



中策集團有限公司
China Strategic Holdings Limited

Interim Report 2005
二零零五年中期報告

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Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF CHINA STRATEGIC HOLDINGS LIMITED

中策集團有限公司

(incorporated in Hong Kong with limited liability)

致中策集團有限公司董事會

(於香港註冊成立之有限公司)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 3 to 44.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

引言

本核數師行受 貴公司委托審閱載於第3至第44頁之中期財務報告。

董事之責任

香港聯合交易所有限公司證券上市規則規定，中期財務報告須按照香港會計師公會頒佈的《香港會計準則》第34號「中期財務報告」及其他有關規定編製。編製中期財務報告是董事的責任，並已由董事審批。

吾等之責任在於根據受聘之協定條款審閱中期財務報告，就此達成獨立結論，並僅向 閣下全體匯報，而有關結論不作其他用途。吾等並不就本報告之內容向任何其他人士承擔任何責任。

INDEPENDENT REVIEW REPORT 獨立審閱報告

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 “Engagements to Review Interim Financial Reports” issued by the HKICPA. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2005.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

21st September, 2005

審閱工作

本行的審閱工作是按照香港會計師公會頒佈《核數準則》第700號「審閱中期財務報告」進行。審閱範圍主要包括對集團管理層作出查詢及運用分析性程序對中期財務報告作出分析，並據此評估所採用之會計政策及呈報形式是否一致（另作披露者除外）。審閱工作並不包括審核程序（如測試內部監控系統和核審資產、負債及交易活動）。由於審閱的工作範圍遠較審核工作少，因此只能提供較審核工作為低的可靠程度。所以，本行不會對中期財務報告作出審核意見。

審閱結論

本核數師之審閱工作有別於審核，而基於審閱結果，本行並不察覺須對截至二零零五年六月三十日止六個月的中期財務報告作出任何重大的修改。

德勤•關黃陳方會計師行

執業會計師

香港

二零零五年九月二十一日

CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合收益表

For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
		Notes 附註	
			(unaudited) (未經審核)
Turnover	營業額	4	10,309
Cost of sales	銷售成本		(7,747)
Gross profit	毛利		2,562
Other operating income	其他經營收入	5	44,525
Distribution costs	分銷成本		(307)
Administrative expenses	行政支出		(15,280)
Other expenses	其他支出	6	(102,585)
Change in fair value of conversion option of unlisted convertible note	非上市可換股票據之換股選擇權公平值之變動	11(c)	—
(Loss) gain on dilution of interests in associates	攤薄聯營公司權益之(虧損)收益		27,881
Share of results of associates	所佔聯營公司之業績		(29,060)
Finance costs	融資成本		(9,298)
Loss before taxation	稅前虧損	7	(81,562)
Income tax expense	所得稅開支	8	(761)
Net loss for the period from continuing operations	持續經營業務所得期間虧損淨額		(82,323)
Net profit for the period from discontinued operations	已終止經營業務所得期間溢利淨額	26	1,511
Net loss for the period	期間虧損淨額		(80,812)
Attributable to:	應佔：		
Equity holders of the parent	母公司股權持有人		(94,546)
Minority interests	少數股東權益		13,734
			(80,812)
			HK cents 港仙
Loss per share	每股虧損	9	
From continuing and discontinued operations:	持續及已終止經營業務所得：		
— Basic	— 基本		(10.8)
— Diluted	— 攤薄		N/A 不適用
From continuing operations:	持續經營業務所得：		
— Basic	— 基本		(11.0)
— Diluted	— 攤薄		N/A 不適用

