

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") and with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2003, except for the adoption the following new and revised accounting policies. This change in accounting policy has had no material effect on the results for the current or prior accounting periods, accordingly, no prior period adjustment has been required.

Income taxes

The principal effect of the implementation of SSAP No. 12 (Revised) "Income Taxes" is in relation to deferred tax. SSAP No. 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions.

Revenue recognition

Revenue from household gas connection contract is recognised upon completion of contract.

Sales of gas appliance are recognised when goods are delivered and title has passed.

Service income is recognised at the time when services are rendered.

1. 編製基準

簡明財務報表已根據香港聯合交易所有限公司(「香港聯交所」)證券上市規則附錄16之適用披露規定及香港會計師公會頒佈之會計實務準則第25號(「中期財務報告」)編製。

2. 主要會計政策

簡明財務報表乃按歷史成本常規法編製，並就證券投資之重估值作出修訂。

除採納新訂及經修訂會計政策外，所採用之會計政策與編製本集團截至二零零三年三月三十一日止年度之財務報表所採用者一致。此等會計政策變動對本會計期間或前會計期間之業績並無重大影響，故毋須作出前期調整。

利得稅

實行會計實務準則第12號(經修訂)「利得稅」規定之主要影響在於遞延稅項。會計實務準則第12號(經修訂)規定採用資產負債表負債法，即除少數特殊情況外，就財務報表所載資產及負債賬面值與計算應課稅溢利所用相應稅務基準之所有暫時差額確認遞延稅項。

收益確認

家居接駁天然氣之收益於合約完成產生結果時確認。

銷售天然氣設備於貨品交付及所有權轉移時確認。

服務收入於提供服務時確認。

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into the divisions of manufacturing and trading of building materials, trading of marketable securities and derivatives and business of natural gas supply, storage and related services. These divisions are the basis on which the Group reports its primary segment information.

An analysis of the Group's turnover and contribution to operating results by business segments is as follows:

For the six months ended 30 September 2003

		Manufacturing and trading of building materials HK\$'000	Trading of marketable securities and derivatives HK\$'000	Natural gas supply, storage and related services HK\$'000 (Note) 天然氣 供應、儲存及 相關服務 千港元 (附註)	Consolidated HK\$'000
		生產及買賣 建築材料 千港元	買賣有價證券 及衍生工具 千港元		綜合 千港元
TURNOVER	營業額				
External sales	外部銷售	81,423	-	2,776	84,199
RESULT	業績				
Segment result	分項業績	1,297	(44)	(1,258)	(5)
Unallocated corporate expenses	未分配公司開支				(4,055)
Interest income	利息收入				5,106
Profit from operations	經營溢利				1,046
Finance costs	融資成本				(11,761)
Loss before taxation	除稅前虧損				(10,715)
Taxation charge	稅項支出				(719)
Loss before minority interests	未計少數股東權益前虧損				(11,434)
Minority interests	少數股東權益				(858)
Loss for the period	期內虧損				(12,292)

3. 分項資料

按業務劃分

為管理起見，本集團目前分為生產及買賣建築材料、買賣有價證券及衍生工具及天然氣供應、儲存及相關服務各部門。該等部門是本集團呈報其主要分項資料的基準。

本集團按業務劃分的營業額及經營業績貢獻分析如下：

截至二零零三年九月三十日止六個月

3. SEGMENT INFORMATION (cont'd)

For the six months ended 30 September 2002

3. 分項資料(續)

截至二零零二年九月三十日止六個月

		Manufacturing and trading of building materials HK\$'000 生產及買賣 建築材料 千港元	Trading of marketable securities and derivatives HK\$'000 買賣有價證券 及衍生工具 千港元	Consolidated HK\$'000 綜合 千港元
TURNOVER	營業額			
External sales	外部銷售	79,456	–	79,456
RESULT	業績			
Segment result	分項業績	(13,185)	(2)	(13,187)
Unallocated corporate expenses	未分配公司開支			(8,887)
Interest income	利息收入			303
Loss from operations	經營虧損			(21,771)
Finance costs	融資成本			(16,599)
Loss on disposal of interests in subsidiaries	出售附屬公司權益 之虧損			(5,944)
Impairment loss recognised in respect of interest in an associate	聯營公司權益之 確認減值虧損			(691)
Share of results of associates	應佔聯營公司業績			(2,129)
Loss before taxation	除稅前虧損			(47,134)
Taxation charge	稅項支出			(76)
Loss before minority interests	未計少數股東權益前虧損			(47,210)
Minority interests	少數股東權益			3,777
Loss for the period	期內虧損			(43,433)

Note: Following the acquisition of certain subsidiaries engaged in the business of natural gas supply, storage and related services during the period ended 30 September 2003, the business of natural gas supply, storage and related services was regarded as a new business segment of the Group. Details of these are set out in the circular issued by the Company dated 26 June 2003.

