

INTERIM REPORT 2004
二零零四年中期報告

04



CHINA EVERBRIGHT TECHNOLOGY LIMITED

中國光大科技有限公司

(Incorporated in Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

BOARD OF DIRECTORS**Executive Directors**

HON Kwok Lung
(Chairman & Chief Executive Officer)
 WANG Shaolan *(Vice Chairman)*
 SHI Tao
 LAM Toi Man

Independent Non-executive Directors

FUNG Tze Wa
 KWONG Chun Wai, Michael

COMPANY SECRETARY

WONG Yim Ling Lona

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
 Hongkong and Shanghai Banking
 Corporation Limited
 Jian Sing Bank Limited
 Citic Ka Wah Bank Limited

SHARE REGISTRARS

The RHB Trust Co. Ltd
 P.O. Box 1787
 One Capital Place
 George Town
 Grand Cayman
 Cayman Islands

董事會**執行董事**

韓國龍
(董事長兼行政總裁)
 王少蘭 *(副董事長)*
 石濤
 林代文

獨立非執行董事

馮子華
 鄭俊偉

公司秘書

黃艷玲

核數師

安永會計師事務所

主要往來銀行

中國銀行(香港)有限公司
 香港上海滙豐銀行有限公司
 建新銀行有限公司
 中信嘉華銀行有限公司

股份過戶登記處

The RHB Trust Co. Ltd
 P.O. Box 1787
 One Capital Place
 George Town
 Grand Cayman
 Cayman Islands

BRANCH REGISTRARS

Secretaries Limited
G/F., Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

REGISTERED OFFICE

P.O. Box 309
Ugland House
South Church Street
Grand Cayman
Cayman Islands

PRINCIPAL OFFICE

Suites 2701-2705 & 2715-2716
27th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

WEBSITE

<http://www.ebtchina.com>

股份過戶登記分處

秘書商業服務有限公司
香港
灣仔
告士打道五十六號
東亞銀行港灣中心地下

註冊辦事處

P.O. Box 309
Ugland House
South Church Street
Grand Cayman
Cayman Islands

主要辦事處

香港
中環
金融街8號
國際金融中心二期
27樓
2701至2705及2715至2716室

網站

<http://www.ebtchina.com>

OPERATING RESULTS

The Board of Directors of China Everbright Technology Limited (the "Company") hereby announces the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2004.

For the six months ended 30 June 2004, the Group recorded an unaudited consolidated turnover of approximately HK\$149,347,000, representing an increase of HK\$50,796,000 as compared with the corresponding period last year. Unaudited net loss from ordinary activities attributable to shareholders for the period was approximately HK\$17,308,000, representing a decrease of HK\$27,666,000 as compared with a profit of HK\$10,358,000 for the corresponding period last year. The decrease was mainly attributable to the write-back of other receivables in the corresponding period last year as compensation by means of a transfer of a property valued at approximately HK\$12,000,000 by China Everbright Group Limited, and to the settlement for a claim of approximately HK\$8,000,000 against G. Yean Group Limited.

經營業績

中國光大科技有限公司(「本公司」)董事會謹此公布本公司及其附屬公司(統稱「本集團」)截至二零零四年六月三十日止六個月之未經審核中期業績。

截至二零零四年六月三十日止六個月，本集團錄得未經審核綜合營業額約港幣149,347,000元，較去年同期上升港幣50,796,000元。本期間未經審核股東應佔一般業務虧損淨額約港幣17,308,000元，較去年同期盈利港幣10,358,000元下降港幣27,666,000元，主要歸因於去年同期一項其他應收賬回撥，為中國光大(集團)總公司轉讓物業作為補償，物業價值約港幣12,000,000元及一項為向資源集團有限公司索償之清付約港幣8,000,000元。

BUSINESS REVIEW

Watches and Timepieces Business

In view of an increasingly competitive sales environment, the Group's wholly-owned subsidiary Everbright EB Brand Limited and its subsidiary EB Watch and Clock (Shenzhen) Co., Ltd. ("EB Watch and Clock"), thoroughly examined changes in the market and successfully captured opportunities and exerted recognition of its brandname, while actively implementing a performance-linked floating remuneration system so as to fully achieve flexibility through allocation of its manpower. During the period, EB Watch and Clock focused on the development of its franchising business, and added a total of 224 new franchisees with 188 franchise terminals. This newly-developed sales network has already enhanced the Group's sales revenue. In addition, in order to strengthen the development of new products, EB Watch and Clock had allocated special funds for the development of new products and had equipped itself with advanced hardware and software so as to shorten the production cycle and to further improve its product and service quality.

業務回顧

鐘錶業務

本集團之全資附屬公司光大依波系列品牌有限公司及其附屬公司光大依波鐘錶(深圳)有限公司(「依波鐘錶」)在競爭日趨激烈的市場銷售環境下,全面分析市場變化,成功掌握商機及發揮品牌的知名度,積極進行與效益掛鈎的浮動報酬機制,充分調動員工的積極性。本期內,依波鐘錶以拓展加盟業務為重點策略,目前已新增了224個加盟商,加盟終端188個,新開拓的銷售網絡提升了公司的銷售收益。此外,為加強新產品研究開發工作,依波鐘錶設立新產品研究專項費用,裝備先進軟硬體致力將投產周期縮短及不斷提升產品與服務質素。

Property Development Business

Beijing Jing Guan Property Development Co. Ltd. (“Beijing Jing Guan”), the Group’s subsidiary, mainly focused on the property development project in East Part of E Area, Taiyanggong New District, Taiyanggong North Street, Beijing, the PRC (“Sunpalace Mercury Garden”). Sunpalace Mercury Garden’s final approved total gross floor area is approximately 180,000 square meters. It comprises seven residential buildings and one three-storey shopping mall with car park with a saleable area of approximately 109,000 square meters. The construction was carried out in two phases. Pre-sales permit for the first phase comprising block nos. 3, 4 and 5 and basement car parks with a total of 42,593 square meters has been obtained on 28 June 2004 and sales has been commenced in July 2004, recording satisfactory results so far. It is expected that the first residents will move in by mid 2005. The construction for the second phase comprising block nos. 1, 2, 6, 7 and 9 has also been commenced in the first half of the year.

