EMPLOYEE BENEFITS(Continued)

#### (ii) Share option schemes

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under these share option schemes is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the income statement or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in share premium account. Options which are cancelled prior to their exercise dates, or which lapse, are deleted from their registers of outstanding options.

### q) CONSTRUCTION CONTRACTS

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from construction contracts is recognised on the percentage of completion method, measured by reference to the cost incurred to date to the estimated total contract cost for each contract. Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

### r) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised for liabilities of uncertain timing or amount when the Company or the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.



# Notes to the Financial Statements

30 September 2003

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### s) SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.



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## 3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and management separately, according to the nature of their operations and the products and services provided. Each of the Group's business segment represents a strategic business unit that offers:

- (a) investment in construction, equipment rental and services income;
- (b) investment in retail business;
- (c) investment in trading business;
- (d) investment in internet business; and
- (e) income derived from investment holding including listed securities trading.

# Notes to the Financial Statements

30 September 2003

## 3. SEGMENT INFORMATION (Continued)

### a) Business segments

The following tables present revenue, profit and loss and certain asset, liability and expenditure information for the Group's business segments.

#### GROUP

	For the year ended 30 September 2003							Consolidated HK\$'000
	Continuing operations				Discontinued operations			
	Construction services HK\$'000	Retail business HK\$'000	Internet business HK\$'000	Investment holding HK\$'000	Construction, equipment rental and services income HK\$'000	Trading income HK\$'000	Investment holding HK\$'000	
Segment revenue:								
Turnover	60,481	56,357	-	-	-	-	-	116,838
Other revenue	-	88	-	142	-	-	-	230
Total revenue	<u>60,481</u>	<u>56,445</u>	<u>-</u>	<u>142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,068</u>
Segment result	<u>582</u>	<u>(21)</u>	<u>-</u>	<u>39,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,449</u>
Interest income								<u>77</u>
Profit from operations								<u>40,526</u>
Finance costs								<u>(4,642)</u>
Profit before taxation								<u>35,884</u>
Taxation								<u>(296)</u>
Profit after taxation								<u>35,588</u>
Minority interests								<u>44</u>
Net profit from ordinary activities attributable to shareholders								<u>35,632</u>
Segment assets	<u>27,800</u>	<u>5,789</u>	<u>-</u>	<u>50,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,882</u>
Segment liabilities	<u>25,378</u>	<u>3,026</u>	<u>-</u>	<u>25,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,509</u>
Other segment information:								
Depreciation	317	994	-	98	-	-	-	1,409
Amortisation of goodwill	414	237	-	-	-	-	-	651
Capital expenditure	<u>748</u>	<u>220</u>	<u>-</u>	<u>1,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,770</u>



# Notes to the Financial Statements

30 September 2003

## 3. SEGMENT INFORMATION (Continued)

### a) Business segments (Continued)

#### GROUP

	For the year ended 30 September 2002							
	Continuing operations				Discontinued operations			
	Construction services HK\$'000	Retail business HK\$'000	Internet business HK\$'000	Investment holding HK\$'000	Construction, equipment rental and services income HK\$'000	Trading income HK\$'000	Investment holding HK\$'000	Consolidated HK\$'000
Segment revenue:								
Turnover	11,215	21,566	–	3,211	253,446	12,629	196	302,263
Other revenue	204	2	–	2,298	2,831	–	–	5,335
Total revenue	<u>11,419</u>	<u>21,568</u>	<u>–</u>	<u>5,509</u>	<u>256,277</u>	<u>12,629</u>	<u>196</u>	<u>307,598</u>
Segment result	<u>38</u>	<u>(536)</u>	<u>(307)</u>	<u>(72,358)</u>	<u>(29,832)</u>	<u>(3,319)</u>	<u>4,068</u>	<u>(102,246)</u>
Interest income								408
Loss from operations								(101,838)
Finance costs								(12,592)
Share of loss of associated company								(1,285)
Loss before taxation								(115,715)
Taxation								133
Loss after taxation								(115,582)
Minority interests								175
Net loss from ordinary activities attributable to shareholders								<u>(115,407)</u>
Segment assets	23,401	9,533	–	39,734	–	–	–	72,668
Segment liabilities	<u>21,522</u>	<u>6,062</u>	<u>3,171</u>	<u>135,856</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>166,611</u>
Other segment information:								
Depreciation	55	289	–	283	21,553	–	–	22,180
Amortisation of goodwill	415	343	–	–	–	–	–	758
Provision for permanent diminution in value of investments	–	–	38,000	15,000	–	–	–	53,000
Capital expenditure	723	453	–	367	2,465	–	–	4,008
Loss on revaluation of listed securities	–	–	–	4,889	–	–	–	4,889
Provision for foreseeable losses on contracts in progress	–	–	–	–	15,796	–	–	15,796
Provision for stock obsolescence	–	–	–	–	3,029	–	–	3,029
Provision for doubtful recovery of amount due from an associate	–	–	–	–	7,588	–	–	7,588



## Notes to the Financial Statements

30 September 2003

### 3. SEGMENT INFORMATION (Continued)

#### b) Geographical segments

The following tables present revenue, profit and loss and certain asset, liability and expenditure information for the Group's geographical segments.