附註：於截至二零零三年九月三十日止期間收購從事天然氣供應、儲存及相關服務業務之若干附屬公司後，天然氣供應、儲存及相關服務乃視作本集團新業務分項。有關詳情載於本公司於二零零三年六月二十六日刊發之通函內。

4. PROFIT (LOSS) FROM OPERATIONS

4. 經營溢利(虧損)

Six months ended 30 September
截至九月三十日止六個月

		2003 HK\$'000 二零零三年 千港元	2002 HK\$'000 二零零二年 千港元
Profit (loss) from operations has been arrived at after charging:	經營溢利(虧損)已扣除下列各項:		
Amortisation of goodwill included in administrative expenses	計入行政開支之商譽攤銷	897	-
Depreciation	折舊	5,525	8,435

5. TAXATION

5. 稅項

Six months ended 30 September
截至九月三十日止六個月

		2003 HK\$'000 二零零三年 千港元	2002 HK\$'000 二零零二年 千港元
The charge comprises:	稅項支出包括:		
The Company and subsidiaries – Taxation in other jurisdictions	本公司及其附屬公司 – 其他司法權區之稅項	719	59
Deferred taxation	遞延稅項	-	17
		719	76

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

其他司法權區之稅項乃按有關司法權區之適用稅率計算。

6. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period of approximately HK\$12,292,000 (HK\$43,433,000 for the six months ended 30 September 2002) and on 1,161,265,406 (weighted average number of 103,888,318 for the six months ended 30 September 2002 after the adjustment of share consolidation of the Company as described in note 17) ordinary shares in issue during the period.

No diluted loss per share for both periods have been presented as the exercise of the potential ordinary shares under the convertible loan would result in a decrease in loss per share.

7. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred expenditure of approximately HK\$335,000 on property, plant and equipment.

In addition, property, plant and equipment with an aggregate net book value of approximately HK\$5,251,000 were acquired as a result of the acquisition of a subsidiary.

The Group disposed of property, plant and equipment with an aggregate net book value of approximately HK\$25,000 at nil consideration.

8. GOODWILL

An indirect wholly-owned subsidiary of the Company, Dong Fang Gas (China) Limited, entered into an agreement for the acquisition of a 73% interest in Top Power Holdings Limited ("Top Power") at a consideration of HK\$80,000,000. Top Power is an investment holding company incorporated in the British Virgin Islands and owns a 70% equity interest in Beijing Continental Gas Co. Ltd. ("Beijing Continental Gas"). Beijing Continental Gas is a sino-foreign equity joint venture engaged in the business of natural gas supply, storage and related services. As confirmed by the Company's legal adviser in the People's Republic of China ("PRC"), as at the latest practicable date in the circular issued by the Company on 26 June 2003, Beijing Continental Gas' ongoing operations in 液化氣供氣站 (Liquefied Petroleum Gas Supply Station) projects in 北京門頭溝濱河小區 (Beijing Mentougou Binhe Xiaoqu) and 北京順義區南半壁店小區 (Beijing Shunyi Nanbanbidian Xiaoqu) have been approved by 北京市發展計劃委員會 (Beijing City Development Planning Committee) and it is the first and the only sino-foreign joint venture approved by the PRC government authority for incorporation in Beijing, the PRC with a business scope to engage in natural gas business.

The goodwill represents the goodwill arising from acquisition of the above subsidiaries by the Group during the period.