CONDENSED CONSOLIDATED BALANCE SHEET

簡明綜合資產負債表

At 30th June, 2005 於二零零五年六月三十日

		Notes 附註	30.6.2005 二零零五年 六月三十日 HK\$'000 千港元	31.12.2004 二零零四年 十二月 三十一日 HK\$'000 千港元
			(unaudited) (未經審核)	(audited and restated) (經審核及重列)
Non-current Assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	10	148,531	35,238
Deposit paid for acquisition of subsidiaries	收購附屬公司所付按金		—	40,000
Goodwill	商譽		34,930	25,807
Interests in associates	於聯營公司之權益	11	606,820	425,808
Receivables — due after one year	應收賬款 — 一年後到期		—	37,044
Other investments	其他投資		—	194,050
Investments in securities	證券投資	12	165,042	—
Deposit paid for acquisition of properties interest	收購物業權益所付按金	13	54,524	47,012
			1,009,847	804,959
Current Assets	流動資產			
Other asset	其他資產	14	229,288	227,167
Inventories	存貨		13,816	13,708
Trade debtors	應收貿易賬款	15	7,103	6,980
Receivables due from associates	應收聯營公司款項		68,237	57,163
Receivables — due within one year	應收賬款 — 一年內到期	16	350,865	563,666
Other receivables, deposits and prepayments	其他應收款項、按金及 預付款項		36,932	86,464
Other investments	其他投資		—	19,849
Investments in securities held for trading	持作買賣證券投資	12	50,039	—
Pledged bank deposits	已抵押銀行存款		1,012	1,012
Bank balances and cash	銀行結餘及現金		269,514	118,388
			1,026,806	1,094,397

CONDENSED CONSOLIDATED BALANCE SHEET

簡明綜合資產負債表

At 30th June, 2005 於二零零五年六月三十日

		Notes 附註	30.6.2005 二零零五年 六月三十日 HK\$'000 千港元	31.12.2004 二零零四年 十二月 三十一日 HK\$'000 千港元
			(unaudited) (未經審核)	(audited and restated) (經審核及重列)
Current Liabilities	流動負債			
Creditors, other payables and accrued charges	應付賬款、其他應付款項 及應計費用	17	22,014	46,075
Payables — due within one year	應付款項 — 一年內到期	18	203,136	8,637
Payables due to associates	應付聯營公司款項		23,876	3,737
Amounts due to former shareholders of subsidiaries	應付附屬公司前股東款項	19	49,770	—
Income and other tax payable	應付所得稅及其他應付稅項		9,661	9,185
Bank loans and other borrowings — due within one year	銀行貸款及其他借款 — 一年內到期		43,255	42,622
			<u>351,712</u>	<u>110,256</u>
Net Current Assets	流動資產淨值		<u>675,094</u>	<u>984,141</u>
Total Assets less Current Liabilities	總資產減流動負債		<u>1,684,941</u>	<u>1,789,100</u>
Non-current Liabilities	非流動負債			
Bank loans and other borrowings — due after one year	銀行貸款及其他借款 — 一年後到期		—	3
Payables — due after one year	應付款項 — 一年後到期		—	184,943
Deferred tax liabilities	遞延稅項負債	25	20,796	—
			<u>20,796</u>	<u>184,946</u>
Total Assets and Liabilities	總資產及負債		<u>1,664,145</u>	<u>1,604,154</u>
Capital and Reserves	資本及儲備			
Share capital	股本	20	88,160	88,160
Reserves	儲備		1,252,897	1,220,385
Equity attributable to equity holders of the parent	母公司股權持有人應佔權益		<u>1,341,057</u>	<u>1,308,545</u>
Minority interests	少數股東權益		323,088	295,609
Total Equity	總權益		<u>1,664,145</u>	<u>1,604,154</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合股權變動表