	For the year ended 30 September 2003					
	Continuing operations	Discontinued operations				Consolidated
	Hong Kong HK\$'000	Singapore HK\$'000	Malaysia HK\$'000	Mynamar HK\$'000	Other countries HK\$'000	
Segment revenue:						
Turnover	116,838	–	–	–	–	116,838
Segment results	40,449	–	–	–	–	40,449
Segment assets	83,882	–	–	–	–	83,882
Capital expenditure	2,770	–	–	–	–	2,770
	For the year ended 30 September 2002					
	Continuing operations	Discontinued operations				Consolidated
	Hong Kong HK\$'000	Singapore HK\$'000	Malaysia HK\$'000	Mynamar HK\$'000	Other countries HK\$'000	
Segment revenue:						
Turnover	35,992	233,559	31,805	785	122	302,263
Segment results	(73,572)	(28,379)	686	(1,005)	24	(102,246)
Segment assets	72,668	–	–	–	–	72,668
Capital expenditure	1,543	2,233	134	19	79	4,008



## Notes to the Financial Statements

30 September 2003

### 4. TURNOVER AND OTHER REVENUE

The analysis of the Group's turnover by principal activities are as follows:

	Continuing operations		Discontinued operations		Consolidated	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
<b>Turnover</b>						
Construction, equipment rental and services income	60,481	11,215	–	253,446	60,481	264,661
Trading income	–	–	–	12,629	–	12,629
Retail business	56,357	21,566	–	–	56,357	21,566
Investment holding	–	3,211	–	196	–	3,407
	<u>116,838</u>	<u>35,992</u>	<u>–</u>	<u>266,271</u>	<u>116,838</u>	<u>302,263</u>
<b>Other revenue</b>						
Interest income	77	–	–	408	77	408
Write back of provision for bad debts	56	–	–	–	56	–
Gain on exchange difference	–	–	–	226	–	226
Others	174	2,504	–	2,605	174	5,109
	<u>307</u>	<u>2,504</u>	<u>–</u>	<u>3,239</u>	<u>307</u>	<u>5,743</u>
<b>Total revenue</b>	<u>117,145</u>	<u>38,496</u>	<u>–</u>	<u>269,510</u>	<u>117,145</u>	<u>308,006</u>



## Notes to the Financial Statements

30 September 2003

### 5. WAIVER OF OTHER LOANS

On 25 July 2003, the Company entered into a deed of settlement with the lenders of other loans whereas the lenders agreed to accept settlement of the outstanding loans of approximately HK\$56,180,000 by payment of HK\$20,000,000 by the Company. As a result, the Group recorded a gain on waiver of loans of approximately HK\$36,180,000.

### 6. GAIN ON DISPOSAL OF DISCONTINUED OPERATIONS

For the year ended 30 September 2002, the Group disposed of its entire interest in a subsidiary, namely Sum Cheong Corporation Pte Limited (“Sum Cheong”) which was engaged in the construction business in Singapore to the management of Sum Cheong for a cash consideration of S\$1 (equivalent to HK\$4.5). The disposal of the above interests has resulted in a gain on disposal of subsidiaries of approximately HK\$44.6 million.

The consolidated income statement included the unaudited results of the discontinued operations up to 30 September 2002 which are summarised below:

	HK\$'000
Turnover	266,271
Cost of sales	<u>(259,043)</u>
Gross profit	7,228
Other revenue and gains	4,902
Administrative expenses	(30,270)
Other operating expenses	(33,698)
Staff costs	<u>(21,387)</u>
Operating loss from discontinued operations	<u><u>(73,225)</u></u>





# Notes to the Financial Statements

30 September 2003

## 7. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

### a) Directors' remuneration

Directors' remuneration, disclosed pursuant to the Listing Rules of the Stock Exchange and Section 161 of the Companies Ordinance, is as follows:

	2003 HK\$'000	2002 HK\$'000
Fees	–	–
Other emoluments:		
Salaries, allowances and benefits in kind	609	1,673
Retirement benefit scheme contributions	11	24
	<u>620</u>	<u>1,697</u>

Fees disclosed above include HK\$75,000 (2002: HK\$Nil) paid to independent non-executive directors. There were no other emoluments paid to independent non-executive and non-executive directors. None of the directors has waived the right to receive their emoluments for both years.