Timber Business

Everbright Timber Industry (Shenzhen) Company Limited (“Everbright Timber”), a subsidiary of the Group, recorded an operating loss of HK\$2,728,000. The loss was attributable to the implementation of macro control in the Mainland China which resulted in a drop in demand, while soaring prices of raw materials and increasingly intense competition among peer vendors in the region continued to drag down product prices, and led to a substantial drop in gross profit margin.

房地產開發業務

本集團之附屬公司北京京冠房地產開發有限公司(「北京京冠」)主要發展中國北京市太陽宮北街太陽宮新區E區東部之房產開發項目(「太陽星城水星園」)。太陽星城水星園最後批准總建築面積約180,000平方米, 共建七座住宅樓及一座三層商場連停車場, 可售面積約109,000平方米。分兩期興建: 第一期工程3、4、5號樓及地下車庫共計42,593平方米已於二零零四年六月二十八日取得預售許可證, 並於二零零四年七月開盤銷售, 目前銷售情況理想, 預計二零零五年中入伙。第二期工程1、2、6、7及9號樓亦於上半年動工。

木材業務

本集團之附屬公司光大木材工業(深圳)有限公司(「光大木材」), 錄得經營虧損為港幣2,728,000元, 虧損原因是由於國內實行宏觀調控, 引致需求下降, 但原材料價格仍不斷攀升及區內同類廠家競爭日益激烈, 產品售價持續滑落, 毛利率大幅下降。

As the management perceives potential in the future composite wooden floorings market, in particular in northern part of the Mainland China, Korea, Japan, USA and some European countries where demand continues to rise, Everbright Timber has accordingly duly established development plan for such products in April 2004 and installations of relevant production facilities will be completed by October 2004. This new product will generate an additional source of revenue for the Group.

Property Investment

As a portion of the principal office in Hong Kong held by the Group was not rented out during the period, the Group's rental income thereof was affected. The Group is now actively pursuing business opportunities with higher investment returns. The Group continues to lease out its factory complex located in Dongguan, Guangdong Province, the PRC to a tenant for a monthly rent of RMB300,000, which provides the Group with stable rental income. The tenant has developed the property into a mega furniture plaza. In addition, the Group continues to hold a property located in 2nd Lower Ground Floor, Jin Hua Building, Yan He South Road, Luohu District, Shenzhen, the PRC, and an office floor and three shops situated at Xianghua Lu, Zhuhai for property rental purpose.

基於管理層對複合木地板的市場前景看好，特別是中國北部市場及韓國、日本、美國和一些歐洲國家需求量日益增長，光大木材於二零零四年四月對該產品正式立項，有關生產設備將於二零零四年十月安裝完畢，新產品將成為本集團新利潤增長渠道。

物業投資

本集團現時持有香港的主要辦事處的部分樓面於本期內並未有出租，因而影響本集團該部分的租金收入，本集團現正積極尋求能帶來更高投資回報的商機。而本集團擁有於中國廣東省東莞市的工廠綜合大樓，繼續以月租人民幣300,000出租予承租方以發展一大型家私廣場，為本集團帶來一項穩定的租金收入。此外，本集團繼續持有位於中國深圳市羅湖區沿河南路錦花大廈底層中層之物業及位於珠海市香華路一層辦公樓及三個商舖作為物業出租用途。

Financial Position

Liquidity, Financial Resources and Capital Structure

As at 30 June 2004, the Group had an unpledged cash and bank balance of HK\$174,837,000 (31 December 2003: HK\$320,342,000) and total liabilities of HK\$601,474,000 (31 December 2003: HK\$667,057,000). As at the end of the period, the Group's gearing ratio based on the shareholders' equity of HK\$470,069,000 (31 December 2003: HK\$487,400,000) was 101% (31 December 2003: 91%).

As at 30 June 2004, the Group had aggregate bank loans and other loans of approximately HK\$475,390,000 and HK\$462,000, respectively, representing an increase of HK\$32,447,000 as compared to that as at 31 December 2003. 21% of the bank loans are repayable within one year.

財務狀況

流動資金·財務資源及資本架構

於二零零四年六月三十日·本集團無抵押現金及銀行結餘約為港幣174,837,000元(二零零三年十二月三十一日:港幣320,342,000元)·而總負債為港幣601,474,000元(二零零三年十二月三十一日:港幣667,057,000元)·於本期末·以股東權益港幣470,069,000元(二零零三年十二月三十一日:港幣487,400,000元)而計算之本集團資本負債率為百分之一百零一(二零零三年十二月三十一日:百分之九十一)。

於二零零四年六月三十日·本集團之銀行借貸及其他借貸分別合共約港幣475,390,000元及462,000元·較二零零三年十二月三十一日增加港幣32,447,000元·其中約百分之二十一之銀行借貸須於一年內償還。

Charge on Assets

- (1) A bank loan of RMB400,000,000 granted to Beijing Jing Guan is secured by the land use rights of the East Part of E Area, Taiyanggong New District, Chao Yang Qu, Beijing, the PRC held by Beijing Jing Guan.
- (2) Bank loans of RMB34,500,000 and RMB70,000,000 of Everbright Timber are secured by a plant and a piece of land in Nanshan District, Shenzhen owned by the Group and a corporate guarantee provided by Beijing Hai Ke Property Development Limited respectively.

Capital Commitments

As at 30 June 2004, the Group had capital commitments amounting to a total of HK\$191,118,000 mainly related to capital contributions payable to a subsidiary and the Group's property development project in Beijing, the PRC. The capital commitments will be satisfied by funds generated from the sale of properties and the Group's available cash.

Contingent Liabilities

The Group had no contingent liabilities as at 30 June 2004.

