



# GOLDBOND GROUP HOLDINGS LIMITED

## 金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)

### INTERIM RESULTS 2003

The Board of Directors (the "Directors") of Goldbond Group Holdings Limited (formerly known as Can Do Holdings Limited) (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2003. The unaudited interim result for the six months ended 30 September 2003 has been reviewed by the Company's Audit Committee and the Company's auditors, KPMG.

#### CONSOLIDATED PROFIT AND LOSS ACCOUNT

|  | Note | Six months ended<br>30 September |   |
|--|------|----------------------------------|---|
|  |      | 2003<br>HK\$'000<br>(unaudited)  | 2002<br>HK\$'000<br>(unaudited /<br>restated) |
| <b>Turnover</b>                                  | 2    | <b>12,944</b>                    | 11,553  |
| Direct outgoings                                 |      | (79)                             | (137)   |
| Gross profit                                     |      | <b>12,865</b>                    | 11,416  |
| Other revenue                                    |      | 366                              | 1,364   |
| Other net loss                                   | 3    | (1,988)                          | –   |
| Surplus on revaluation of investment properties  |      | <b>15,000</b>                    | –   |
| Gain on disposal of interest in associates       |      | –                                | 56,859  |
| Unrealised holding loss on short term investment |      | –                                | (51,688)                                      |
| Administrative expenses                          |      | (8,002)                          | (2,513)                                       |
| <b>Profit from operations</b>                    | 4    | <b>18,241</b>                    | 15,438  |
| Finance costs                                    |      | (2,795)                          | (7,071)                                       |
| Share of loss of an associate                    |      | –                                | (59)  |
| <b>Profit before taxation</b>                    |      | <b>15,446</b>                    | 8,308   |
| Taxation   | 5    | (340)                            | (700)   |
| <b>Net profit attributable to shareholders</b>   |      | <b>15,106</b>                    | 7,608   |
| <b>Earnings per share – Basic</b>                | 6    | <b>\$0.05</b>                    | \$0.02  |

#### NOTES:

##### 1. BASIS OF PREPARATION

The interim financial statements (the "Interim Report") have been prepared in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants (the "HKSA").

The same accounting policies adopted in the Group's annual financial statements for the year ended 31 March 2003 have been applied to the Interim Report except for the adoption of the revised SSAP 12 "Income taxes", which is effective for accounting periods commencing on or after 1 January 2003.

## Goldbond Group Holdings Limited

In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenses, which were expected with reasonably probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. With effect from 1 April 2003, in order to comply with SSAP 12 (revised) issued by the HKSA, the Group has adopted a new policy for deferred taxation.

Under the SSAP12 (revised), deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

The new accounting policy has been applied retrospectively. As a result of the adoption of this accounting policy, the profit for the six months ended 30 September 2003 has been decreased by HK\$340,000 (six months ended 30 September 2002: HK\$100,000) and the net assets as at the period end have been decreased by HK\$2,808,000 (at 31 March 2003: HK\$2,468,000).

### 2. TURNOVER AND SEGMENTAL INFORMATION

Turnover represents the gross rental income and management fees derived from the investment properties during the period.

The Group's operating results are almost entirely attributable to its property investment activities in Hong Kong. Accordingly, no segmental analysis is provided.

### 3. OTHER NET LOSS

|   | Six months ended<br>30 September |                                 |
|---|----------------------------------|---------------------------------|
|   | 2003<br>HK\$'000<br>(unaudited)  | 2002<br>HK\$'000<br>(unaudited) |
| Net realised loss on trading securities | <u>(1,988)</u>                   | <u>—</u>                        |

### 4. PROFIT FROM OPERATING ACTIVITIES

Profit from operating activities is arrived at after charging/(crediting):-

|   | Six months ended<br>30 September |                                 |
|---|----------------------------------|---------------------------------|
|   | 2003<br>HK\$'000<br>(unaudited)  | 2002<br>HK\$'000<br>(unaudited) |
| Staff costs (including directors' remuneration) |                                  |                                 |
| Wages and salaries                              | 3,390                            | 198                             |
| Retirement costs                                | 87                               | 7                               |
|   | <u>3,477</u>                     | <u>205</u>                      |
| Depreciation                                    | 50                               | —                               |
| Provision for doubtful debts                    | 89                               | —                               |
| Interest income                                 | <u>(140)</u>                     | <u>(956)</u>                    |

### 5. TAXATION

No provision for Hong Kong Profit Tax has been made as the Group did not have any assessable profits for the period.