The remuneration of the directors falls within the following bands:

	Number of directors	
HK\$	2003	2002
0 – 1,000,000	12	3
1,000,001 – 1,500,000	–	1
	<u>12</u>	<u>4</u>



# Notes to the Financial Statements

30 September 2003

## 7. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

### b) Five highest paid individuals

The five highest paid individuals during the year include one director who resigned on 25 July 2003 (2002: four), details of whose remuneration are set out in note 7(a) to the financial statements.

The details of the remuneration of the five highest paid individuals (including the resigned director) for the year ended 30 September 2003 and the one highest paid individual for the year ended 30 September 2002 are disclosed as follows:

	2003 HK\$'000	2002 HK\$'000
Salaries, allowances and benefits in kind	2,230	262
Retirement benefit scheme contributions	60	–
	<u>2,290</u>	<u>262</u>

The remuneration falls within the following bands:

	Number of individuals	
HK\$	2003	2002
0 – 1,000,000	<u>5</u>	<u>1</u>



## Notes to the Financial Statements

30 September 2003

### 8. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is arrived at after charging/(crediting) the following:

	Continuing operations		Discontinued operations		Consolidated	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Amortisation of goodwill	757	758	–	–	757	758
Auditors' remuneration	428	138	–	414	428	552
Depreciation:						
Owned assets	1,332	602	–	21,554	1,332	22,156
Assets held under finance lease	77	24	–	–	77	24
Operating lease rentals:						
Land and buildings	704	1,407	–	2,543	704	3,950
Plant and machinery	971	–	–	–	971	–
Provision for trade receivables	–	–	–	3,141	–	3,141
Provision for foreseeable losses						
on contracts in progress	–	–	–	15,796	–	15,796
Provision for stock obsolescence	–	–	–	3,029	–	3,029
Provision for dry-docking expenses	–	–	–	3,711	–	3,711
Provision for permanent diminution in value of investments	–	53,000	–	–	–	53,000
Provision for impairment loss on other investments	–	–	–	61	–	61
Exchange loss	–	621	–	–	–	621
Loss (gain) on disposal of fixed assets, net	9	304	–	(1,293)	9	(989)
Provision for amount due from an associate	–	–	–	7,588	–	7,588
Loss on revaluation of listed securities	–	4,889	–	–	–	4,889
Staff cost (including contributions to Mandatory Provident Fund of HK\$633,000 (2002: HK\$63,000))	17,592	3,287	–	21,387	17,592	24,674



## Notes to the Financial Statements

30 September 2003

### 9. FINANCE COSTS

	Group	
	2003 HK\$'000	2002 HK\$'000
Interest expenses on:		
Other borrowings wholly repayable within five years	4,590	3,366
Finance leases	10	465
Trade payables	–	8,552
Bank loans and overdraft wholly repayable within five years	42	209
	4,642	12,592
	4,642	12,592

### 10. TAXATION

The amount of taxation charged to the income statement represents:

	Group	
	2003 HK\$'000	2002 HK\$'000
Hong Kong Profits Tax		
– Charge for the year	(291)	–
– Underprovision in prior year	(5)	–
	(296)	–
Overseas taxation		
– Underprovision in prior years	–	(430)
– Share of tax of overseas associated companies	–	(359)
Deferred taxation		
– Write-back of deferred overseas tax	–	922
	(296)	133
	(296)	133



Hong Kong Profits tax has been provided for at the rate of 17.5% (2002: 16%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

Taxation in the balance sheet represents provision for taxation of the current and prior years less the amount of tax paid.

# Notes to the Financial Statements

30 September 2003

## 11. NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit/(loss) from ordinary activities attributable to shareholders for the year ended 30 September 2003 dealt with in the financial statements of the Company was approximately HK\$28,560,000 (2002: Loss of approximately HK\$217,494,000).

## 12. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit of approximately HK\$35,632,000 (2002: Net loss of approximately HK\$115,407,000) attributable to shareholders for the year and on the weighted average of 394,033,000 (2002: 149,064,233) ordinary shares in issue during the year. The weighted average number of shares for the year ended 30 September 2002 has been adjusted for the effect of the consolidation of the Company's shares.

There was no dilution effect on the basic earnings/(loss) per share for the year ended 30 September 2003 and 30 September 2002 respectively as there were no dilutive instruments outstanding during both years.