資產抵押

- (1) 北京京冠向銀行貸款人民幣400,000,000元·該貸款以北京京冠位於北京朝陽區太陽宮新區E區東部之土地使用權作抵押。
- (2) 光大木材之人民幣34,500,000及70,000,000元銀行貸款則分別以光大木材位於深圳市南山區之廠房及土地作抵押及北京海科房地產開發有限公司作擔保。

資本承擔

於二零零四年六月三十日·本集團之資本承擔合共港幣191,118,000元·主要涉及應向一家附屬公司注資及本集團於中國北京市之物業發展項目。該資本承擔將由出售物業所得之資金與本集團可動用之現金支付。

或然負債

本集團於二零零四年六月三十日並無或然負債。

Prospect

The implementation of macro control by the PRC government in the first half of 2004 has already proven its initial results with gradually lessening inflation pressure. It is believed that the PRC economy will maintain stable and healthy growth in the second half of the year. On the other hand, substantial recovery has been seen from the difficult operating environment resulting from the outbreak of SARS, along with continuous improvements in the macroeconomic environment and consumer sentiment. Given the general improvement shown in both global and Hong Kong's economy, the management is positive and optimistic about the Group's operating results for the second half of the year.

In relation to the watches and timepieces business, EB Watch and Clock will focus on upgrading its product quality, keeping up with the trend while introducing more updated and extended product varieties. Apart from capturing the Mainland market in an aggressive manner, we will also explore overseas markets, and plan to establish a business division in Hong Kong to approach overseas customers, so as to promote "EB" brand all around the world as well as maintain positive business growth.

Given a favourable property market sentiment in Beijing, and a supreme geographical environment and extensive peripheral road networks enjoyed by Sunpalace Mercury Garden completed with the successive commencement of numerous infrastructure and ancillary facilities in the region, the area will be developed into a high quality community with convenient transportation and comprehensive facilities. The Directors are optimistic towards the outlook of the sales of Sunpalace Mercury Garden and believe that it will generate significant contributions to the Group's profit in the next two years.

展望

二零零四年上半年中國政府推行的宏觀調控，已經取得了初步成效，通脹壓力逐步減緩，相信下半年中國經濟將保持平穩健康發展，而自非典型肺炎疫情所造成的困難營商環境亦已基本復蘇過來，宏觀經濟環境和消費意欲改善，在全球及本港經濟普遍改善之環境下，管理層對本集團下半年之經營業績持積極樂觀態度。

對於鐘錶業務，依波鐘錶將重點提升產品質量，捕捉時尚、更新及增加品種。除了力爭中國市場外，且著手開發海外市場，計劃在香港設立業務部接洽海外商戶，致力將「依波」品牌拓展至全世界，保持業務之良性增長。

北京地產物業市場氣氛良好，太陽星城水星園擁有優越的地理環境，周邊完善的道路網路及區內多項基礎及配套設施已陸續展開建設，該區將被建設成為一個交通便捷、配套完備的高品質社區，董事對太陽星城水星園今後的銷售前景持樂觀的態度，並相信於未來兩年間將為本集團的利潤作出重大貢獻。

In relation to the timber business, Everbright Timber will endeavour to open up income sources while cutting down expenses, and modify its product structures to gradually shift away from lower tech and low value-added products so as to consolidate its current technical edge on products with higher profit while focus on the research and development of new products with market potentials at the same time. In addition, we will strive to enhance cost controls and internal management measures so as to make a turnaround in the second half of the year.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2004, the Group employed approximately 2,260 full-time staff in Hong Kong and the PRC. The remuneration packages offered to the employees are determined and reviewed on an arm's length basis with reference to the market condition and individual performance. The Group also provides other benefits to its employees, including year end double pay, medical insurance and retirement benefits, and incentive bonus are offered with reference to the Group's operating results and employees' individual performance. Directors and all employees of the Group in Hong Kong have joined the Mandatory Provident Fund Scheme, and may also be granted share options to subscribe for the shares of the Company pursuant to Section 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the "Listing Rules") and the conditions of the Share Option Scheme of the Company.

木材業務方面，光大木材將努力開源節流，對產品結構作出調整，逐步降低技術含量和附加值低的產品的比重，鞏固目前有較高利潤產品的技術優勢的同時，著重研究發展有市場潛力的新產品。此外，全力加強成本控制及內部管理，力求下半年可以扭虧為盈。

僱員及酬金政策

本集團於二零零四年六月三十日擁有香港及中國內地全職員工約2,260名。僱員之薪酬乃本著公平原則，參考市場情況及根據個別表現制定及檢討。本集團並為員工提供其他福利，包括：年終雙糧、醫療保險及退休福利，並視集團的經營業績及員工個人的工作表現給僱員發放獎金花紅。本集團在香港之董事及全體僱員亦均已加入強積金計劃。本集團的董事及全體職工還可根據香港聯合交易所上市規則第十七條及本公司之購股權計劃之條件獲授購股權以認購本公司之股份。

INTERIM DIVIDEND

The Board has resolved not to distribute an interim dividend for the six months ended 30 June 2004 (2003: nil).

CHANGES IN CONTROLLING SHAREHOLDER AND DIRECTORS

On 18 March 2004, a share sale agreement (the "Share Sale Agreement") was entered into between Kenco Investments Limited and Everbright Investment & Management Limited (collectively referred to as the "Vendors") and Sincere View International Limited (the "Purchaser"), a company incorporated in the British Virgin Islands and an independent third party to the Company. The Vendors are substantial shareholders of the Company and are wholly-owned subsidiaries of China Everbright Holdings Company Limited. Pursuant to the Share Sale Agreement, the Vendors agreed to sell and the Purchaser conditionally agreed to acquire the entire 625,393,515 issued and fully paid shares of the Company collectively held by the Vendors, representing 40.48% of all issued shares of the Company, at a cash consideration of approximately HK\$219 million. The Share Sale Agreement was completed on 25 March 2004. Under Rule 26 of the Takeovers Code, Sincere View International Limited (the "Offeror") subsequently on 7 April 2004 extended a mandatory conditional cash offer (the "Offer") to acquire the entire issued shares of the Company. The Company despatched offer documents to its shareholders on 8 April 2004 accordingly. After despatch of such documents, Mr. Hon Kwok Lung, Mr. Shi Tao and Mr. Lam Toi Man were appointed as executive directors of the Company; and Mr. Fung Tze Wa and Dr. Kwong Chun Wai, Michael were appointed as independent non-executive directors of the Company, effective as from 8 April 2004.

