



# **KIN DON HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with Limited Liability)

# Interim Report

# 2022

The Board of Directors (the “Directors”) of Kin Don Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 May 2002.

## CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		<b>For the six months ended 31 May</b>	
	<i>Notes</i>	<b>2002</b>	2001
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	<i>(Unaudited)</i>
TURNOVER	2	<b>679</b>	1,167
Cost of sales		<b>(476)</b>	(1,177)
Gross profit/(loss)		<b>203</b>	(10)
Other revenue		<b>455</b>	204
Selling and distribution costs		<b>(123)</b>	(11)
Administrative expenses		<b>(2,759)</b>	(8,626)
Other operating expenses		<b>(91)</b>	(1,596)
Gain on disposal of subsidiaries		<b>31,909</b>	–
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		<b>29,594</b>	(10,039)
Finance costs		<b>(962)</b>	(7,776)
PROFIT/(LOSS) BEFORE TAX	3	<b>28,632</b>	(17,815)
Tax	4	–	–
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		<b>28,632</b>	(17,815)
Minority interests		<b>348</b>	385
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<b>28,980</b>	(17,430)
EARNINGS/(LOSS) PER SHARE	5		
– Basic		<b>HK0.49 cents</b>	HK(1.85)cents
– Diluted		<b>HK0.38 cents</b>	–

**CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES**

	<b>For the six months ended 31 May</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Reversal of deferred tax effect on the valuation surplus of the Group's properties situated in the PRC, net of minority interests	<b>638</b>	–
Net gain not recognized in the profit and loss account	<b>638</b>	–
Net profit/(loss) from ordinary activities attributable to shareholders	<b>28,980</b>	(17,430)
Total recognised gains and losses	<b>29,618</b>	(17,430)

## CONDENSED CONSOLIDATED BALANCE SHEET

	Note	31 May 2002 HK\$'000 (Unaudited)	30 November 2001 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Fixed assets		14,266	14,934
Interests in jointly-controlled entities		2,000	–
		<u>16,266</u>	<u>14,934</u>
CURRENT ASSETS			
Inventories		–	2,922
Prepayments, deposits and other receivables		3,198	1,203
Short term investments		1,725	–
Cash and cash equivalents		53,482	67,043
		<u>58,405</u>	<u>71,168</u>
CURRENT LIABILITIES			
Accounts payable	7	1,392	2,594
Accrued liabilities, other payables and deposits received		15,539	20,842
Taxation		–	33,376
Interest-bearing bank and other borrowings		12,561	12,561
Current portion of finance lease payables		264	378
		<u>29,756</u>	<u>69,751</u>
NET CURRENT ASSETS		<u>28,649</u>	<u>1,417</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		44,915	16,351
NON-CURRENT LIABILITIES			
Non-current portion of finance lease payables		–	68
Deferred tax		–	1,160
		<u>–</u>	<u>1,228</u>
MINORITY INTERESTS		337	163
		<u>44,578</u>	<u>14,960</u>
CAPITAL AND RESERVES			
Issued capital		63,504	63,504
Reserves		(18,926)	(48,544)
		<u>44,578</u>	<u>14,960</u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>For the six months ended 31 May</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<b>(10,703)</b>	(87)
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<b>379</b>	(1,125)
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	<u><b>(3,054)</b></u>	<u>6,238</u>
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING ACTIVITIES	<b>(13,378)</b>	5,026
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	<u><b>(183)</b></u>	<u>(304)</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<b>(13,561)</b>	4,722
Cash and cash equivalents at beginning of period	<u><b>67,043</b></u>	<u>(23,885)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><b>53,482</b></u>	<u>(19,163)</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>53,482</b>	193
Bank overdrafts	<u>–</u>	<u>(19,356)</u>
	<u><b>53,482</b></u>	<u>(19,163)</u>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

### 1. Accounting policies

These unaudited interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 2.125 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants as applicable to condensed interim accounts and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies used in these unaudited interim financial statements are consistent with those used in the annual financial statements of the Group for the year ended 30 November 2001.

### 2. Turnover

The Group's turnover is derived predominantly from the sale of apparel. All the Group's turnover is principally derived in the People's Republic of China.

### 3. Profit/(loss) before tax

Profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 31 May	
	2002	2001
	HK\$'000	HK\$'000
Depreciation	568	1,020
Gain on disposal of short term investments	(624)	–
	<u>          </u>	<u>          </u>

### 4. Tax

No tax has been provided for the six months ended 31 May 2002 (2001: Nil) as the Group did not derive any assessable profits during the period.

Deferred tax has not been provided for the six months ended 31 May 2002 (2001: Nil), as the Group has no material timing difference in the recognition of revenue and expenses for tax and for financial reporting purposes.

## 5. Earnings/(loss) per share

The calculation of basic earnings per share for the six months ended 31 May 2002 is based on the net profit from ordinary activities attributable to shareholders for the period of HK\$28,980,000 (2001: loss of HK\$17,430,000) and 5,950,372,434 (2001: 940,661,976) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 31 May 2002 is based on the net profit from ordinary activities attributable to shareholders for the period of HK\$28,980,000 and the weighted average of 7,664,658,148 ordinary shares after adjusting for the effects of dilutive potential ordinary shares in respect of convertible preference shares. There were no potential diluted ordinary shares during the six months ended 31 May 2001 and, therefore, no diluted loss per share is presented for that period.