## 13. PROPERTY, PLANT AND EQUIPMENT



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	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fittings and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Group</b>						
<b>Cost</b>						
At 1 October 2002	2,327	1,561	867	2,455	324	7,534
Additions	–	1,828	340	262	340	2,770
Disposal of subsidiaries	–	(1,398)	–	(906)	–	(2,304)
Disposal	–	–	–	(16)	–	(16)
At 30 September 2003	2,327	1,991	1,207	1,795	664	7,984
<b>Accumulated depreciation</b>						
At 1 October 2002	9	474	265	595	119	1,462
Charge for the year	51	336	192	697	133	1,409
Disposal of subsidiaries	–	(712)	–	(513)	–	(1,225)
Disposal	–	–	–	(8)	–	(8)
At 30 September 2003	60	98	457	771	252	1,638
<b>Net book value</b>						
At 30 September 2003	2,267	1,893	750	1,024	412	6,346
At 30 September 2002	2,318	1,087	602	1,860	205	6,072

## Notes to the Financial Statements

30 September 2003

### 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold improvements HK\$'000	Furniture and fittings HK\$'000	Office equipment HK\$'000	Total HK\$'000
<b>Company</b>				
<b>Cost</b>				
At 1 October 2002	–	–	16	16
Additions	1,578	111	112	1,801
Disposals	–	–	(16)	(16)
At 30 September 2003	<u>1,578</u>	<u>111</u>	<u>112</u>	<u>1,801</u>
<b>Accumulated depreciation</b>				
At 1 October 2002	–	–	5	5
Charge for the year	88	4	6	98
Write back on disposals	–	–	(8)	(8)
At 30 September 2003	<u>88</u>	<u>4</u>	<u>3</u>	<u>95</u>
<b>Net book value</b>				
At 30 September 2003	<u>1,490</u>	<u>107</u>	<u>109</u>	<u>1,706</u>
At 30 September 2002	<u>–</u>	<u>–</u>	<u>11</u>	<u>11</u>

At 30 September 2003, motor vehicles with net book value of approximately HK\$107,000 (2002: approximately HK\$205,000) were held under finance leases.

The Group's leasehold land and buildings are situated in Hong Kong and held under medium-term lease. At 30 September 2003, the leasehold land and buildings were pledged to secure a bank loan granted to a subsidiary.



# Notes to the Financial Statements

30 September 2003

## 14. GOODWILL

	HK\$'000
<b>Cost</b>	
At 1 October 2002	7,577
Disposal of a subsidiary	<u>(536)</u>
At 30 September 2003	<u>7,041</u>
<b>Accumulated amortisation</b>	
At 1 October 2002	758
Charge for the year	757
Disposal of a subsidiary	<u>(107)</u>
At 30 September 2003	<u>1,408</u>
<b>Net book value</b>	
At 30 September 2003	<u><u>5,633</u></u>
At 30 September 2002	<u><u>6,819</u></u>

As at 30 September 2002, the unamortised goodwill of HK\$6,819,000 was included in note 28 to the financial statements as capital reserve. In the current year, the goodwill has been reclassified as intangible assets in accordance with the accounting policy as stated in note 2(f) to the financial statements. As a result, the comparative figure has been restated accordingly.

## 15. INTEREST IN SUBSIDIARIES

	2003 HK\$'000	2002 HK\$'000
Unlisted shares, at cost	160,372	160,371
Less: Provision for impairment loss	<u>(119,509)</u>	<u>(119,508)</u>
	40,863	40,863
Amounts due from subsidiaries	229,671	245,479
Less: Provision for doubtful debts	<u>(229,666)</u>	<u>(245,479)</u>
	5	-
Amount due to a subsidiary	<u>(40,863)</u>	<u>(40,863)</u>
	<u><u>5</u></u>	<u><u>-</u></u>



## Notes to the Financial Statements

30 September 2003

### 15. INTEREST IN SUBSIDIARIES (Continued)

Amounts due from/(to) subsidiaries are non-trade related, interest-free, unsecured and have no fixed terms of repayments.

Particulars of the principal subsidiaries as at 30 September 2003 are as follows:

Name of company	Attributable interest		Place of incorporation/ registration and operations	Nominal value of issued share capital	Principal activities
	to the Company %	to the Group %			
Orient Prize Holdings Inc.	100	–	British Virgin Islands /Hong Kong	US\$100	Investment holding
Total Power Trading Limited	100	–	British Virgin Islands /Hong Kong	US\$1	Investment holding
* Fine Lord Construction Company Limited	–	100	Hong Kong	HK\$13	Provision of engineering works
* Marcello (Tax Free) International Department Store Corporation Limited	–	60	Hong Kong	HK\$2,000,000	Trading as a department store

\* Not audited by Charles Chan, Ip & Fung CPA Ltd.



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### 16. INVENTORIES

	Group	
	2003 HK\$'000	2002 HK\$'000
Merchandised goods, at cost	<u>3,797</u>	<u>4,925</u>

There is no inventory stated at net realisable value.



# Notes to the Financial Statements

30 September 2003

## 17. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	Group	
	2003 HK\$'000	2002 HK\$'000
Contract costs incurred plus attributable profits	33,349	111,643
Less: Progress billings	(40,983)	(114,342)
	<u>(7,634)</u>	<u>(2,699)</u>
Representing:		
Amount due from customers for contract work	3	3,093
Amount due to customers for contract work	(7,637)	(5,792)
	<u>(7,634)</u>	<u>(2,699)</u>

At 30 September 2003, retention receivable for contract work in progress amounting to approximately HK\$5,332,000 (2002: approximately HK\$5,315,000) has been included in trade receivables.