中期股息

董事會決議不派發截至二零零四年六月三十日止六個月之中期股息（二零零三年：無）。

控股股東及董事變更

二零零四年三月十八日，Kenco Investments Limited及光大投資管理有限公司（集體統稱「賣方」）與信景國際有限公司（「買方」），一家於英屬處女群島註冊成立之公司並為本公司之獨立第三方，訂立售股協定（「售股協定」）。賣方為本公司之主要股東，並為中國光大集團有限公司之全資附屬公司。根據售股協定，賣方同意出售而買方有條件同意收購賣方持有之全部625,393,515股本公司已發行及繳足股份，佔本公司全部已發行股份之40.48%，現金代價約為219,000,000港元。售股協議於二零零四年三月二十五日完成。信景國際有限公司（「收購人」）根據收購守則第26條，隨後於二零零四年四月七日提出強制性有條件現金收購建議（「收購建議」）以收購本公司之全部發行股份，故本公司於二零零四年四月八日向股東寄發收購建議文件。該文件寄發後，韓國龍先生、石濤先生、林代文先生獲委任為本公司執行董事，馮子華先生及鄺俊偉博士獲委任為本公司獨立非執行董事，於二零零四年四月八日起生效。

As at 4:00 pm, 14 May 2004, being the latest time to accept the Offer, the number of shares in respect of which valid acceptance were received by the Offeror, together with the number of shares acquired or agreed to be acquired by the Offeror and its parties acting in concert before or during the Offer were not sufficient to cause the Offeror and its parties acting in concert to hold over 50% of the voting rights of the Company. As such, the Offer did not become unconditional and has lapsed.

Due to a change in the control of the Company, effective from 14 May 2004, Mr. Wang Mingquan and Mr. Zang Qiutao resigned as executive directors of the Company; Mr. Werner Max Michael Makowski and Mr. Yang Zheng Qing resigned as independent non-executive directors; while Mr. Wang Mingquan also resigned as Chairman of the Company; and Mr. Hon Kwok Lung, executive director, was appointed as Chairman of the Company.

截至二零零四年五月十四日下午四時，即接納收購建議的最後時間，收購人收到的有效接納所涉及的股份數目，連同收購人及與其一致行動人士在收購建議之前或收購建議期內已購入或同意購入的股份數目，不足以使收購人及與其一致行動人士持有本公司投票權50%以上，因此，收購建議並未成為無條件，並已經失效。

由於本公司控制權變更，自二零零四年五月十四日起，王明權先生及臧秋濤先生辭任本公司執行董事，麥高祺先生及楊正清先生辭任獨立非執行董事，同時，王明權先生亦辭任本公司主席，執行董事韓國龍先生獲委任為本公司主席。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

董事及主要行政人員於股份及相關股份之權益及淡倉

As at 30 June 2004, the directors and chief executive of the Company and their associates had the following interests and short positions in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") as recorded in the register under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"):

於二零零四年六月三十日，本公司董事及主要行政人員及彼等之聯繫人士於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份及相關股份中，擁有下列於根據證券及期貨條例第352條規定存置之登記冊記錄之權益及淡倉，或根據上市公司董事進行證券交易的標準守則（「標準守則」）知會本公司及聯交所之權益及淡倉。

Name of Directors 董事姓名	Capacity/ nature of interest 身分／權益性質	Number of shares held 所持股份數目		
		Long position 好倉	Short Position 淡倉	Percentage of holding 持股百分比
Hon Kwok Lung 韓國龍	Interest of controlled corporation 受控制公司之權益	625,393,515 (Note) (附註)	–	40.48%
Lam Suk Ying 林淑英	Interest of controlled corporation 受控制公司之權益	625,393,515 (Note) (附註)	–	40.48%

Note:

The 625,393,515 shares of the Company are currently kept by and registered in the name of HSBC Nominees (Hong Kong) Limited. The beneficial owner of the shares is Sincere View International Limited ("Sincere View"), which is owned as to 50% by Mr. Hon Kwok Lung and as to 20% by Ms. Lam Suk Ying.

附註：

該625,393,515股本公司股份現由HSBC Nominees (Hong Kong) Limited之名義存管及登記。股份實益擁有人為信景國際有限公司（「信景國際」），該公司由韓國龍先生及林淑英女士分別擁有50%及20%。

Mr. Hon Kwok Lung and his wife, Ms. Lam Suk Ying, are deemed to have an interest in the same parcel of shares of 625,393,515 held by Sincere View.

韓國龍先生及其妻子林淑英女士被視為於信景國際持有之同一批625,393,515股股份中擁有權益。

INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF OTHER PERSONS

As at 30 June 2004, the following persons (other than the directors or the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

其他人士於股份及相關股份之權益及淡倉

於二零零四年六月三十日，根據本公司遵照證券及期貨條例第336條存置之登記冊所記錄，除本公司董事或主要行政人員外，下列人士於本公司股份及相關股份中擁有權益或淡倉：

Name of Shareholders 股東名稱	Capacity/ nature of interest 身分／權益性質	Number of shares held 所持股份數目		
		Long position 好倉	Short Position 淡倉	Percentage of holding 持股百分比
Sincere View 信景國際	Corporate 公司權益	625,393,515	-	40.48%

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

購買、出售或贖回本公司上市證券

本公司或其任何附屬公司於本期間內概無購買、出售或贖回本公司任何上市股份。

AUDIT COMMITTEE

The audit committee comprises two independent non-executive directors, and has met on 15 September 2004 to review the interim report of the Group for the six months ended 30 June 2004.

審核委員會

審核委員會由兩位獨立非執行董事組成。本集團截至二零零四年六月三十日止六個月之中期報告，經已由審核委員會於二零零四年九月十五日開會審閱。

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors is aware of any information that reasonably indicate that the Company has not complied with the “Code of Best Practice” as set out in Appendix 14 of the Listing Rules anytime in the six months ended 30 June 2004.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to the management and all colleagues for their dedications and contributions. The Group will continue to endeavour to strengthen its existing business while actively explore new businesses with potentials so as to generate satisfactory returns for our shareholders and investors.

