



Wah Ha Realty Company Limited

INTERIM REPORT

for the six months ended 30th September 2004

The Board of Directors of Wah Ha Realty Company Limited (the "Company") announces that the unaudited consolidated interim results of the Company and its subsidiary and associated companies (the "Group") for the six months ended 30th September 2004, with comparative figures of the previous period, are as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30th September

	Note	Unaudited Six months ended 30th September	
		2004 HK\$	2003 HK\$
TURNOVER	2	2,843,667	4,835,554
COST OF SALES		(241,438)	(305,889)
GROSS PROFIT		2,602,229	4,529,665
OTHER REVENUES		708,410	1,731,209
GENERAL AND ADMINISTRATION EXPENSES		(2,346,797)	(2,749,554)
NET OTHER OPERATING INCOME		989,260	4,749,127
OPERATING PROFIT	3	1,953,102	8,260,447
SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES		8,355,992	3,121,229
PROFIT BEFORE TAXATION		10,309,094	11,381,676
TAXATION	4	(1,036,245)	(1,067,561)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		9,272,849	10,314,115
DIVIDENDS	5	—	—
EARNINGS PER SHARE	6	7.67 cents	8.53 cents

CONSOLIDATED BALANCE SHEET

As at 30th September 2004 and 31st March 2004

	Note	Unaudited 30th September 2004 HK\$	Audited 31st March 2004 HK\$
Non-current assets			
Investment properties		21,150,000	21,150,000
Associated companies		265,034,192	283,458,289
Other investments		250,448	250,448
		<u>286,434,640</u>	<u>304,858,737</u>
Current assets			
Properties held for sale		7,230,434	7,230,434
Debtors and prepayments	7	3,376,690	3,406,387
Amounts due from related companies		—	109,700
Taxation recoverable		6,117	37,287
Short-term investments		121,339,349	113,115,354
Cash and bank balances		94,147,795	80,881,471
		<u>226,100,385</u>	<u>204,780,633</u>
Current liabilities			
Creditors and accruals	8	1,609,496	1,466,835
Amounts due to related companies		2,166,093	1,519,769
Taxation payable		129,294	37,873
		<u>3,904,883</u>	<u>3,024,477</u>
Net current assets		<u>222,195,502</u>	<u>201,756,156</u>
Total assets less current liabilities		<u>508,630,142</u>	<u>506,614,893</u>
Financed by:			
Share capital	9	78,624,000	78,624,000
Reserves		430,006,142	427,990,893
Shareholders' funds		<u>508,630,142</u>	<u>506,614,893</u>

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September

	Unaudited	
	Six months ended	
	30th September	
	2004	2003
	HK\$	HK\$
Net cash (used in)/generated from operating activities	(6,173,223)	2,449,268
Net cash generated from investing activities	<u>19,439,547</u>	<u>7,163,795</u>
Net increase in cash and bank balances	13,266,324	9,613,063
Cash and bank balances at beginning of period	<u>80,881,471</u>	<u>45,689,520</u>
Cash and bank balances at end of period	<u><u>94,147,795</u></u>	<u><u>55,302,583</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2004 — Unaudited

	Share capital HK\$	Asset revaluation reserve HK\$	Investment properties revaluation reserve HK\$	Retained profits HK\$	Total HK\$
At 31st March 2003	78,624,000	20,180,230	23,897,693	345,436,213	468,138,136
Profit for the period	—	—	—	10,314,115	10,314,115
Dividend	—	—	—	—	—
At 30th September 2003	<u>78,624,000</u>	<u>20,180,230</u>	<u>23,897,693</u>	<u>355,750,328</u>	<u>478,452,251</u>
At 31st March 2004	78,624,000	20,180,230	33,960,622	373,850,041	506,614,893
Profit for the period	—	—	—	9,272,849	9,272,849
Dividend	—	—	—	(7,257,600)	(7,257,600)
At 30th September 2004	<u>78,624,000</u>	<u>20,180,230</u>	<u>33,960,622</u>	<u>375,865,290</u>	<u>508,630,142</u>

NOTES TO THE INTERIM ACCOUNTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounts have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

These accounts should be read in conjunction with the annual accounts for the year ended 31st March 2004.

The accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the annual accounts for the year ended 31st March 2004.

2. TURNOVER AND SEGMENTAL INFORMATION

	Unaudited	
	Six months ended	
	30th September	
	2004	2003
	HK\$	HK\$
Rental income	1,812,300	2,013,194
Management fee income	873,414	1,868,971
Interest income	157,953	323,889
Construction supervision fee income	—	359,500
Sales of properties	—	270,000
	<u>2,843,667</u>	<u>4,835,554</u>

The principal activities of the Group include those relating to investment holding, property development and investment, property management and building contractor. There are no other significant identifiable separate business. In accordance with the Group's internal financial reporting and operating activities, the primary reporting is by business segments and the secondary reporting is by geographical segments. All of the Group's operation is located in Hong Kong.

NOTES TO THE INTERIM ACCOUNTS (Continued)

2. TURNOVER AND SEGMENTAL INFORMATION (Continued)

Primary reporting segment — business segment

	Property investment, development and management and building contractor <i>HK\$</i>	Investments and corporate services <i>HK\$</i>	Total <i>HK\$</i>
Six months ended			
30th September 2004 (unaudited)			
Turnover	<u>2,390,714</u>	<u>452,953</u>	<u>2,843,667</u>
Segment results	<u>1,542,490</u>	<u>410,612</u>	1,953,102
Share of profits less losses of associated companies	8,355,992	—	<u>8,355,992</u>
Profit before taxation			10,309,094
Taxation			<u>(1,036,245)</u>
Profit attributable to shareholders			<u>9,272,849</u>
Six months ended			
30th September 2003 (unaudited)			
Turnover	<u>3,251,164</u>	<u>1,584,390</u>	<u>4,835,554</u>
Segment results	<u>1,918,628</u>	<u>6,341,819</u>	8,260,447
Share of profits less losses of associated companies	3,121,229	—	<u>3,121,229</u>
Profit before taxation			11,381,676
Taxation			<u>(1,067,561)</u>
Profit attributable to shareholders			<u>10,314,115</u>

3. OPERATING PROFIT

	Unaudited	
	Six months ended	
	30th September	
	2004	2003
	HK\$	HK\$
Operating profit is stated after crediting:		
Gross rental income		
Investment properties	452,400	507,000
Other properties	1,359,900	1,506,193
Less: related outgoings	(241,438)	(186,550)
Net unrealised gain on short-term investments	1,259,632	4,626,990
Dividend income from listed investments and unlisted investment funds	649,894	1,726,660
Profit on sales of short-term investments	<u>—</u>	<u>122,137</u>
and after charging:		
Staff costs (including directors' remuneration)	1,591,138	1,903,675
Loss on sales of short-term investments	270,372	—
Auditors' remuneration	194,000	198,000
	<u> </u>	<u> </u>

4. TAXATION

	Unaudited	
	Six months ended	
	30th September	
	2004	2003
	HK\$	HK\$
Company and subsidiary companies		
Hong Kong profits tax	122,591	172,531
Associated companies		
Hong Kong profits tax	857,336	812,324
Deferred tax	56,318	82,706
	<u> </u>	<u> </u>
	1,036,245	1,067,561
	<u> </u>	<u> </u>

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits for the period.

NOTES TO THE INTERIM ACCOUNTS (Continued)

5. DIVIDENDS

	Unaudited	
	Six months ended	
	30th September	
	2004	2003
	HK\$	HK\$
2004 final dividend paid of HK3 cents (2003: nil) per share	3,628,800	—
2004 special dividend paid of HK3 cents (2003: nil) per share	3,628,800	—
	<u>7,257,600</u>	<u>—</u>

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30th September 2004 (2003: nil).

6. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$9,272,849 (2003: HK\$10,314,115) and on 120,960,000 shares in issue during the period.

7. DEBTORS AND PREPAYMENTS

	Unaudited	Audited
	30th September	31st March
	2004	2004
	HK\$	HK\$
Trade debtors		
Below 60 days	116,637	143,848
Over 60 days	59,903	40,004
	<u>176,540</u>	<u>183,852</u>
Other receivables	3,115,308	3,069,801
Prepayments and utility deposits	84,842	152,734
	<u>3,376,690</u>	<u>3,406,387</u>

Trade debtors represent rental receivable which is normally due for payment upon presentation of debit note at the beginning of each rental period.

8. CREDITORS AND ACCRUALS

	Unaudited 30th September 2004 HK\$	Audited 31st March 2004 HK\$
Trade creditors		
Below 90 days	13,839	22,902
Over 90 days	<u>11,412</u>	<u>19,380</u>
	25,251	42,282
Other payables	502,654	210,250
Rental and utility deposits received	742,091	826,323
Accrued expenses	<u>339,500</u>	<u>387,980</u>
	<u><u>1,609,496</u></u>	<u><u>1,466,835</u></u>

9. SHARE CAPITAL

	Unaudited 30th September 2004 HK\$	Audited 31st March 2004 HK\$
<i>Authorised:</i>		
150,000,000 shares of HK\$0.65 each	<u>97,500,000</u>	<u>97,500,000</u>
<i>Issued and fully paid:</i>		
120,960,000 shares of HK\$0.65 each	<u>78,624,000</u>	<u>78,624,000</u>

NOTES TO THE INTERIM ACCOUNTS (Continued)

10. SIGNIFICANT RELATED PARTY TRANSACTIONS

The following is a summary of the related party transactions carried out in the normal course of the Group's business activities during the period:

	<i>Note</i>	Unaudited Six months ended 30th September 2004 HK\$	2003 HK\$
Associated companies			
Management fee income	1	<u>—</u>	<u>998,500</u>
Related companies			
Management fee income	1	140,000	162,000
Construction fee income	2	—	359,500
Estate agency fee income	3	<u>120,000</u>	<u>100,000</u>

Notes:

- (1) The Group provided management services to certain associated companies and a related company. Fees were charged based on a percentage of annual rental income of the associated and related companies.
- (2) The Group provided supervisory services for building construction work to certain related companies. Service fees were calculated based on the number of employees on the job.
- (3) The Group provided estate agency services to a related company at a fixed annual fee.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30th September 2004 (2003: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Group's core property-related business improved with the rebound of local property industry on the back of improving global and local economic fundamentals. However, the overall profitability was negatively affected by the relatively disappointing results of the Investment and Corporate Services Businesses.

The Group's unaudited consolidated turnover in the first half of 2004/2005 decreased by 41.2% from the same period last year, from HK\$4,835,554 to HK\$2,843,667, mainly attributable to the cessation of receiving management fees from certain of our associated companies, leading to the fall in management fee income by HK\$963,500. However, this decrease in income was compensated by a corresponding increase in profits of associated companies. During the period under review, no construction supervision fee income (2003: HK\$359,500) was recorded due to the absence of building contracts. We have taken measures to control the overhead spending so as to survive from the weak building construction industry. The persisting low interest rate environment exerted downward pressure on the Group's interest income, leading to a decline of 51.2% to HK\$157,953. However, the revenue generated from the Group's Leasing and Property Management Businesses had been able to maintain at a level comparable to that of the last period, accounting for nearly 84.1% of the Group's Turnover.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Results (Continued)

With the Group's revenue having exhibited some weakening, its profit attributable to shareholders for the reporting period fell slightly by approximately 10.1% to HK\$9,272,849 with the earnings per share of HK7.67 cents (2003: HK8.53 cents). On the other hand, significant improvement was exhibited in our property-related business, profit before taxation rose from HK\$5,039,857 of last period to HK\$9,898,482 of current period. This improved performance was partly caused by the cessation of paying management fees by associated companies totalling HK\$963,500 to shareholders. Excluding this factor, profit before taxation rose by 77.3% or HK\$3,895,125. Last period, the Group's Investment Business experienced significant gains on the back of an impressive capital markets rebound after a slump in the SARs period. For the period under review, investor concerns over high crude oil prices, rising US interest rates and global economic growth outlook had capped gains in the stock market. Consequently, the Group's Investment Business only recorded a profit of HK\$1,639,154, a significant drop of 74.7% from that of last period. The Group's net profit for the reporting period was consequently negatively affected.