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## 18. TRADE RECEIVABLES

The Group normally allows a credit period of 60 days. An analysis of trade receivables is as follows:

	Group	
	2003 HK\$'000	2002 HK\$'000
Current to 30 days	8,464	3,842
31 to 60 days	3,936	3,425
61 to 90 days	1,748	352
Over 90 days	—	398
Retention receivable	5,332	5,315
	<u>19,480</u>	<u>13,332</u>

## 19. SHORT-TERM INVESTMENTS

	Group	
	2003 HK\$'000	2002 HK\$'000
Listed securities, at market value – Hong Kong	—	230
	<u>—</u>	<u>230</u>

## Notes to the Financial Statements

30 September 2003

### 20. TRADE PAYABLES

An aged analysis of trade payables is as follows:

	Group	
	2003 HK\$'000	2002 HK\$'000
Current to 30 days	6,514	9,261
31 – 60 days	1,517	8,903
61 – 90 days	–	3
Over 90 days	5,526	1,788
Retention payable	2,752	1,653
	<u>16,309</u>	<u>21,608</u>

### 21. DUE TO A FORMER DIRECTOR

The amount due to a former director was unsecured, interest-free and had no fixed terms of repayment. During the year, the amount due to the former director had been assigned to a third party and reclassified as other payable.

### 22. FINANCE LEASE PAYABLE

	Group			
	2003		2002	
	Minimum lease payments HK\$'000	Present value of minimum lease payments HK\$'000	Minimum lease payments HK\$'000	Present value of minimum lease payments HK\$'000
Amount payable				
Within one year	35	32	51	48
After one year but within two years	–	–	106	96
	<u>35</u>	<u>32</u>	<u>157</u>	<u>144</u>
Future finance charges on finance leases	(3)	–	(13)	–
Present value of finance lease obligations	<u>32</u>	<u>32</u>	<u>144</u>	<u>144</u>



# Notes to the Financial Statements

30 September 2003

## 23. INTEREST-BEARING BANK LOAN

	Group	
	2003 HK\$'000	2002 HK\$'000
Secured bank loan repayable		
Within one year or on demand	99	95
In the second year	103	99
In the third to fifth years, inclusive	333	320
After fifth year	465	581
	<u>1,000</u>	<u>1,095</u>
Portion classified as current liabilities	(99)	(95)
Non-current portion	<u>901</u>	<u>1,000</u>

## 24. OTHER BORROWINGS



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	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Promissory notes				
Repayable with one year	10,470	–	–	–
Repayable after one year but within two years	–	10,941	–	–
Other loans				
Repayable after one year but within two years	–	106,163	–	106,163
	<u>10,470</u>	<u>117,104</u>	<u>–</u>	<u>106,163</u>
Less: Amount repayable within one year classified as current liabilities	(10,470)	–	–	–
Non-current portion	<u>–</u>	<u>117,104</u>	<u>–</u>	<u>106,163</u>

The promissory notes were unsecured, bearing interest at 5% per annum and repayable in June 2004.

## Notes to the Financial Statements

30 September 2003

### 25. DEFERRED TAXATION

At the balance sheet date, the major components of the potential deferred tax assets not provided for in the financial statements are as follows:

	Group	
	2003	2002
	HK\$'000	HK\$'000
Accelerated depreciation allowance	(251)	(77)
Tax losses	6,875	6,001
Other timing difference	93	80
	<u>6,717</u>	<u>6,004</u>

The components of the unprovided deferred tax credit for the year are as follows:

	Group	
	2003	2002
	HK\$'000	HK\$'000
Accelerated depreciation allowance	(168)	(63)
Tax losses arising	841	356
Other timing difference	5	80
Effect of change in tax rate	35	–
	<u>713</u>	<u>373</u>

Deferred tax assets arising from tax losses has not been recognised as it is uncertain that such an asset will be crystallised in the foreseeable future.



## Notes to the Financial Statements

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### 26. ISSUED CAPITAL

	Notes	2003		2002	
		Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised:					
Ordinary shares of HK\$0.01 each (2002: HK\$0.4 each)					
At 1 October		4,000,000	1,600,000	4,000,000	1,600,000
Share consolidation		(3,600,000)	–	–	–
Increase during the year	(i)	159,600,000	–	–	–
At 30 September		<u>160,000,000</u>	<u>1,600,000</u>	<u>4,000,000</u>	<u>1,600,000</u>
Issued and fully paid:					
At 1 October		1,490,642	596,257	1,490,642	596,257
Decrease pursuant to share consolidation	(i)	(1,341,578)	–	–	–
Capital reduction	(i)	–	(594,766)	–	–
Share subscription	(ii)	1,043,200	10,432	–	–
Share placement	(ii)	298,000	2,980	–	–
At 30 September		<u>1,490,264</u>	<u>14,903</u>	<u>1,490,642</u>	<u>596,257</u>