BY ORDER OF THE BOARD

Hon Kwok Lung

Chairman and Chief Executive Officer

Hong Kong, 22 September 2004

遵守最佳應用守則

本公司並無任何董事知悉有任何資料，足以合理顯示本公司於截至二零零四年六月三十日止六個月任何時間內，未有遵守上市規則附錄十四所載之「最佳應用守則」。

致意

本人謹代表董事會，衷心感謝管理層和全體員工的竭誠服務及貢獻，本集團將繼續努力強化固有業務及積極拓展具發展效益的新業務，為股東及投資者締造理想回報。

承董事會命

董事長兼行政總裁

韓國龍

香港，二零零四年九月二十二日

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

Six months ended 30 June 2004

簡明綜合損益表

截至二零零四年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月		
		2004 二零零四年 (Unaudited) (未經審核) HK\$'000 港幣千元	2003 二零零三年 (Unaudited) (未經審核) HK\$'000 港幣千元	
	Notes 附註			
TURNOVER	營業額	3	149,347	98,551
Cost of sales	銷售成本		(113,353)	(68,914)
Gross profit	毛利		35,994	29,637
Other revenue	其他收入	3	3,851	8,827
Selling and distribution costs	銷售及分銷成本		(21,032)	(17,515)
Administrative expenses	行政費用		(25,514)	(17,131)
Other operating expenses	其他經營費用		(5,242)	(1,534)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	經營溢利／(虧損)	4	(11,943)	2,284
Finance costs	財務費用	5	(3,889)	(3,464)
Write back of provision for other receivable	撥回一項其他 應收賬款撥備		-	12,060
PROFIT/(LOSS) BEFORE TAX	除稅前溢利／(虧損)		(15,832)	10,880
Tax	稅項	6	(1,476)	(522)
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	股東應佔一般業務 純利／(虧損淨額)		(17,308)	10,358
EARNINGS/(LOSS) PER SHARE	每股盈利／(虧損)	8		
Basic	基本		HK(1.12) cents 港仙	HK0.67 cent 港仙
Diluted	攤薄		N/A 不適用	N/A 不適用

CONDENSED CONSOLIDATED BALANCE SHEET
30 June 2004

簡明綜合資產負債表
二零零四年六月三十日

			30 June 2004 二零零四年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2003 二零零三年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
	Notes 附註			
NON-CURRENT ASSETS		非流動資產		
Fixed assets		固定資產	9	340,280
Goodwill		商譽		5,108
Interests in associates		所佔聯營公司權益	10	-
Investment securities		投資證券		20,240
Properties under development		發展中物業	11	351,764
Prepayments, deposits and other receivables		預付款項、按金及其他應收款		2,013
Deferred tax assets		遞延稅項資產		1,000
			720,405	714,241
CURRENT ASSETS		流動資產		
Inventories		存貨	12	118,808
Trade receivables		應收賬款	13	16,055
Prepayments, deposits and other receivables		預付款項、按金及其他應收款		38,483
Other investments		其他投資	14	4,488
Pledged deposits		已抵押存款	15	7,713
Cash and cash equivalents		現金及現金等價物	15	174,837
			360,384	449,462
CURRENT LIABILITIES		流動負債		
Trade payables		應付賬款	16	27,175
Other payables and accruals		其他應付款項及應計費用		90,287
Tax payable		應付稅項		3,624
Bank loans		銀行貸款		98,470
Other loans		其他貸款		462
Due to a substantial shareholder		應付一名主要股東欠款		-
Due to related companies		應付有關連公司欠款		820
Dividend payable to a minority shareholder		應付一名少數股東股息		67
			220,905	442,364

CONDENSED CONSOLIDATED BALANCE SHEET (continued) **簡明綜合資產負債表(續)**

30 June 2004

二零零四年六月三十日

		30 June 2004	31 December 2003
		二零零四年 六月三十日 (Unaudited) (未經審核)	二零零三年 十二月三十一日 (Audited) (經審核)
	Notes 附註	HK\$'000 港幣千元	HK\$'000 港幣千元
NET CURRENT ASSETS	流動資產淨值	139,479	7,098
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動 負債	859,884	721,339
NON-CURRENT LIABILITIES	非流動負債		
Other payables	其他應付款	-	20,000
Bank loans	銀行貸款	376,920	-
Other loans	其他貸款	-	201,044
Due to an associate	應付一間聯營公司 10 欠款	3,649	3,649
		380,569	224,693
MINORITY INTERESTS	少數股東權益	9,246	9,246
		470,069	487,400
CAPITAL AND RESERVES	資本及儲備		
Issued capital	已發行股本	154,483	154,483
Reserves	儲備 17	315,586	332,917
		470,069	487,400

HON KWOK LUNG

Director
董事
韓國龍

SHI TAO

Director
董事
石濤

**CONDENSED CONSOLIDATED SUMMARY
STATEMENT OF CHANGES IN EQUITY**

Six months ended 30 June 2004

簡明綜合股東權益變動報表概要

截至二零零四年六月三十日止六個月

		Six months ended 30 June	
		截至六月三十日止六個月	
		2004	2003
		二零零四年	二零零三年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Balance at 1 January	於一月一日之結餘	487,400	519,250
Exchange realignments	匯兌調整	(23)	331
Net gains/(losses) not recognised in the profit and loss account	未在損益表確認之 收益／(虧損)淨額	(23)	331
Net profit/(loss) for the period	本期間純利／(虧損)淨額	(17,308)	10,358
Balance at 30 June	於六月三十日之結餘	470,069	529,939

CONDENSED CONSOLIDATED CASH FLOW STATEMENT 簡明綜合現金流量表

Six months ended 30 June 2004

截至二零零四年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2004 二零零四年 (Unaudited) (未經審核) HK\$'000 港幣千元	2003 二零零三年 (Unaudited) (未經審核) HK\$'000 港幣千元
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	經營業務之現金流入/ (流出)淨額	(71,014)	2,927
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES	投資業務之現金流入/ (流出)淨額	(106,938)	8,194
NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES	融資活動之現金流入/ (流出)淨額	32,447	(56,532)
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物之 減少淨額	(145,505)	(45,411)
Cash and cash equivalents at beginning of period	於期初之現金及現金等價物	320,342	357,504
CASH AND CASH EQUIVALENTS AT END OF PERIOD	於期末之現金及 現金等價物	174,837	312,093
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物結餘 之分析		
Cash and bank balances	現金及銀行結存	174,837	62,763
Time deposits with banks	在銀行之定期存款	-	249,330
		174,837	312,093

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2004

簡明綜合財務報表附註

二零零四年六月三十日

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 2.125 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies and basis of preparation are the same as those used in the preparation of the audited financial statements for the year ended 31 December 2003.