For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

		Attributable to equity holders of the parent 母公司股權持有人應佔										
		Share capital	Share premium	Special capital reserve	Capital redemption reserve	Goodwill on consolidation	Exchange reserve	Other non-distributable reserves	Deficit	Total	Minority interests	Total
		股本	股份溢價	特別資本儲備	資本贖回儲備	產生之商譽	匯兌儲備	分派儲備	虧損	總額	股東權益	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
				(Note a) (附註a)				(Note b) (附註b)				
At 1st January, 2004	於二零零四年一月一日	85,660	1,898,976	414,881	233	110,472	(8,468)	18,905	(987,279)	1,533,380	250,160	1,783,540
Exchange adjustment	匯兌調整	—	—	—	—	—	(5,077)	—	—	(5,077)	(2,540)	(7,617)
Share of net reserves movement of associates	應佔聯營公司儲備變動淨額	—	—	—	—	—	—	20	—	20	—	20
Net (expense) income recognised directly in equity	直接於權益確認之(開支)收入淨額	—	—	—	—	—	(5,077)	20	—	(5,057)	(2,540)	(7,597)
Net loss for the period	期內虧損淨額	—	—	—	—	—	—	—	(94,546)	(94,546)	13,734	(80,812)
Total recognised income and expense for the period	期內已確認收支總額	—	—	—	—	—	(5,077)	20	(94,546)	(99,603)	11,194	(88,409)
Issue of shares on exercise of share options	行使購股權發行股份	2,500	1,940	—	—	—	—	—	—	4,440	—	4,440
Arising on acquisition of a subsidiary	因收購附屬公司而產生	—	—	—	—	—	—	—	—	—	1,181	1,181
Realised on disposal of interests in subsidiaries	出售附屬公司權益時變現	—	—	—	—	—	12	—	—	12	—	12
Realised on deemed disposal/liquidation of interests in associates	視作聯營公司權益出售/清盤時變現	—	—	—	—	—	(16)	—	—	(16)	—	(16)
At 1st July, 2004	於二零零四年七月一日	88,160	1,900,916	414,881	233	110,472	(13,549)	18,925	(1,081,825)	1,438,213	262,535	1,700,748
Exchange adjustment	匯兌調整	—	—	—	—	—	4,490	—	—	4,490	1,784	6,274
Share of net reserves movement of associates	應佔聯營公司儲備變動淨額	—	—	—	—	—	(99)	(327)	—	(426)	—	(426)
Net income (expense) recognised directly in equity	直接於權益確認之收入(開支)淨額	—	—	—	—	—	4,391	(327)	—	4,064	1,784	5,848
Net loss for the period	期內虧損淨額	—	—	—	—	—	—	—	(81,506)	(81,506)	31,290	(50,216)
Total recognised income and expense for the period	期內已確認收支總額	—	—	—	—	—	4,391	(327)	(81,506)	(77,442)	33,074	(44,368)
Realised on disposal/liquidation of interests in associates	聯營公司權益出售/清盤時變現	—	—	—	—	(48,225)	(809)	—	—	(49,034)	—	(49,034)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合股權變動表

For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

		Attributable to equity holders of the parent 母公司股權持有人應佔									
	Share capital	Share premium	Special capital reserve	Capital redemption reserve	Goodwill on consolidation	Exchange reserve	Other non-distributable reserves	Deficit	Total	Minority interests	Total
	股本	股份溢價	特別資本儲備	資本贖回儲備	產生之商譽	匯兌儲備	其他不可分派儲備	虧損	總額	股東權益	總額
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
			(Note a) (附註a)				(Note b) (附註b)				
At 31st December, 2004	於二零零四年十二月三十一日										
— as originally stated	88,160	1,900,916	414,881	233	62,247	(9,967)	18,598	(1,163,331)	1,311,737	295,609	1,607,346
— effects of changes in accounting policies (Note 3)	—	—	—	—	—	—	—	(3,192)	(3,192)	—	(3,192)
At 31st December, 2004	於二零零四年十二月三十一日										
— as restated	88,160	1,900,916	414,881	233	62,247	(9,967)	18,598	(1,166,523)	1,308,545	295,609	1,604,154
Effects of adoption of new accounting policies (Note 3)	—	—	—	—	(62,247)	—	(3,791)	159,242	93,204	21,942	115,146
At 1st January, 2005	於二零零五年一月一日										
— as restated	88,160	1,900,916	414,881	233	—	(9,967)	14,807	(1,007,281)	1,401,749	317,551	1,719,300
Exchange adjustment	—	—	—	—	—	(2,309)	—	—	(2,309)	(1,802)	(4,111)
Share of net reserves movement of associates	—	—	—	—	—	—	37,943	—	37,943	—	37,943
Share of other non-distributable reserves by minority shareholders	—	—	—	—	—	—	(16,999)	—	(16,999)	16,999	—
Net (expense) income recognised directly in equity	—	—	—	—	—	(2,309)	20,944	—	18,635	15,197	33,832
Net loss for the period	—	—	—	—	—	—	—	(79,327)	(79,327)	(12,234)	(91,561)
Total recognised income and expense for the period	—	—	—	—	—	(2,309)	20,944	(79,327)	(60,692)	2,963	(57,729)
Arising on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	2,574	2,574
At 30th June, 2005	88,160	1,900,916	414,881	233	—	(12,276)	35,751	(1,086,608)	1,341,057	323,088	1,664,145