6. 每股虧損

每股基本虧損乃根據期內虧損約12,292,000港元(截至二零零二年九月三十日止六個月:43,433,000港元)及期內已發行普通股1,161,265,406股(截至二零零二年九月三十日止六個月已就附註17所述本公司之股份合併作出調整之加權平均數103,888,318股)計算。

由於行使可換股貸款之潛在普通股會導致每股虧損減少,但並無呈列於兩個期間的每股攤薄虧損。

7. 物業、廠房及設備之變動

期內,本集團購置物業、廠房及設備之開支約為335,000港元。

此外,本集團因收購附屬公司而收購總賬面淨值約5,251,000港元之物業、廠房及設備。

本集團無償出售總賬面淨值約為25,000港元之物業、廠房及設備。

8. 商譽

本公司之間接全資附屬公司Dong Fang Gas (China) Limited簽訂協議以收購Top Power Holdings Limited (「Top Power」)之73%權益,代價為80,000,000港元。Top Power乃一間於英屬處女群島註冊成立之投資控股公司,擁有北京大陸燃氣有限公司(「北京大陸燃氣」)之70%股權。北京大陸燃氣乃一間從事天然氣供應、儲存及相關服務業務之中外合資合營企業。據本公司中華人民共和國(「中國」)之法律顧問所確認,截至本公司於二零零三年六月二十六日刊發之通函之最後實際可行日期,北京大陸燃氣繼續經營北京門頭溝濱河小區和北京順義區南半壁店小區液化氣供氣站項目已經得到北京市發展計劃委員會的批准,合法有效及其為首家及唯一一家獲中國政府當局批准,於中國北京註冊從事天然氣業務之中外合資經營企業。

商譽指本集團於期內收購上述附屬公司而產生之商譽。

9. LOAN RECEIVABLE

The amounts is unsecured, bears interest at prevailing market rate and is repayable within one year.

10. TRADE RECEIVABLES

The Group does not define a fixed credit policy.

The following is an aged analysis of trade receivables at the reporting date:

		30 September	31 March
		2003	2003
		HK\$'000	HK\$'000
		二零零三年	二零零三年
		九月三十日	三月三十一日
		千港元	千港元
Within 60 days	60日內	19,265	15,469
61 – 90 days	61-90日	20,610	8,179
Over 90 days	90日以上	29,717	25,494
		69,592	49,142

11. TRADE PAYABLES

The following is an aged analysis of trade payables at the reporting date:

		30 September	31 March
		2003	2003
		HK\$'000	HK\$'000
		二零零三年	二零零三年
		九月三十日	三月三十一日
		千港元	千港元
Within 60 days	60日內	5,628	4,433
61 – 90 days	61-90日	2,524	1,280
Over 90 days	90日以上	44,434	36,041
		52,586	41,754

9. 應收貸款

該等款項為無抵押，以現行市場利率計息及須於一年內償還。

10. 應收貿易賬款

本集團並未釐定固定信貸政策。

於報告日期之應收貿易賬款之賬齡分析如下：

11. 應付貿易賬款

於報告日期之應付貿易賬款之賬齡分析如下：

12. PROVISION

On 20 April 2000, the Company entered into an agreement with a third party ("Purchaser") to dispose of certain shares of Skynet Limited ("Shares of Skynet"), a former associate of the Group. According to the terms of the agreement, the Company agreed to grant to the Purchaser a put option to require the Company to acquire the Shares of Skynet within a period of three years from the date of the agreement.

During the year ended 31 March 2002, a provision of HK\$23,400,000, representing the full amount of the exercise price, was made for the put option granted to the Purchaser in the prior year to require the Company to purchase the Shares of Skynet.

The put option lapsed during the period ended 30 September 2003. In the opinion of the Company's directors, no provision should be written back for the six-month period ended 30 September 2003 as further negotiation between the parties in respect thereof is anticipated.

13. AMOUNTS DUE TO RELATED COMPANIES

The amounts are unsecured and repayable on demand. An amount of approximately HK\$12,939,000 bears interest at prevailing market rate, and the remaining balance is non-interest bearing.

14. AMOUNT DUE TO AN ASSOCIATE

The amount represents trade payable to Yixing United Ceramics Co., Ltd. ("Yixing United").

15. MOVEMENTS IN BANK BORROWINGS

During the period, bank loans of approximately HK\$25,742,000 arose on the acquisition of subsidiaries. The Group also obtained additional bank loans of approximately HK\$10,149,000 and repaid approximately HK\$10,291,000 during the period.