2. SEGMENT INFORMATION

The Group’s 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 managed separately, according to the nature of their operations and the products and services they provide. Each of the Group’s business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (i) manufacture and distribution of watches and timepieces;
- (ii) property investment and development;

1. 編製基準及會計政策

未經審核簡明綜合中期財務報表乃根據香港會計師公會頒佈之香港會計實務準則（「會計實務準則」）第2.125號「中期財務報告」編製。編製中期財務報表所用之會計政策及編製基準與編製截至二零零三年十二月三十一日止年度之經審核財務報表所用者一致。

2. 分類資料

本集團之分類資料乃按兩個分類形式呈報：(i)主要分類匯報基準按業務分類；及(ii)次要分類匯報基準按地區分類。

本集團經營之業務按經營業務之性質及業務提供之產品及服務個別分類及管理。本集團各業務分類均為策略性業務單位，所提供之產品及服務之風險及回報與其他業務分類不同。業務分類之詳情概述如下：

- (i) 製造及分銷鐘錶及時計產品；
- (ii) 物業投資及發展；

2. SEGMENT INFORMATION (continued)

(iii) manufacture and distribution of timber products; and

(iv) corporate and others segment, comprising corporate income and expense items and other business.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

(a) Business segments

The following table presents revenue and profit/(loss) for the Group's business segments.

2. 分類資料 (續)

(iii) 製造及分銷木材產品；及

(iv) 公司及其他分類，包括公司收入及開支項目，以及其他業務。

於釐定本集團之地區分類時，收入乃按客戶所在地計入有關分類。

(a) 業務分類

下表呈列本集團按業務分類之收入及溢利／（虧損）。

		Watches and timepieces		Property investment and development		Timber products		Corporate and others		Consolidated	
		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
		鐘錶及時計產品		物業投資及發展		木材產品		公司及其他		綜合	
		截至六月三十日止六個月		截至六月三十日止六個月		截至六月三十日止六個月		截至六月三十日止六個月		截至六月三十日止六個月	
		2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Segment revenue:	分類收入：										
Sales to external customers	向外界客戶銷售	51,648	39,256	1,928	1,646	94,951	55,418	-	-	148,527	96,320
Interest income	利息收入	160	67	405	-	110	28	145	2,136	820	2,231
Other revenue	其他收入	2	3	5	14	3,755	566	89	8,244	3,851	8,827
Total	總計	51,810	39,326	2,338	1,660	98,816	56,012	234	10,380	153,198	107,378
Segment results	分類業績	856	634	(2,058)	(1,009)	(2,728)	171	(8,013)	2,488	(11,943)	2,284
Finance costs	財務費用									(3,889)	(3,464)
Write back of provision for other receivable	撥回一項其他應收賬款撥備									-	12,060
Profit/(loss) before tax	除稅前溢利／（虧損）									(15,832)	10,880
Tax	稅項									(1,476)	(522)
Net profit/(loss) from ordinary activities attributable to shareholders	股東應佔一般業務純利／（虧損）淨額									(17,308)	10,358

2. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

There were no transactions among the Group's business segments during the six months ended 30 June 2004 (2003: Nil).

(b) Geographical segments

The following table presents revenue regarding the Group's geographical segments.

2. 分類資料(續)

(a) 業務分類(續)

截至二零零四年六月三十日止六個月期間，本集團之業務分類間並無進行任何交易(二零零三年：無)。

(b) 地區分類

下表呈列本集團按地區分類之收入。

	Hong Kong		Elsewhere in the PRC		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	香港		中國其他地區		綜合	
Segment revenue:	截至六月三十日止六個月		截至六月三十日止六個月		截至六月三十日止六個月	
	2004	2003	2004	2003	2004	2003
	二零零四年	二零零三年	二零零四年	二零零三年	二零零四年	二零零三年
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Sales to external customers	23,889	13,074	124,638	83,246	148,527	96,320
Interest income	145	2,135	675	96	820	2,231
Total	24,034	15,209	125,313	83,342	149,347	98,551

3. TURNOVER AND REVENUE

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, interest income and rental income received and receivable.

Turnover	營業額
Sale of goods	貨品銷售
Interest income	利息收入
Gross rental income	租金收入總額

Other revenue	其他收入
Claim receivable	應收索償
PRC value added tax refund	中國增值稅退稅
Investment and other income	投資及其他收入

3. 營業額及收入

營業額乃指扣除退貨及貿易折扣後之售出貨品發票淨值以及已收及應收利息收入及租金收入。

Six months ended 30 June		截至六月三十日止六個月	
2004	2003	2004	2003
二零零四年	二零零三年	二零零四年	二零零三年
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(未經審核)	(未經審核)	(未經審核)	(未經審核)
HK\$'000	HK\$'000	HK\$'000	HK\$'000
港幣千元	港幣千元	港幣千元	港幣千元
		146,598	94,628
		820	2,231
		1,929	1,692
		<u>149,347</u>	<u>98,551</u>
		-	8,233
		3,225	-
		626	594
		<u>3,851</u>	<u>8,827</u>
		<u>153,198</u>	<u>107,378</u>

4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging:

Depreciation	折舊	12,951	6,789
Amortisation of goodwill	商譽攤銷	292	132

4. 經營溢利／（虧損）

本集團之經營溢利／（虧損）已扣除下列各項：

Six months ended 30 June		截至六月三十日止六個月	
2004	2003	2004	2003
二零零四年	二零零三年	二零零四年	二零零三年
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(未經審核)	(未經審核)	(未經審核)	(未經審核)
HK\$'000	HK\$'000	HK\$'000	HK\$'000
港幣千元	港幣千元	港幣千元	港幣千元
		12,951	6,789
		292	132