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合股權變動表

For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

Notes:

附註：

- | | |
|--|--|
| (a) The special capital reserve represents the amount arising from the capital reduction carried out by the Company in 2001. | (a) 特別資本儲備指本公司於二零零一年削減股本所產生之金額。 |
| (b) The other non-distributable reserves of the Group include statutory reserves required to be appropriated from the profit after taxation of the Company's subsidiaries and associates of the People's Republic of China ("PRC") under PRC laws and regulations. The amount of the appropriation is at the discretion of the PRC subsidiaries' board of directors. | (b) 本集團之其他不可分派儲備指根據中華人民共和國(「中國」)法規須自中國附屬公司及聯營公司除稅後溢利撥出之法定儲備。轉撥金額由中國附屬公司之董事會決定。 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

簡明綜合現金流量表

For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
		(unaudited) (未經審核)	(unaudited) (未經審核)
Net cash used in operating activities	經營業務所用現金淨額	(80,636)	(82,826)
Net cash generated from investing activities	投資活動所得現金淨額	216,318	15,820
Net cash generated from (used in) financing activities	融資所得(所用)現金淨額	14,872	(30,978)
Net increase (decrease) in cash and cash equivalents	現金及現金等額增加(減少)淨額	150,554	(97,984)
Cash and cash equivalents at 1st January	於一月一日之現金及現金等額	111,588	314,744
Effect of foreign exchange rate changes	匯率變動之影響	—	(5,805)
Cash and cash equivalents at 30th June	於六月三十日之現金及現金等額	<u>262,142</u>	<u>210,955</u>
Analysis of the balances of cash and cash equivalents	現金及現金等額結餘分析		
Bank balances and cash	銀行結餘及現金	269,514	217,757
Bank overdrafts	銀行透支	(7,372)	(6,802)
		<u>262,142</u>	<u>210,955</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

簡明財務報表附註

For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

1. GENERAL AND 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 (the “Stock Exchange”) and with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

On 19th April, 2005, the Company announced a proposed group reorganization (“China Strategic Group Reorganization”) which, if approved and implemented, will result in, (i) the Company continuing to be a public listed company with its subsidiaries concentrating on its business of manufacturing and trading of battery products, investments in securities and property and investment in unlisted investment; (ii) all other subsidiaries of the Group carrying on property development and investment holding business, and all other associates of the Group carrying on manufacturing and marketing of tires and business of providing package tour, travel and other related services being grouped under the Group Dragon Investments Limited (“GDI”) (a wholly-owned subsidiary of the Company) and its subsidiaries upon completion of the China Strategic Group Reorganization; and (iii) the distribution in specie of shares in GDI to the then shareholders of the Company on a record date to be fixed, on the basis of one GDI shares for every share in the Company after consolidation under the capital reorganization (“Capital Reorganization”) as described in note 20.

Details of the China Strategic Group Reorganization and Capital Reorganization are set out in a circular of the Company dated 10th September, 2005. The China Strategic Group Reorganization and Capital Reorganization have not yet completed at the date of this report.