12. 撥備

於二零零零年四月二十日，本公司與第三方（「買方」）簽訂協議出售Skynet Limited（本公司之前聯營公司）之若干股份（「Skynet股份」）。根據該協議之條款，本公司同意授出認沽權予買方以要求本公司於協議日期起三年內收購Skynet股份。

於截至二零零二年三月三十一日止年度，本公司就去年度授予買方以要求本公司購買Skynet股份之認沽權，作出撥備23,400,000港元，相等於行使價格全數。

認沽權於截至二零零三年九月三十日止期間失效。本公司董事認為，由於預期各方可能作進一步磋商，故無需就截至二零零三年九月三十日止六個月期間作出撥備。

13. 應付關連公司款項

應付關連公司款項為無抵押及按要求償還。除約12,939,000港元之款項是以現行市場利率計息，其餘款項則為免息。

14. 應付聯營公司款項

有關款項指應付宜興聯合陶瓷有限公司（「宜興聯合」）之貿易賬款。

15. 銀行借貸變動

於期內，因收購附屬公司而產生銀行貸款約25,742,000港元。本集團亦於期內取得額外銀行貸款約10,149,000港元，並已償還約10,291,000港元。

16. MOVEMENTS IN OTHER BORROWINGS

Included in other borrowings is an unsecured convertible loan ("Convertible Loan") of US\$12,000,000 (equivalent to approximately HK\$92,302,000) (31 March 2003: US\$12,000,000, equivalent to approximately HK\$92,302,000) issued by a wholly-owned subsidiary of the Company for a term of six years from June 1997. The Convertible Loan bears interest at 9.8% per annum and is repayable on demand. The Convertible Loan and the accrued interest thereon will, at the option of the convertible noteholder, be convertible into fully paid ordinary shares of the Company at a conversion price calculated at 90% of the average closing price of the shares of the Company quoted on the Hong Kong Stock Exchange for the twenty trading days immediately preceding the date of the notice under the terms and conditions of the convertible loan deed. Details of the Convertible Loan and the subsequent assignments are set out in the circulars of the Company dated 13 May 1997 and 20 December 2000 and its announcement dated 18 February 2002 respectively.

The Group failed to repay certain part of the Convertible Loan, resulting in whole outstanding principal sum of approximately US\$11,900,000 repayable on demand. The option to convert the Convertible Loan and the accrued interest into fully paid ordinary shares of the Company lapsed on 25 June 2003 but all the other rights attaching to the Convertible Loan continue to subsist.

16. 其他借貸變動

其他借貸當中包括無抵押可換股貸款(「可換股貸款」)12,000,000美元(相等於約92,302,000港元)(二零零三年三月三十一日:12,000,000美元(相等於約92,302,000港元)),該項可換股貸款由本公司的全資附屬公司發出,年期由一九九七年六月起計六年。可換股貸款的年利率為9.8厘,須按要求償還。可換股貸款持有人可選擇將可換股貸款連同應計利息兌換為本公司之繳足普通股,轉換價按根據可換股貸款契據的條款及條件規定發出之通告日期前二十個交易日按香港聯交所報本公司股份平均收市價的90%計算。有關可換股貸款及其後轉讓之詳情,分別載於本公司於一九九七年五月十三日及二零零零年十二月二十日刊發之通函及二零零二年二月十八日刊發之公佈。

由於本集團無法償還若干部分之可換股貸款,產生尚未償還本金合計約11,900,000美元,須按要求償還。將可換股貸款及應計利息兌換為本公司繳足普通股之換股權已於二零零三年六月二十五日失效,惟可換股貸款所附帶之其他權利將繼續有效。

17. SHARE CAPITAL

17. 股本

		Number of shares 股份數目	Value HK\$'000 價值 千港元
Authorised:	法定:		
Ordinary shares of HK\$0.01 each at 1 April 2002	於二零零二年四月一日 每股面值0.01港元之普通股	30,000,000,000	300,000
Additions (Note a)	增加(附註a)	30,000,000,000	300,000
Share consolidation (Note e)	股份合併(附註e)	(58,500,000,000)	-
Ordinary share of HK\$0.40 each at 31 March 2003 and 30 September 2003	於二零零三年三月三十一日及 二零零三年九月三十日 每股面值0.40港元之普通股	1,500,000,000	600,000
Issued and fully paid:	已發行及繳足:		
Ordinary shares of HK\$0.01 each at 1 April 2002	於二零零二年四月一日 每股面值0.01港元之普通股	1,450,612,577	14,506
Issue of shares (Note b)	股份發行(附註b)	45,000,000,000	450,000
Exercise of warrants (Note c)	行使認股權證(附註c)	3,658	-
Exercise of share options (Note d)	行使購股權(附註d)	5	-
Share consolidation (Note e)	股份合併(附註e)	(45,289,350,834)	-
Ordinary shares of HK\$0.40 each at 31 March 2003 and 30 September 2003	於二零零三年三月三十一日及 二零零三年九月三十日 每股面值0.40港元之普通股	1,161,265,406	464,506