### Number of ordinary shares

Number of ordinary shares used in calculating basic earnings per share	5,950,372,434
Effect of dilutive potential ordinary shares in respect of convertible preference shares	<u>1,714,285,714</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>7,664,658,148</u></u>

## 6. Interim dividends

The Directors do not recommend the payment of any interim dividend in respect of the period ended 31 May 2002 (2001: Nil).

## 7. Accounts payable

The age of accounts payable is analysed as follows:

	<b>31 May</b>	30 November
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Outstanding balances with ages:		
Over 365 days	<u><u>1,392</u></u>	<u><u>2,594</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

Since the completion of restructuring and fund raising in the end of last year, the Group is now in the process of evaluating its core business and opportunities in diversification into new business areas. Accordingly, turnover of the Group dropped by 42% for the six months ended 31 May 2002 to approximately HK\$679,000. Despite the relative low level of business activities, the Group recorded a net profit of approximately HK\$28,980,000 which is principally attributable to the gain on disposal of certain subsidiaries as part of the remaining restructuring in tidying up the group structure.

### Liquidity and financial resources

The Group financed its business development by means of internal resources. As at 31 May 2002, unutilised cash and bank balances of the Group amounted to approximately HK\$53,482,000 reflecting its financially healthy position. Following the disposal of certain subsidiaries, the Group's gearing ratio as at 31 May 2002 was greatly improved to 28% with total borrowings of about HK\$12,561,000 over shareholders' fund of about HK\$44,578,000. These outstanding borrowings are principally borne by the PRC subsidiaries and are not guaranteed by the Company. The management is now taking appropriate steps to clear these liabilities through negotiation and/or other restructuring means.



## **Pledge of assets**

As at 31 May 2002, certain assets of the Group with an aggregate net book value of approximately HK\$11,590,000 were pledged to secure credit facilities granted to the Group.

## **Employees**

As at 31 May 2002, the total number of employees of the Group was about 20. The Group remunerates its employees by means of salary and bonus based on their performance, working experience, degree of hardship and prevailing market practice.

## **Prospects**

The Group has adopted a careful and prudent approach in the activation of its business. Based on the progress of the current development plan, the management is very optimistic to see that the Group will soon activate its business in various different areas of high growth potential and return.

## **DIRECTORS' INTERESTS IN SHARES**

As at 31 May 2002, the interests of the directors and their associates in the share capital of the Company and its associated corporations as recorded in the register (the "Register") maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") or notified to the Company, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

<b>Name</b>	<b>Number of shares</b>	<b>Type of interests</b>
Yeung Kwok Kwong	6,000,000	Personal

*Note:*

In addition to the above, Mr. Yeung Kwok Kwong is holding shares in certain subsidiaries of the Company in a non-beneficial capacity which is solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interest in the share capital of the Company or any of its associated corporations which were recorded in the Register as defined in the SDI Ordinance.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

Under the terms of a share option scheme adopted by the Company on 19 August 1998, the Directors may, at their discretion, grant options to employees and directors of the Group to subscribe for shares in the Company. However, in compliance with Chapter 17 of the Listing Rules as amended on 23 August 2001, the Group was only permitted to grant option under the existing share option scheme up to 1 September 2001. Accordingly, the Directors intend to terminate the existing share option scheme, which had no outstanding option as at 31 May 2002, and adopt a new share option scheme.

At no time during the six months ended 31 May 2002 was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS

As at 31 May 2002, the following interests of 10% or more in the issued share capital of the Company were recorded in the register required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

<b>Name</b>	<b>Number of shares held</b>	<b>Percentage of holding</b>
Marble King International Limited	3,338,460,250	56.1%

In addition, Marble King International Limited held the entire 4,000,000,000 convertible preference shares in the Company issued partly paid as to 10% of the subscription price of HK\$0.02 per share as at 31 May 2002.

Marble King International Limited, a company incorporated in the British Virgin Islands, is beneficially and wholly owned by Mr. Or Wai Sheun.

Save as disclosed above, no other person had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 31 May 2002.

## **AUDIT COMMITTEE**

The audit committee has reviewed the unaudited interim financial statements of the Group for the six months ended 31 May 2002 and discussed with the Directors the internal control and financial reporting matters of the Group.

## **COMPLIANCE WITH THE 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 throughout the accounting period covered by the interim report, except that the non-executive director and independent non-executive directors are not appointed for any specific term of office but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

## **FINANCIAL ASSISTANCE TO AN AFFILIATED COMPANY**

Pursuant to a shareholders' agreement dated 20 December 1999 entered into among the Company, City Power Services Limited ("City Power") (a subsidiary of the Company) and Li Yang Advertising Public Relations (HK) Limited ("LY Advertising") (an unrelated party), the Group advanced an interest-free shareholder's loan to Li Yang Broadcasting & Advertising (HK) Limited ("Li Yang") (a jointly control entity of the Group). The shareholder's loan of HK\$25,750,000 as at 31 May 2002 was not repayable by Li Yang without the approval of both City Power and LY Advertising. Full provision has been made against the shareholder's loan by the Group during the year ended 30 November 2000.

By order of the Board  
**Yeung Kwok Kwong**  
*Chairman*

Hong Kong, 16 August 2002