(i) Pursuant to a special resolution passed at the extraordinary general meeting on 6 February 2003:

- every ten ordinary shares of HK\$0.40 each in the issued and unissued share capital were consolidated into one ordinary shares of HK\$4.00 each (“Consolidated Share”);
- the nominal value of the issued and unissued Consolidated Shares of HK\$4.00 each was reduced by HK\$3.99 into HK\$0.01 each (“Capital Reduction”);
- the credit of approximately HK\$594,766,000 arisen as a result of the Capital Reduction were credited to eliminate accumulated losses of the Company; and
- upon the Capital Reduction becoming effective, the authorised share capital of the Company was increased from HK\$4,000,000 to HK\$1,600,000,000 by the creation of 159,600,000,000 shares of HK\$0.01 each. The new shares rank pari passu with the then existing shares in all respect.

Details of the capital reorganisation (“Capital Reorganisation”) were set out in the circular issued by the Company to shareholders dated 13 January 2003. The Capital Reorganisation was effective on 2 June 2003.



## 26. ISSUED CAPITAL (Continued)

- (ii) Pursuant to a conditional subscription agreement dated 20 May 2003, Silver Rich Macau Development Limited, Spring Wise Investments Limited and Leader Assets Limited agreed to subscribe for 1,043,200,000 new shares of HK\$0.01 each in the Company at a subscription price of HK\$0.0671 (“Share Subscription”) for a total consideration, before related expenses, of approximately HK\$70 million. Pursuant to a placing agreement dated 20 May 2003, the Company placed 298,000,000 new shares of HK\$0.01 each (the “Placement”) to certain independent investors at a placing price of HK\$0.0671 per share for a total consideration, before related issuance expenses, of approximately HK\$20 million. The net proceeds from the Share Subscription and Placement are used by the Group for repayment of debts and general working capital purposes. The subscription and placing price of HK\$0.0671 per share represented a discount of approximately 41.7% to the closing price of HK\$0.115 per share prior to the suspension of trading of shares as quoted on the Stock Exchange. Further details of the Share Subscription and Placement are set out in the Company’s circular dated 2 July 2003. The Share Subscription and Placement were completed on 25 July 2003 and 31 July 2003 respectively.

## 27. SHARE OPTION SCHEME

SSAP 34 was adopted during the year, as explained in note 2(a) to the financial statements, the detailed disclosures relating to the Group’s share option scheme are now included in notes to the financial statements. In the prior year, these disclosures were included in the Report of the Directors, as their disclosure is also a requirement of the Listing Rules.

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s directors and other employees of the Group. The Scheme became effective on 7 March 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Under the Scheme, the directors of the Company are authorised at their absolute discretion, to invite employee, including any director of the Company or any of its subsidiaries, to take up options to subscribe for shares in the Company.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10 per cent of the total number of shares in issue as at the date of adoption of the Scheme.

The Company may seek approval of the shareholders in general meeting for refreshing the 10 per cent limit under the Scheme save that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company under the limit as “refreshed” shall not exceed 10 per cent of the total number of shares in issue as at the date of approval of the limit. Options previously granted under this Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of this Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as “refreshed”.

Notwithstanding aforesaid in this paragraph, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this Scheme and any other share option schemes of the Company must not exceed 30 per cent of the total number of shares in issue from time to time.



## Notes to the Financial Statements

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### 27. SHARE OPTION SCHEME (Continued)

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1 per cent of the total number of shares in issue.

The subscription price in respect of any particular option shall be such price as determined by the board in its absolute discretion at the time of the making of the offer but in any case the subscription price shall not be lower than the highest of (i) the closing price of the shares as stated in the Exchange's daily quotations sheet on the offer date, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock's daily quotations sheets for the five (5) trading days immediately preceding the offer date; and (iii) the nominal value of a share.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a considerations of HK\$1 by the grantee. The exercise period of the share options granted is determined by the board of directors, save that such period shall not be more than a period of ten years from the date of offer.

As at the balance sheet date, no share options has been granted under the Scheme since its adoption.