Deferred taxation has been provided in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2002: 16%).

|  | Six months ended<br>30 September |   |
|--|----------------------------------|---|
|  | 2003<br>HK\$'000<br>(unaudited)  | 2002<br>HK\$'000<br>(unaudited /<br>restated) |
| <b>Current taxation</b>                            |                                  |   |
| Provision for Hong Kong Profits Tax for the period | —                                | 600   |
| <b>Deferred taxation</b>                           |                                  |   |
| Origination and reversal of temporary differences  | 108                              | 100   |
| Effect of increase in tax rate on deferred tax     | 232                              | —   |
| Total taxation                                     | <u>340</u>                       | <u>700</u>                                    |

# Goldbond Group Holdings Limited

## 6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit attributable to shareholders for the period ended 30 September 2003 of HK\$15,106,000 (2002: HK\$7,608,000 (as restated)) and the weighted average of 331,488,000 (2002: 323,975,000 (as restated)) ordinary shares in issue during the period.

The exercise of the subscription rights conferred by the redeemable convertible preference shares would not have any dilutive effect on the earnings per share for the periods ended 30 September 2003 and 2002. There are no other potentially dilutive securities.

## 7. CAPITAL COMMITMENT

|   | <b>30 September<br/>2003<br/>HK\$'000<br/>(unaudited)</b> | <b>As at<br/>31 March<br/>2003<br/>HK\$'000<br/>(audited)</b> |
|---|---|---|
| <b>Contracted, but not provided for</b> |   |   |
| Acquisition of a subsidiary             | <u>400,000</u>  | <u>400,000</u>  |

In 2000, the Group entered into a conditional sale and purchase agreement with an independent third party for the acquisition of the entire issued share capital and the shareholders' loan of Growing China Limited ("Growing China"), a company incorporated in the British Virgin Islands, at a consideration of HK\$400,000,000. The principal assets of Growing China are residential blocks and a commercial complex located at Chengdu in the Sichuan Province, the PRC. Part of the consideration of HK\$340,000,000 is expected to be satisfied by the issue and allotment of approximately 301,000,000 new ordinary shares of the Company and the remaining balance of HK\$60,000,000 in cash. The agreement has yet to become unconditional and parties to the agreement agreed on 19 December 2000 to extend the long stop date of the agreement to such date as the parties may agree in writing. In the opinion of the Directors, unless the parties mutually agree to complete the acquisition, no payment under the agreement will be made within the next 12 months from the date of this report.

## 8. POST BALANCE SHEET EVENTS

- (a) On 28 November 2003, an ordinary resolution was passed at an extraordinary general meeting to approve an open offer to the Company's qualifying shareholders of 1,325,952,000 shares on the basis of four offer shares for every existing share at a subscription price of HK\$0.10 per share held at of that date. The net proceeds of the open offer, after deducting expenses, are expected to be approximately HK\$131.7 million and are intended to be used as funding for any potential future investments (including PRC property investments) and general working capital of the Group.
- (b) On 1 December 2003, Sino Dynasty Investments Limited, a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement to acquire a 25% equity interest in 南京國際商城建設有限公司 (Nanjing City Plaza Construction Co., Ltd.) ("Nanjing City Plaza") for a consideration of HK\$91,000,000 to be satisfied as to HK\$90,000,000 in cash and as to HK\$1,000,000 by the issuance of 5,000,000 ordinary shares to be issued by the Company. Nanjing City Plaza is a sino-foreign joint venture company incorporated in the PRC. The principal asset of Nanjing City Plaza is a 51% equity interest in 南京國際集團股份有限公司 (Nanjing International Group Co., Ltd.), a joint stock limited liability company incorporated in the PRC, which is principally engaged in property development in Nanjing, the PRC. The proposed acquisition is subject to the approval of the Shareholders at the extraordinary general meeting to be held in January 2004.
- (c) On 11 December 2003, Dragon Express Investments Limited, a wholly owned subsidiary of the Company, entered into a subscription agreement to subscribe for 12 units of the Gobi Fund, Inc. ("Gobi Fund") at a consideration of US\$6,000,000 (equivalent to approximately HK\$46,800,000). Gobi Fund is a venture capital fund sponsored and managed by Gobi Partners, Inc., and mainly focuses on early stage investments in the PRC's digital media sector, such as telecommunications, internet and broadcasting. Gobi Fund is also co-sponsored by Tsinghua Venture Capital Co., Ltd., the venture capital arm of Tsinghua University, the PRC.