1. 一般資料及編製基準

簡明財務報表已根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「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香港會計準則第34號「中期財務報告」之規定編製。

二零零五年四月十九日，本公司宣佈集團重組建議(「中策集團重組」)。若中策集團重組獲批准及進行，將導致：(i)本公司繼續為公眾上市公司，其附屬公司集中從事電池產品製造及銷售、證券及物業投資，以及投資非上市投資項目；(ii)本集團經營物業發展及投資控股業務之所有其他附屬公司，以及本集團經營輪胎製造及銷售、提供旅行團、旅遊及其他相關服務之業務之所有其他聯營公司將於中策集團重組完成後收歸群龍投資有限公司(「群龍」，本公司之全資附屬公司)及其附屬公司旗下；及(iii)於記錄日期(日期待定)之本公司當時股東透過實物分派方式獲派群龍股份，基準為每持有一股本公司根據股本重組(「股本重組」，詳見附註20)而合併之股份收取一股群龍股份。

中策集團重組及股本重組之詳情載於本公司在二零零五年九月十日刊發之通函。截至本報告日期，中策集團重組與股本重組尚未完成。

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簡明財務報表附註

For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2004, except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has also resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented:

(i) Business combinations

HKFRS 3 "Business Combinations" is effective for business combinations for which the agreement date is on or after 1st January, 2005. The principal effects of the application of HKFRS 3 to the Group are summarised below:

2. 主要會計政策

簡明財務報表乃根據過往成本法編製，惟若干金融工具按公平值計量（如適用）。

簡明財務報表所採納之會計政策與編製本集團於截至二零零四年十二月三十一日止年度之年度財務報表所採用者一致，惟下文所述者除外。

於本期間，本集團首次採納多項由香港會計師公會頒佈並對二零零五年一月一日或其後開始之會計期間生效之新香港財務報告準則、香港會計準則及詮釋（下文統稱為「新香港財務報告準則」）。採用新香港財務報告準則導致收益表、資產負債表及權益變動表之呈列變更，特別是少數股東權益與應佔聯營公司稅項之呈列已予更改。有關呈列之變動已追溯地採用。採納新香港財務報告準則亦導致本集團於以下範圍之會計政策有變，而本會計期間或前會計期間之業績編製及呈列方式亦因而受到影響：

(i) 業務合併

香港財務報告準則第3號「業務合併」適用於協議日期為二零零五年一月一日或以後之業務合併。應用香港財務報告準則第3號對本集團之主要影響概述如下：

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簡明財務報表附註

For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES

(continued)

(i) Business combinations (continued)

Goodwill

In previous periods, goodwill arising on acquisitions prior to 1st January, 2001 was held in reserves, and goodwill arising on acquisitions after 1st January, 2001 was capitalised and amortised over its estimated useful life.

The Group has applied the relevant transitional provisions in HKFRS 3. Goodwill previously recognised in reserves of HK\$9,492,000 have been transferred to the Group's deficits on 1st January, 2005. With respect to goodwill previously capitalised on the balance sheet, the Group has discontinued amortising such goodwill from 1st January, 2005 onwards and goodwill will be tested for impairment at least annually or in the financial year in which the acquisition takes place. Goodwill arising on acquisitions after 1st January, 2005 is measured at cost less accumulated impairment losses after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current period. Comparative figures for 2004 are not required to be restated.

2. 主要會計政策 (續)

(i) 業務合併 (續)

商譽

於過往期間，於二零零一年一月一日前因收購而產生之商譽保留在儲備，而於二零零一年一月一日後因收購而產生之商譽則資本化，並按其估計可使用年期攤銷。

本集團已採用香港財務報告準則第3號之相關過渡規定。先前於儲備中確認之商譽9,492,000港元已於二零零五年一月一日轉撥至本集團之虧絀。就先前於資產負債表資本化之商譽而言，本集團由二零零五年一月一日起不再將有關商譽攤銷，而商譽將最少每年進行一次減值測試又或於進行收購之財政年度內進行減值測試。二零零五年一月一日後因收購而產生之商譽於首次確認後按成本值減累計減值虧損後入賬。此項會計政策之變動，致使本期間不再計算任何商譽攤銷。二零零四年之比較數字毋須重列。

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簡明財務報表附註

For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES

(continued)

(i) Business combinations (continued)

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions prior to 1st January, 2001 was held in reserves and negative goodwill arising on acquisitions after 1st January, 2001 was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance was resulted. In accordance with the relevant transitional provisions in HKFRS 3, the Group derecognised all negative goodwill on 1st January, 2005 (of which negative goodwill of approximately HK\$71,739,000 was previously recorded in reserves and approximately HK\$47,058,000 was previously presented as a deduction from interests in associates), with a corresponding decrease to deficits as at 1st January, 2005.