5. FINANCE COSTS

5. 財務費用

Six months ended 30 June
截至六月三十日止六個月

2004	2003
二零零四年	二零零三年
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
HK\$'000	HK\$'000
港幣千元	港幣千元

Interest on bank loans wholly repayable within five years	須於五年內悉數償還 銀行貸款之利息	3,889	3,464
---	----------------------	--------------	--------------

6. TAX

6. 稅項

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2003: Nil). In accordance with the relevant tax rules and regulations in the PRC, certain of the Company's subsidiaries established in the PRC enjoy income tax exemptions and reductions. The subsidiaries established in the PRC are subject to income taxes at tax rates ranging from 7.5% to 33%.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

由於本集團於期內並無於香港產生任何應課稅溢利，故並無就香港利得稅作出撥備（二零零三年：無）。根據中國有關稅務規則及規定，本公司多家於中國成立之附屬公司可享有豁免繳納所得稅及稅項扣減等優惠。在中國成立之附屬公司須按7.5%至33%稅率繳納所得稅。

其他地區之應課稅溢利稅項乃按本集團營業務之國家之現行稅率根據當地之現行法例、詮釋及慣例計算。

Six months ended 30 June
截至六月三十日止六個月

2004	2003
二零零四年	二零零三年
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
HK\$'000	HK\$'000
港幣千元	港幣千元

Group:	集團：		
Current – Hong Kong	即期稅項 – 香港	–	–
– Elsewhere	– 其他地區	1,476	522
Total tax charge for the period	期內稅項開支總額	1,476	522

7. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2004 (2003: Nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic loss per share is based on the net loss for the period of HK\$17,308,000 (2003: profit of HK\$10,358,000) and the 1,544,831,000 (2003: 1,544,831,000) ordinary shares in issue during the period.

Diluted earnings/(loss) per share amounts have not been disclosed as no diluting events existed during these periods.

9. FIXED ASSETS

At the balance sheet date, the Group had an investment property (the "Dongguan Property") located in Dongguan, the PRC, with a carrying amount of HK\$20,500,000. The Group has not yet obtained the relevant title certificate for the Dongguan Property. As confirmed by the Group's PRC legal counsel, the Group is the rightful and equitable owner of the Dongguan Property.

At the balance sheet date, the Group has not yet obtained the title certificates for certain of its leasehold land and buildings situated in Shenzhen, Guangdong Province of the PRC and Beijing, the PRC with a net book value of approximately HK\$19,807,000. As confirmed by the Group's legal advisors and the Company's directors, the Group has obtained the right to use the land and buildings legally and can obtain the relevant title certificates through making applications to the relevant government authorities.

7. 股息

董事會宣佈截至二零零四年六月三十日止六個月不派付任何中期股息（二零零三年：無）。

8. 每股盈利／（虧損）

每股基本虧損乃根據本期間虧損淨額港幣17,308,000元（二零零三年：純利港幣10,358,000元）及於本期間已發行普通股1,544,831,000股（二零零三年：1,544,831,000股）計算。

由於期內並無出現攤薄事件，故並無披露每股攤薄盈利／（虧損）。

9. 固定資產

於結算日，本集團位於中國東莞市之投資物業（「東莞物業」）之面值為港幣20,500,000元。本集團之東莞物業尚未取得有關擁有權證。經本集團中國法律顧問確認，本集團為東莞物業之合法權益擁有人。

於結算日，本集團仍未取得其位於中國廣東省深圳及中國北京市之若干租賃土地及樓宇之業權證明。該等土地及樓宇之賬面淨值約為港幣19,807,000元。本集團之法律顧問及本公司董事已確認，本集團已取得合法使用該等土地及樓宇之權利，並可透過向有關政府部門提出申請而取得相關業權證明。

10. INVESTMENT IN ASSOCIATES

10. 於聯營公司之投資

		30 June 2004 二零零四年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2003 二零零三年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
Unlisted shares, at cost	非上市股份·按成本	-	-
Share of net assets	應佔資產淨值	-	-
		-	-
Amount due to an associate	應付聯營公司欠款	(3,649)	(3,649)
		(3,649)	(3,649)

The amount due to an associate is interest-free, unsecured, not repayable in the next year, and is classified under non-current liabilities.

應付聯營公司欠款乃免息、無抵押及毋須於來年償還，並列入其他非流動負債內。

The Group's associates had no significant effect over the results or assets of the Group for the six months ended 30 June 2004.

截至二零零四年六月三十日止六個月，本集團聯營公司對本集團業績或資產並無重大影響。

11. PROPERTIES UNDER DEVELOPMENT

11. 發展中物業

The properties under development are situated in Beijing, the PRC and are held under long term lease. During the period, such properties were pledged to a bank for a bank loan facility of approximately HK\$377 million.

位於中國北京之發展中物業以長期租約持有。期內，該等物業已抵押予一家銀行以取得約377,000,000港元銀行貸款融資。

12. INVENTORIES

Raw materials	原材料
Work in progress	在製品
Finished goods	製成品

12. 存貨

30 June 2004 二零零四年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2003 二零零三年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
40,332	31,730
13,455	10,582
65,021	55,470
118,808	97,782

At the balance sheet date, the Group had no inventories carried at net realisable value (31 December 2003: Nil).

於結算日，本集團並無按可變現淨值列賬之存貨（二零零三年十二月三十一日：無）。

13. TRADE RECEIVABLES

An aged analysis of trade debtors of the Group as at the balance sheet date, based on invoice date, and net of provisions, is as follows:

1 to 3 months	1至3個月
4 to 6 months	4至6個月
7 to 12 months	7至12個月
More than 1 year	1年以上

13. 應收賬款

本集團於結算日根據發票日計算之應收賬款扣除撥備後之賬齡分析如下：

30 June 2004 二零零四年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2003 二零零三年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
14,261	11,606
521	475
387	51
886	109
16,055	12,241

Trade debts are due after one month from the date of billing. Trade debtors with balances that are more than three months overdue are required to settle all outstanding balances before any further credit is granted.