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BUSINESS REVIEW

Property Investment, Development, Management and Building Contractor

After years of deflation and slumping sales, the local property market experienced an impressive rebound during the period under review. Amidst such encouraging market environment, Wah Ha Property Development Limited, the Group's 50% owned associated company, fared well. It sold one of its investment properties that was acquired in 1996, namely Suite C on 5th and 6th Floors together with two car parking spaces on 1/F of No. 1 Robinson Road, Hong Kong at market value. The Group's profit derived therefrom amounted to approximately HK\$2.1 million. Apart from this, the Group did not acquire or dispose of any property during and subsequent to the period under review.

During the reporting period, the local leasing market remained very competitive, rental rate and profit margin experienced downward pressure due to the overall abundant supply of new and existing properties. However, with intense marketing efforts and quality rental services, the Group's turnover and profit in the Leasing Business stood at about HK\$1.81 million and HK\$1.54 million respectively, representing a moderate decline of 10.0% and 14.5% over that of last period respectively.

For the period under review, results of the Group's Property Management Business still suffered from the continuous fall in the expenditure levels of the serviced parties. The revenue as well as the profit of this segment were adversely affected. Revenue fell by 4.9% from HK\$0.60 million to HK\$0.58 million and profit fell by 12.1% from HK\$0.26 million to HK\$0.23 million.

The Group's Building Contractor Business performed weakly and no income was recorded in the first six months of this financial year. This lagging performance was due primarily to the continued lack of building activities. Notwithstanding the efforts on trimming down overhead spending, this segment experienced a loss of HK\$0.23 million (2003: loss of HK\$0.29 million).

Investment and Corporate Service

In tandem with the global equity markets upturn, local stock market has clearly revived and risen since the second half of last financial year, the Group's Investment Business experienced a fresh high in the last financial period along with the soaring stock prices following years of declines. However, share prices have been capped as surging crude oil prices, a rising of US interest rate and the tightening macro-economic measures of the Chinese Government raised investor concerns. These factors led to a contraction in net unrealised gain on short-term investments of HK\$1.26 million during the reporting period (2003: HK\$4.63 million) and reversed the sale of short-term investment from a profit of approximately HK\$0.12 million during the last period to a loss of about HK\$0.27 million in this financial period. While the Group's Investment Business recorded a profit of about HK\$1.64 million, it was nonetheless a 74.7% decline from the HK\$6.48 million profit recorded last financial period.

During the period under review, the Group had ceased to receive management fees from its associates in the Group's Corporate Services Business, leading to a slump in revenue of this segment to about HK\$0.30 million (2003: HK\$1.26 million), representing a dramatic drop of about 76.6% over that of the last period. However, this decrease would result in an increase in the profits of our associated companies.

Other Disclosures

Other than as disclosed above, the Directors are not aware of any other material changes to the information in relation to the Group's performance and the material factors underlying its results and financial position published in the annual report for the year ended 31st March 2004.

PROSPECTS

Given the upturn of the Hong Kong economy on the back of further growth of GDP, continuous strong inflow of funds into the local stock market, growing consumer confidence and rebounding investment sentiments amidst improved local fundamentals namely falling unemployment rate and easing deflationary pressure, we are confident that by leveraging on our solid financial position, our Hong Kong-based business in the second half of this financial year will benefit from the ongoing improvements in the local economy.