## 9. COMPARATIVE FIGURES

Certain comparative figures have been adjusted due to the adoption of SSAP 12 (revised) during the period as described in note 1.

## INTERIM DIVIDEND

The Directors have resolved that no interim dividend will be declared in respect of the six months ended 30 September 2003 (2002: Nil).

## CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the extraordinary general meeting held on 11 April 2003, the name of the Company was changed from "Can Do Holdings Limited (長發建業有限公司)" to "Goldbond Group Holdings Limited (金榜集團控股有限公司)" with effect from 9 May 2003.

## BUSINESS REVIEW AND FUTURE PLAN

The Group is engaged in property investment and other investments in Hong Kong and the PRC. For the period ended 30 September 2003, the Group recorded a net profit attributable to shareholders of approximately HK\$15,106,000 which was mainly contributed by the surplus on revaluation of investment properties.

The turnover of the Group for the period of six months ended 30 September 2003 amounted to approximately HK\$12,944,000 (2002: HK\$11,553,000) which was mainly contributed by the rental income of Golden Plaza. As at 30 September 2003, almost all of the total gross floor area of Golden Plaza has been rented. Such rental income predominantly derived from Hong Kong amounted to approximately HK\$23 million per year in the past three years.

## Goldbond Group Holdings Limited

With the recovery of economic and investment conditions in Hong Kong and the continuing prosperous of the economy in PRC, we consider that it would now be the opportune time for the Group to seek business diversification.

The property project in Nanjing comprises a site area of approximately 35,422 sq.m. and will be developed by two phases. Phase I, which comprises a commercial centre, service apartments and office premises, is under construction and is expected to be completed in 2006. Phase II, at a planning stage, is planned to include a 68-floor commercial building comprising a hotel and office premises.

Since the PRC officially joined the World Trade Organisation and won the right to host the 2008 Olympics in Beijing, PRC is committing to upgrade Beijing's infrastructure with approximately US\$3.6 billion earmarked for IT projects which include telecommunications, digital broadcasting and digital TV. The Group's investment in Gobi Fund which is primarily focus on the digital media sector in PRC, being cooperated with other strategic partners such as NTT DoCo Mo, Inc., and IBM World Trade Corporation, the Board believes that the subscription provides an opportunity for the Group to participate in the investments in the fast growing digital media field in the PRC especially with investment experts such as Gobi Partners.

With the fund raised through the open offer, the Group can diversify its sources of income and further develop its existing business by exploring various business opportunities. The Board believes that the above proposed acquisitions would improve the Group's financial performance and broaden its earning bases.

In the meantime, the Board will continue to look for investment opportunities that have earning potentials, with a view to diversifying its sources of income and to developing its existing business. In particular, the Board will focus on the companies in Hong Kong and the PRC that either (i) have steady income and positive cashflow, or are in industries where the barrier of entry are relatively high; or (ii) are in fast growing industries.

It is the ultimate goal of the Board to make effective use of the Group's resources and maximise the value of the Company.

### **LIQUIDITY AND CAPITAL RESOURCES**

As at 30 September 2003, the Group had outstanding borrowings of approximately HK\$208,618,000 (31 March 2003: HK\$204,600,000), comprising secured bank borrowings of approximately HK\$196,922,000, and a loan due to a related party of approximately HK\$11,696,000. The gearing ratio as at 30 September 2003, measured as total liabilities to total assets, was 60.7% (31 March 2003: 63.1%).

As at 30 September 2003, the Group had total cash and bank balances of approximately HK\$17,968,000 (31 March 2003: HK\$13,102,000).

### **EMPLOYMENT AND REMUNERATION POLICY**

At 30 September 2003, the Group's total number of staff was 10. The Group remunerates its employees based on their performance, experience, and prevailing industry practices. The Group has set up share option scheme to its employees linked to individual performance as recognition of and reward for value creation.

The Group operates a defined contribution mandatory provident fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme.

### **AUDIT COMMITTEE**

The Company has an audit committee which was established in accordance with the requirements of the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), for the purposes of reviewing and providing supervision over the Group's accounting principles and practices including the review of the unaudited interim financial statement.

### **PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

A detailed interim results announcement containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange will be published on the Stock Exchange's website in due course.

By Order of the Board  
**Loh Jiah Yee, Katherine**  
*Executive Director*

Hong Kong, 17 December 2003

Please also refer to the published version of this announcement in The Standard dated on 18-12-2003.