# Notes to the Financial Statements

30 September 2003

## 28. RESERVES

### Group

	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 October 2001	299,073	(11,933)	976	15,485	(12,192)	32,780	(876,103)	(551,914)
Transfer to income statement upon disposal of major subsidiary group of companies	-	11,933	-	(15,485)	12,192	(32,780)	-	(24,140)
Goodwill reserve arising from acquisition of subsidiaries	-	(6,819)	-	-	-	-	-	(6,819)
Net loss for the year	-	-	-	-	-	-	(115,407)	(115,407)
At 30 September 2002 and 1 October 2002								
As previously stated	299,073	(6,819)	976	-	-	-	(991,510)	(698,280)
Unamortised goodwill reclassified as intangible assets	-	6,819	-	-	-	-	-	6,819
As restated	299,073	-	976	-	-	-	(991,510)	(691,461)
Capital reduction	-	-	-	-	-	-	594,766	594,766
Subscription of new shares	59,566	-	-	-	-	-	-	59,566
Placing of new shares	17,016	-	-	-	-	-	-	17,016
Share insurance cost	(1,155)	-	-	-	-	-	-	(1,155)
Net profit for the year	-	-	-	-	-	-	35,632	35,632
At 30 September 2003	374,500	-	976	-	-	-	(361,112)	14,364





## Notes to the Financial Statements

30 September 2003

### 28. RESERVES (Continued)

#### Company

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 October 2001	299,073	976	(764,460)	(464,411)
Net loss for the year	–	–	(217,494)	(217,494)
At 30 September 2002 and 1 October 2002	299,073	976	(981,954)	(681,905)
Capital reduction	–	–	594,766	594,766
Subscription of new shares	59,566	–	–	59,566
Placing of new shares	17,016	–	–	17,016
Share insurance cost	(1,155)	–	–	(1,155)
Net profit for the year	–	–	28,560	28,560
At 30 September 2003	<u>374,500</u>	<u>976</u>	<u>(358,628)</u>	<u>16,848</u>



## Notes to the Financial Statements

30 September 2003

### 29. ACQUISITION OF SUBSIDIARIES

	2003 HK\$'000	2002 HK\$'000
Net assets acquired:		
Fixed assets	–	5,268
Stock	–	3,764
Debtors, deposits and prepayments	–	27,387
Cash and bank balances	–	5,463
Creditors and accrued charges	–	(34,403)
Bank loan – secured	–	(1,117)
Tax payable	–	(502)
	<u>–</u>	<u>5,860</u>
Minority interest	–	(1,436)
	<u>–</u>	<u>4,424</u>
Goodwill on acquisition	–	7,576
	<u>–</u>	<u>12,000</u>
Satisfied by:		
Term loans	–	1,200
Issue of promissory notes	–	10,800
	<u>–</u>	<u>12,000</u>
Cash flow on acquisition net of cash acquired:		
Cash and bank balances acquired	–	5,463
Bank loans	–	(1,117)
	<u>–</u>	<u>4,346</u>

The subsidiaries acquired during last year contributed approximately HK\$32,781,000 to the Group's turnover and a loss of approximately HK\$1,234,000 to the Group's loss for last year. Net liabilities sustained in the subsidiaries acquired during last year as at 30 September 2002 was approximately HK\$6,791,000.



# Notes to the Financial Statements

30 September 2003

## 30. DISPOSAL OF SUBSIDIARIES

	2003 HK\$'000	2002 HK\$'000
Net (liabilities)/assets disposed of:		
Fixed assets	1,078	98,810
Long term investments	–	23,308
Short-term investments	230	–
Inventory and work in progress	214	24,067
Debtors, deposits and prepayments	154	112,315
Cash and bank balances	46	8,196
Goodwill	535	–
Creditors and accrued charges	(9,016)	(192,855)
Bank overdraft	(119)	–
Minority interests	(116)	–
Long term creditors	–	(26,326)
Taxation	–	(1,006)
Deferred tax	–	(14,501)
Hire purchase and lease creditors	–	(2,792)
	<u>(6,994)</u>	<u>29,216</u>
Capital reserve realised on disposal	–	(3,306)
Translation reserve realised on disposal	–	(33,387)
Prior year adjustment	–	(4,677)
US\$4.5 million exchangeable note issued by SCC	–	(34,633)
Cost in relation to disposal	–	2,236
	<u>(6,994)</u>	<u>(44,551)</u>
Gain on disposal of subsidiaries	<u>7,984</u>	<u>44,551</u>
	<u>990</u>	<u>–</u>
Satisfied by:		
Partial settlement of promissory note payable	990	–
Cash consideration (S\$1.00)	–	–
	<u>990</u>	<u>–</u>
Analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries:		
Cash and bank balances disposed of with the subsidiaries	(46)	(8,196)
Bank overdraft disposed of with the subsidiaries	119	–
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	<u>73</u>	<u>(8,196)</u>



## Notes to the Financial Statements

30 September 2003

### 30. DISPOSAL OF SUBSIDIARIES (Continued)

The subsidiaries disposed of during the year contributed approximately HK\$2,058,000 (2002: approximately HK\$266,271,000) to the Group's turnover and a loss of approximately HK\$886,000 (2002: approximately HK\$83,649,000) to the Group.

### 31. CONTINGENT LIABILITIES

- a) The Company is the guarantor for promissory notes issued by its subsidiary. The promissory notes and interest payable as at 30 September 2003 amounted to approximately HK\$10,470,000 (2002: HK\$10,941,000).
- b) At the balance sheet date, the Group did not have any contingent liabilities.