However, we should not overlook certain risk factors overshadowing the global environment such as fluctuation in crude oil prices, interest rate up-cycle in US, macro-economic adjustment in Mainland China and global geo-political threats. Therefore, we shall continue to adopt prudent financial management, closely monitor the market condition and make concerted efforts in raising our productivity in order to add value for our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The Group's cash and bank balances amounted to HK\$94.15 million at 30th September 2004. The Board believes that the Group has sufficient financial resources for its operations. The Group has no material exposure to foreign exchange rate fluctuation and material contingent liabilities.

EMPLOYEE INFORMATION

The Group has less than twenty employees and their remuneration are maintained at competitive levels. Employees' salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees by reference to the Group's result and individual performance. Other benefits include education subsidies, medical and retirement benefits.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 2004, the interests and short positions of the Directors and Chief Executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of

the Securities and Futures Ordinance (the "SFO") which were notified to the Company and The Stock Exchange of Hong Kong Limited (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 which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Ordinary Shares of the Company

Name of Director	Personal Interests	Corporate Interests	Other Interests	Total	% of issued share capital
Cheung Kee Wee	—	1,705,360 (Note 1)	87,391,440 (Note 2)	89,096,800	73.66
Cheung Lin Wee	572,000	—	87,391,440 (Note 2)	87,963,440	72.72
Cheung Ying Wai, Eric	396,000	—	13,444,837 (Note 3)	13,840,837	11.44

Notes:

- (1) These shares were held by a company of which Mr. Cheung Kee Wee ("CKW") and his spouse in aggregate owned 50% interest. Therefore, CKW was deemed to be interested in these shares under the SFO.
- (2)* The 87,391,440 shares of CKW and Mr. Cheung Lin Wee ("CLW") related to the same block of shares in the Company. CKW and CLW are two of the three executors under the Will of Mr. Cheung Kung Hai, deceased ("CKH") who held 87,391,440 shares before his death. Under the Will of CKH in which CKW and CLW are also two of the beneficiaries, the assets are to be held on trust for sale. The Executors however have right of appropriation of the assets to the beneficiaries in specie and there is hence a possibility that shares will be distributed to beneficiaries. To avoid double counting, the number of shares that may contingently be allocated to CKW and CLW respectively have not been added to these numbers of shares.
- (3)* CKH held 87,391,440 shares before his death. Under the Will of CKH in which Mr. Cheung Ying Wai, Eric ("CYW") is one of the beneficiaries, there is a possibility that these 13,444,837 shares will be allocated to CYW.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

* Since probate has not been granted and the Executors are not yet registered as holders of the shares in question, strictly speaking, a trust of the shares has not yet been legally constituted.

Save as disclosed above, as at 30th September 2004, none of the Directors or Chief Executives of the Company or any of their associates had or were deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

So far as is known to the Directors or Chief Executives of the Company, as at 30th September 2004, the following Shareholders (other than Directors or Chief Executives of the Company) who had interests or short positions in the shares or 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, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company were as follows:

Long Positions in the ordinary shares of the Company

	Number of shares	% of issued share capital
Substantial Shareholders:		
Cheung Kung Hai (deceased)	87,391,440	72.25
Chin Lan Hong	99,387,040 (Note 1)	82.17
Kung So Ha, Anne	89,096,800 (Note 2)	73.66
Wu Suet Yi, Rita	87,963,440 (Note 3)	72.72
Hoh Kwok Hing, Corinne	13,840,837 (Note 4)	11.44
Person other than Substantial Shareholders:		
Megabest Securities Ltd.	11,295,600 (Note 5)	9.34

Notes:

- (1)* Out of the 99,387,040 shares, 11,295,600 shares were held by Megabest Securities Limited ("Megabest") of which Madam Chin Lan Hong was interested in the entire issued share capital, through the chain of ownership being described in Note (5) below; 700,000 shares were held under her personal interests; and 87,391,440 shares related to the same block of shares as described in "Other Interests" of CKW and CLW respectively under the heading of "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures", as Madam Chin Lan Hong together with CKW and CLW are the three executors under the Will of CKH who held 87,391,440 shares before his death. Under the Will of CKH, Madam Chin Lan Hong is also one of the beneficiaries. To avoid double counting, the number of shares which may contingently be allocated to Madam Chin Lan Hong has not been added to this number of shares.
 - (2) Ms. Kung So Ha, Anne is the wife of CKW and was taken to be interested in these shares in which her spouse was interested under the SFO.
 - (3) Ms. Wu Suet Yi, Rita is the wife of CLW and was taken to be interested in these shares in which her spouse was interested under the SFO.
 - (4) Ms. Hoh Kwok Hing, Corinne is the wife of CYW and was taken to be interested in these shares in which her spouse was interested under the SFO.
 - (5) These 11,295,600 shares held by Megabest related to the same block of shares as described in Note (1). These shares were held by Megabest through its wholly owned subsidiary Profit-taking Company Inc., which in turn held the entire issued share capital of Pullfield Company Limited, the registered owner of the said 11,295,600 shares of the Company.
- * Since probate has not been granted and the Executors are not yet registered as holders of the shares in question, strictly speaking, a trust of the shares has not yet been legally constituted.

Save as disclosed above, as at 30th September 2004, the Company has not been notified by any person (other than Directors or Chief Executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company.

DISCLOSURE PURSUANT TO THE RULES 13.20 AND 13.22 OF THE LISTING RULES

As at 30th September 2004, the market capitalisation of the Company was approximately HK\$148,780,800 (the "Market Capitalisation") which was based on the total number of 120,960,000 shares of the Company in issue on 30th September 2004 and the average closing price of HK\$1.23 per share from 22nd September 2004 to 28th September 2004 (both days inclusive) being the five business days immediately preceding 30th September 2004.

Details of the advances made by the Group to the following entities as at 30th September 2004, which individually exceeded 8% of the Market Capitalisation, are as follows:

Name of Entities	Percentage of equity interest held by the Group	Advances as at 30 September 2004 HK\$
Cantake Land Investment Company Limited	25%	44,117,814
Chase Good Development Limited	25%	15,436,803
Eastern Tailor Enterprises Limited	25%	18,926,919
Hinquand Enterprise Limited	50%	19,876,760
Keneva Company Limited	25%	38,857,400
Kin Yuen Hing Investment Company Limited	50%	12,559,056

The aforesaid advances were funding contributions made to the entities, in proportion to the Group's shareholdings in such companies on the same terms and conditions, for financing their respective property projects. These advances are unsecured, interest free, have no specific repayment terms and are met by the internal resources of the Group.

In total, the Group has provided financial assistance to its affiliated companies at an aggregate amount of HK\$170,171,562 as at 30th September 2004, representing approximately 114.38% of the Market Capitalisation. The pro forma combined balance sheet and the Group's attributable interest as at 30th September 2004 are as follows:

	Pro forma Combined Balance Sheet <i>HK\$</i>	Group's Attributable Interests <i>HK\$</i>
Non-current assets	<u>597,736,762</u>	<u>141,546,197</u>
Current assets	278,091,655	91,781,893
Current liabilities	<u>(22,244,263)</u>	<u>(6,285,405)</u>
Net current assets	<u>255,847,392</u>	<u>85,496,488</u>
Non-current liabilities	<u>(726,913,141)</u>	<u>(175,652,554)</u>
Net assets	<u><u>126,671,013</u></u>	<u><u>51,390,131</u></u>

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's issued shares during the period.

AUDIT COMMITTEE

The Audit Committee has reviewed with the auditors of the Company the unaudited consolidated interim results of the Company for the six months ended 30th September 2004 and has no reservation on the accounting treatments adopted by the Group.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules at any time during the six months ended 30th September 2004, except that Non-Executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with Article 103(A) of the Company's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors ("the Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30th September 2004.

By Order of the Board
Raymond W M Chu
Company Secretary

Hong Kong, 13th December 2004