17. SHARE CAPITAL (cont'd)

During the year ended 31 March 2003, the movements of share capital is as follows:

Notes:

- (a) Pursuant to an ordinary resolution passed at a special general meeting of the Company held on 15 August 2002, the authorised share capital of the Company was increased from HK\$300,000,000 to HK\$600,000,000 by the creation of an additional 30,000,000,000 ordinary shares of HK\$0.01 each.
- (b) The Company issued and allotted 20,000,000,000 and 25,000,000,000 ordinary shares of HK\$0.01 each in the Company for cash at HK\$0.01 per share pursuant to a subscription agreement and a placing agreement both dated 4 June 2002. The shares issued rank *pari passu* with the then existing shares in issue in all respects. Details of these are set out in the announcement of the Company dated 7 June 2002.
- (c) Certain registered warrant holders exercised their rights to subscribe for 3,658 ordinary shares of HK\$0.01 each in the Company at HK\$0.20 per share.
- (d) The Company issued and allotted 5 ordinary shares of HK\$0.01 each in the Company for cash at HK\$0.012 per share as a result of the exercise of share options.
- (e) Pursuant to an ordinary resolution passed at a special meeting of the Company held on 17 March 2003, every forty ordinary shares of HK\$0.01 each in the issued and unissued share capital was consolidated into one ordinary share of HK\$0.40. The nominal value of the issued and unissued shares after the consolidation of shares were increased from HK\$0.01 to HK\$0.40 each. Details of these were set out in the announcement and circular of the Company dated 22 January 2003 and 21 February 2003 respectively.

17. 股本 (續)

於截至二零零三年三月三十一日止年度，股本變動如下：

附註：

- (a) 根據本公司於二零零二年八月十五日舉行之股東特別大會所通過之普通決議案，本公司藉增設30,000,000,000股每股面值0.01港元之普通股，將法定股本由300,000,000港元增至600,000,000港元。
- (b) 本公司分別根據兩份於二零零二年六月四日訂立之認購協議及配售協議按每股0.01港元之價格，發行及配發本公司每股面值0.01港元之普通股20,000,000,000股及25,000,000,000股以換取現金。所發行之股份在各方面均與當時既有股份享有同等地位。有關詳情載於本公司於二零零二年六月七日刊發之公佈內。
- (c) 若干登記認股權證持有人行使彼等之權利按每股0.20港元認購本公司3,658股每股面值0.01港元之普通股。
- (d) 因購股權獲行使，本公司按每股0.012港元之價格，發行及配發每股面值0.01港元之普通股5股以換取現金。
- (e) 根據本公司於二零零三年三月十七日舉行之股東特別大會上通過之普通決議案，本公司已發行及未發行股本中每四十股每股面值0.01港元之普通股合併為一股每股面值0.40港元之普通股。股份合併後，已發行及未發行股份之面值由每股0.01港元增至每股0.40港元。該等詳情分別載於本公司於二零零三年一月二十二日刊發之公佈及於二零零三年二月二十一日刊發之通函內。

18. PLEDGE OF ASSETS

At the reporting date, the Group had pledged the following assets to secure bank and other borrowings facilities granted to the Group:

			30 September 2003	31 March 2003
			HK\$'000	HK\$'000
			二零零三年 九月三十日	二零零三年 三月三十一日
		Notes 附註	千港元	千港元
Bank deposits	銀行存款	(i)	37,337	26,593
Properties held for sale	持作出售用途之物業	(i)	6,500	6,500
Property, plant and equipment	物業、廠房及設備	(i)	92,086	96,744
Investment in securities	證券投資	(ii)	10,188	16,457
Trade receivables	應收貿易賬款	(iii)	21,759	14,292
			167,870	160,586

Notes:

- (i) The assets were pledged to secure the banking facilities and other borrowings of the Group.
- (ii) The investment in securities with market value of HK\$10,188,000 (31 March 2003: HK\$16,457,000) was pledged and transferred to margin loan payable included in other creditors and accruals to set off the amount of margin loan payable of HK\$15,200,000 (31 March 2003: HK\$21,482,000).
- (iii) The trade receivables were pledged to a bank to secure the banking facilities granted to the Group.