應收賬款由發票日起計一個月到期。逾期三個月以上之應收賬款結餘須於結清後始可獲延續數期。

14. OTHER INVESTMENTS

14. 其他投資

	30 June 2004 二零零四年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2003 二零零三年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
Listed equity investments in Hong Kong, at market value	<u>4,488</u>	<u>-</u>

15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

15. 現金及現金等價物及已抵押存款

	30 June 2004 二零零四年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2003 二零零三年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
Time deposits with banks	7,713	240,643
Cash and bank balances	<u>174,837</u>	<u>84,496</u>
	182,550	325,139
Less: Deposits pledged for short term bank loans	<u>(7,713)</u>	<u>(4,797)</u>
	<u>174,837</u>	<u>320,342</u>

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$53,239,280 (31 December 2003: HK\$53,522,000). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於結算日，本集團以人民幣（「人民幣」）為單位之現金及銀行結存合共約為港幣53,239,280元（二零零三年十二月三十一日：港幣53,522,000元）。人民幣不得自由兌換為其他貨幣，然而，根據中國外匯管理法及結匯、售匯及付匯管理規定，本集團可在獲授權進行外匯業務之銀行將人民幣兌換為其他貨幣。

16. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

16. 應付賬款

根據發票日計算之應付賬款於結算日之賬齡分析如下：

		30 June 2004 二零零四年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2003 二零零三年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
1 to 3 months	1至3個月	23,494	21,278
4 to 6 months	4至6個月	2,274	4,197
7 to 12 months	7至12個月	-	-
More than 1 year	1年以上	1,407	290
		<hr/> 27,175 <hr/>	<hr/> 25,765 <hr/>

17. RESERVES

17. 儲備

		Share premium account	Goodwill arising on consolidation 綜合 賬目時所 產生之商譽	Statutory reserves 法定儲備 基金	Exchange fluctuation reserve 匯兌 波動儲備	Accumulated losses 累積虧損	Total 總額
		(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元 (Note) (附註)	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
At 1 January 2003	於二零零三年 一月一日	677,882	(15,300)	4,743	147	(302,705)	364,767
Exchange realignments	匯兌調整	-	-	-	331	-	331
Profit for the period	本期間溢利	-	-	-	-	10,358	10,358
At 30 June 2003	於二零零三年 六月三十日	<u>677,882</u>	<u>(15,300)</u>	<u>4,743</u>	<u>478</u>	<u>(292,347)</u>	<u>375,456</u>
At 1 January 2004	於二零零四年 一月一日	677,882	(15,300)	6,191	358	(336,214)	332,917
Exchange realignments	匯兌調整	-	-	-	(23)	-	(23)
Loss for the period	本期間虧損	-	-	-	-	(17,308)	(17,308)
At 30 June 2004	於二零零四年 六月三十日	<u>677,882</u>	<u>(15,380)</u>	<u>6,191</u>	<u>335</u>	<u>(353,522)</u>	<u>315,586</u>

Notes: In accordance with PRC regulations, certain subsidiaries registered in the PRC are required to transfer part of their profits after tax to the statutory reserve fund, before profit distributions are made. The amounts of the transfers are subject to the approval of the boards of directors of these companies, in accordance with their joint venture agreements and/or articles of association. The statutory reserve fund is non-distributable and restricted as to use.

附註：按照中國規例，若干於中國註冊之附屬公司須於作出溢利分派前，將其除稅後溢利部分轉撥至法定儲備基金。轉撥款額須由該等公司之董事會按各自之合營公司協議及／或公司章程細則批准。法定儲備基金不可分派及被限制使用。

18. COMMITMENTS

18. 承擔

		30 June 2004 二零零四年 六月三十日 HK\$'000 港幣千元	31 December 2003 二零零三年 十二月三十一日 HK\$'000 港幣千元
Contracted but not provided for:	已訂約但未撥備:		
Construction works in respect of properties under development	發展中物業之建造工程	134,628	43,762
Capital contributions payable to a subsidiary – note	應向一家附屬公司注資 – 附註	56,490	56,490
Purchases of fixed assets	購買固定資產	–	404
		191,118	100,656

Note: At 30 June 2004, the Group had a commitment in respect of a capital contribution to Beijing Jing Guan Property Development Company Limited (the "Subsidiary"), a wholly-owned subsidiary established in the PRC of HK\$56 million. Subsequent to the balance sheet date, such balance had been fully injected into the Subsidiary.

附註: 於二零零四年六月三十日, 本集團就向於中國成立之全資附屬公司北京京冠房地產開發有限公司(「該附屬公司」)注資承擔港幣56,000,000元。於結算日後, 對該附屬公司之注資額已全數付清。

19. RELATED PARTY TRANSACTIONS

19. 有關連人士交易

During the period from 1 January 2004 to 25 March 2004, being the date of China Everbright Holdings Company Limited ("CEH") ceased to be the ultimate holding company of the Company, the Group paid interest expenses to China Everbright Bank Company Limited, a subsidiary of CEH, of HK\$436,000 (six months ended 30 June 2003: HK\$482,000).

於二零零四年一月一日至二零零四年三月二十五日(即中國光大集團有限公司(「光大集團」)終止成為本公司最終控股公司之日)期間, 本集團向光大集團之附屬公司中國光大銀行有限公司支付利息開支港幣436,000元(截至二零零三年六月三十日止六個月: 港幣482,000元)。

CEH executed corporate guarantee for the bank loans of HK\$209,879,000 of the Group, which were fully repaid in March 2004.

光大集團為本集團為數港幣209,879,000元之銀行貸款簽立公司擔保, 該等銀行貸款已於二零零四年三月全數償還。

20. APPROVAL OF THE INTERIM FINANCIAL REPORT

20. 通過中期財務報告

The unaudited condensed interim financial statements were approved and authorised for issue by the board of directors on 22 September 2004.

董事會已於二零零四年九月二十二日通過及授權刊發未經審核簡明中期財務報表。