### 32. COMMITMENTS

#### a) Capital commitments

	Group	
	2003 HK\$'000	2002 HK\$'000
Authorised but not contracted for	—	40

The Company had no capital commitments as at 30 September 2003 and 2002.

#### b) Operating lease commitments

At the balance sheet date, the Group had the following commitments for future lease payments under non-cancellable operating leases which fall due as follows:

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Within one year	1,199	985	419	30
In the second to fifth years, inclusive	1,417	1,296	762	10
	<u>2,616</u>	<u>2,281</u>	<u>1,181</u>	<u>40</u>



## Notes to the Financial Statements

30 September 2003

### 33. LITIGATION

On 4 May 2001, Guido Giacometti, a trustee of the estate of Mr. Sukamto Sia fka Sukarman Sukamto (“Mr. Sukamto”), a former director and substantial shareholder of the Company, commenced proceedings against the Company in the U.S. Bankruptcy Court in the District of Hawaii claiming against the Company, among other things, the sum of US\$594,027 (of which US\$500,000 being partial refund of the deposit and US\$94,027 being interest accrued), together with attorneys’ fees and costs. The claim is related to a sum of US\$594,027 refunded to the Company by Mr. Sukamto in relation to an investment previously made by the Company through Mr. Sukamto after the Company had decided not to make the investment. However, Mr. Sukamto was subsequently declared bankrupt and therefore the bankruptcy trustee commenced proceedings against the Company in relation to such refund made before Mr. Sukamto’s bankruptcy. The Company received the summons and the related documents on 21 September 2001. The Company is awaiting for hearing of the case. At this stage, the outcome cannot be predicted with certainty. As the Company has made provision of HK\$5,000,000 in connection with the claim, the directors are of the opinion that there is unlikely to be any material adverse impact on the Group in the event that the final judgement is not in favour of the Company.

### 34. POST BALANCE SHEET EVENTS

- (i) On 3 November 2003, the Company entered into a placing agreement (the “Placing Agreement”) with an independent placing agent in relation to the placing of 97,200,000 new shares of HK\$0.01 each in the Company, on a best effort basis, at a placing price of HK\$0.4325 per share, amounting to a total consideration of approximately HK\$42 million. The Placing Agreement was completed on 17 November 2003.
- (ii) On 9 December 2003, Access Success Developments Limited (“Access Success”), a wholly-owned subsidiary of the Company together with two independent third parties, namely Summit Global International Limited and Mantovana Holdings Limited (“the Purchasers”) entered into a conditional agreement to acquire 55%, 30% and 15% interest in a cruise ship and inventories for a total consideration of approximately HK\$94.6 million of which HK\$52 million shall be paid by Access Success. On the same date, the Purchasers entered into a memorandum to lease the cruise ship and inventories to the cruise operator for a period of 36 months commencing from the date of delivery of the cruise ship by the Purchasers to the cruise operator. Details of the transactions are set out in the circular dated 24 December 2003 issued by the Company. The transactions have been completed on 12 January 2004.



### 35. COMPARATIVE FIGURES

As further explained in note 2(a) to the financial statements, due to the adoption of certain revised SSAPs during the current year, the presentation of certain items and balance in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.



## Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial periods, as extracted from the audited financial statements and reclassified as appropriate or restated (as indicated) in order to comply with SSAP 24 on a retrospective basis, is set out below.

### RESULTS

	Year ended	Period ended		Year ended 30 June	
	30 September	30 September	30 September	2000	1999
	2003	2002	2001	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover:					
Continuing operations	116,838	35,992	6,396	–	2,395
Discontinued operations	–	266,271	435,431	634,427	632,298
	<u>116,838</u>	<u>302,263</u>	<u>441,827</u>	<u>634,427</u>	<u>634,693</u>
Net profit/(loss) attributable to shareholders	<u>35,632</u>	<u>(115,407)</u>	<u>(329,251)</u>	<u>(173,125)</u>	<u>(152,601)</u>
Earnings/(Loss) per share		(Restated)			
– basic	<u>9.0 cents</u>	<u>(77.4) cents</u>	<u>(31.7) cents</u>	<u>(23.8) cents</u>	<u>(22.0) cents</u>
– diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

### Assets and liabilities

	2003	30 September		30 June	
		2002	2001	2000	1999
	HK\$'000	(Restated) HK\$'000	HK\$'000	HK\$'000	(Restated) HK\$'000
Total assets	83,882	72,668	371,933	650,604	738,272
Total liabilities	(53,509)	(166,611)	(327,590)	(418,532)	(429,966)
Minority interests	<u>(1,106)</u>	<u>(1,261)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net assets/(liabilities)	<u>29,267</u>	<u>(95,204)</u>	<u>44,343</u>	<u>232,072</u>	<u>308,306</u>