附註:

- (i) 該等資產已抵押以獲取授予本集團之銀行融資及其他借貸。
- (ii) 該等市值為10,188,000港元(二零零三年三月三十一日: 16,457,000港元)之證券投資乃抵押及撥入其他應付賬款及應計費用所包含之應付保證金貸款,以對銷應付之保證金貸款15,200,000港元(二零零三年三月三十一日: 21,482,000港元)。
- (iii) 該等應收貿易賬款抵押予銀行,以獲取授予本集團之銀行融資。

19. RELATED PARTY TRANSACTION

During the period, the Group had the following significant transaction with a related party:

Name of company 公司名稱	Nature of transaction 交易性質	2003	2002
		HK\$'000 二零零三年 千港元	HK\$'000 二零零二年 千港元
Yixing United 宜興聯合	Purchase of goods 購買貨品	31,594	25,257

The above transaction was carried out in accordance with the terms agreed between the relevant parties.

19. 關連人士交易

本期間內，本集團與各關連方進行之重大交易如下：

Six months ended 30 September
截至九月三十日止六個月

上述交易乃按有關各方議定之條款進行。

20. CONTINGENT LIABILITIES

Corporate guarantee given to bankers in respect of banking facilities utilised by an associate	為聯營公司取得 銀行融資而作出之 公司擔保		
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20. 或然負債

30 September 2003	31 March 2003
HK\$'000 二零零三年 九月三十日 千港元	HK\$'000 二零零三年 三月三十一日 千港元

-	10,268
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21. LITIGATION

- (a) Companion-China Limited ("Companion-China"), a wholly-owned subsidiary of the Company, entered into a supply contract with a raw tiles manufacturer in Shenzhen on 17 May 1997. The contract was finally terminated due to the sub-standard raw tiles. On 2 June 1999, legal action was instituted by the manufacturers in the High Court of Hong Kong against Companion-China demanding the payment of outstanding contract sum of HK\$2,349,000. On 7 August 1999, Companion-China made a counterclaim against the manufacturer for loss and damages as a result of the sub-standard raw tiles.

On 20 December 1999, summary judgment was entered against Companion-China for the payment of outstanding contract sum of approximately HK\$1,860,000 and interests thereon. Companion-China lodged an appeal against such summary judgment and an unconditional leave was granted to Companion-China on 3 March 2000 to defend the action. If final judgment is entered against Companion-China, Companion-China may be obliged to pay the manufacturer a sum of approximately HK\$1,860,000 plus interests and cost. At the date of this report, there has been no further progress in respect of such action. As the outstanding contract sum of approximately HK\$1,860,000 was provided for in prior year, the directors are of the opinion that there is unlikely to be any material adverse financial impact on the Group in the event that the final judgement is not in favour of Companion-China.

21. 訴訟

- (a) 本公司之全資附屬公司友聯中國有限公司(「友聯中國」)於一九九七年五月十七日與深圳一間生磚製造商簽訂一份供應合同。該合同最終因生磚質量未符水準而終止。於一九九九年六月二日,該製造商入稟香港高等法院向友聯中國採取法律行動,追討未償還合同金額2,349,000港元。於一九九九年八月七日,友聯中國向該製造商提出反索償,追討生磚質量未符水準之損失及損害賠償。

於一九九九年十二月二十日,友聯中國遭受簡易判決,須支付未償還合同金額約1,860,000港元,及此後之利息。友聯中國就該簡易判決上訴,並於二零零零年三月三日獲授予一項無條件許可就訴訟提出抗辯。倘友聯中國遭受最終判決,友聯中國可能有責任向該製造商支付約1,860,000港元,並連同利息及費用。於本報告日期,上述訴訟並無進一步進展。因該為數約1,860,000港元之未償還合同金額於去年已作撥備,董事認為倘最終判決對友聯中國並不有利,亦不甚可能對本集團的財政狀況構成任何重大不利影響。

21. LITIGATION (cont'd)

(b) On 22 January 2002, Companion Finance Limited ("Companion Finance"), a wholly-owned subsidiary of the Company, issued a writ against Pang Siu Chung ("Mr. Pang") and Kwok Mun Nei, Candy and Leung Wai Hon (as guarantors) claiming payment of a sum of HK\$322,097 and further interest on the sum of HK\$300,000 at the daily rate of HK\$78 from 29 November 2001 to the date of payment, being the unpaid amount due from Mr. Pang to Companion Finance pursuant to a loan agreement dated 16 February 2001 made between Companion Finance and Mr. Pang, plus cost. At the date of this report, there had been no further progress in respect of such action. As the total amount including interest due from Mr. Pang has already been written off, the directors are of the opinion that there is unlikely to be any material adverse financial impact on the Group in the event that the final judgement is not in favour of Companion Finance.

(c) On 3 June 2002, legal action was instituted against Wenzhou Xishan United Ceramics Company Limited (溫州西山聯合陶瓷有限公司) ("Wenzhou Xishan") and Chongqing Golden Unity Ceramics Co., Ltd. (重慶金聯陶瓷有限公司) ("Chongqing Golden") as guarantor (both are non wholly-owned subsidiaries of the Company) by China Huarong Asset Management Corporation, Hangzhou Office (中國華融資產管理公司杭州辦事處) ("China Huarong") claiming payment of a sum of RMB12,049,781, being the outstanding principal sum and interest of a loan due from Wenzhou Xishan to Industrial and Commercial Bank of China, Wenzhou Branch, Lucheng Sub-branch (中國工商銀行溫州市分行鹿城支行), who assigned the said loan to China Huarong. On 8 August 2002, the Intermediate People's Court in the Wenzhou Municipality ("Court") ruled against Wenzhou Xishan and Chongqing Golden under which a sum of RMB5,000,000 plus interests and cost should be paid to China Huarong. On 5 December 2002, the Court gave a final judgement against Wenzhou Xishan and Chongqing Golden under which a sum of RMB5,000,000 plus interests and costs of RMB1,581,311 should be paid to China Huarong. At the date of this report, such amounts had not been paid and no demand for payment had been received by the Group. The amount of RMB6,581,311 (approximately HK\$6,234,000) has been charged to the Group's consolidated income statement in previous year in respect of the sum claimed, the directors are of the opinion that there will not be any additional material adverse impact on the Group.

21. 訴訟 (續)

(b) 於二零零二年一月二十二日，本公司之全資附屬公司Companion Finance Limited (「Companion Finance」) 向Pang Siu Chung (「Pang先生」) 及Kwok Mun Nei, Candy及Leung Wai Hon (作為擔保人) 發出令狀，索償322,097港元，以及一筆300,000港元之金額(由二零零一年十一月二十九日至支付日期按日息78港元計算之利息)，即根據Companion Finance與Pang先生於二零零一年二月十六日訂立之一項貸款協議Pang先生結欠Companion Finance之未付款項另加訟費。於本報告日期，概無有關該行動之最新進展。因Pang先生應付款項之總額(包括利息)已作撇銷，董事認為倘最終判決對Companion Finance並不有利，亦不甚可能對本集團的財政狀況構成任何重大不利影響。

(c) 於二零零二年六月三日，中國華融資產管理公司杭州辦事處(「中國華融」)向溫州西山聯合陶瓷有限公司(「溫州西山」)及重慶金聯陶瓷有限公司(「重慶金聯」)作為擔保人(均為本公司之非全資附屬公司)提出法律訴訟，索償人民幣12,049,781元，即溫州西山欠中國工商銀行溫州市分行鹿城支行一筆貸款之未償還本金額及利息。於二零零二年八月八日，溫州直轄市中級人民法院(「法院」)作出一項判決，裁定溫州西山及重慶金聯須向中國華融償還人民幣5,000,000元之款項另加利息及訟費。於二零零二年十二月五日，法院作出最終判決，裁定溫州西山及重慶金聯須向中國華融償還人民幣5,000,000元之款項另加人民幣1,581,311元之利息及訟費。於本報告日期，該款項尚未支付而本集團概無收到還款之要求。有關索償之款項人民幣6,581,311元(約6,234,000港元)已計入本集團之綜合收益表內，故董事認為將不會對本集團產生任何其他重大不利影響。