2. 主要會計政策 (續)

(i) 業務合併 (續)

本集團於被收購公司之可識別資產、負債及或然負債公平淨值中之權益超出成本之差額 (前稱為「負商譽」)

根據香港財務報告準則第3號，本集團於被收購公司之可識別資產、負債及或然負債公平淨值中之權益超出收購成本之任何差額乃於收購發生期間即時確認損益。於過往期間，於二零零一年一月一日前因收購而產生之負商譽保留在儲備，而於二零零一年一月一日後因收購產生之負商譽則根據得出結餘之情況分析，列為資產扣減並撥回收益。根據香港財務報告準則第3號之相關過渡規定，本集團不再確認於二零零五年一月一日之所有負商譽 (其中約71,739,000港元負商譽原先記入儲備，約47,058,000港元原先呈列作從聯營公司權益中扣減)，以致二零零五年一月一日之虧絀出現相應數額之減少。

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2. PRINCIPAL ACCOUNTING POLICIES

(continued)

(i) Business combinations (continued)

Contingent liabilities of acquirees

In accordance with HKFRS 3, contingent liabilities of an acquiree are recognised at the date of the acquisition if the fair value of the contingent liabilities can be measured reliably. Previously, contingent liabilities of acquirees were not recognised separately from goodwill. As no material contingent liabilities of the acquirees were identified in relation to acquisitions that took place in the current period, this change in accounting policy has had no material effect on the goodwill calculation. In addition, because the revised accounting policy has been applied prospectively to acquisitions for which the agreement date is on or after 1st January, 2005, comparative figures for 2004 have not been restated.

(ii) Financial instruments

HKAS 32 “Financial Instruments: Disclosure and Presentation” requires retrospective application. The adoption of HKAS 32 has had no material effect on the presentation of financial instruments in the financial statements of the Group. HKAS 39 “Financial Instruments: Recognition and Measurement”, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects on the Group as a result of implementation of HKAS 39 are summarised below:

2. 主要會計政策 (續)

(i) 業務合併 (續)

被收購公司之或然負債

根據香港財務報告準則第3號，倘或然負債之公平值能可靠計量，被收購公司之或然負債乃於收購日期確認。以往，被收購公司之或然負債並非與商譽分開確認。由於並無發現與本期間進行之收購有關的重大被收購公司之或然負債，故此項會計政策之變動對計算商譽並無重大影響。此外，該項經修訂會計政策已前瞻性應用於協議日期為二零零五年一月一日或以後之收購，故並無重列二零零四年之比較數字。

(ii) 金融工具

香港會計準則第32號「金融工具：披露及呈列」規定追溯應用。採納香港會計準則第32號對於金融工具在本集團財務報表之呈列並無重大影響。至於，於二零零五年一月一日或以後開始之年度期間生效之香港會計準則第39號「金融工具：確認及計量」，一般不允許按追溯基準確認、不予確認或計量金融資產及負債。落實香港會計準則第39號對本集團之主要影響概列如下：

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2. PRINCIPAL ACCOUNTING POLICIES

(continued)

(ii) Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

On or before 31st December, 2004, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice No. 24 "Accounting for Investments in Securities" issued by the HKICPA ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities" or "other investments" as appropriate. "Investment securities" are carried at cost less impairment losses while "other investments" are measured at fair value, with unrealised holding gains or losses included in the profit or loss. From 1st January, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

2. 主要會計政策 (續)

(ii) 金融工具 (續)

金融資產及金融負債之分類及計量

本集團已採用香港會計準則第39號之相關過渡條文，內容是有關屬於香港會計準則第39號範疇內之金融資產及金融負債之分類及計量。

於二零零四年十二月三十一日或之前，本集團乃按照香港會計師公會頒佈之香港會計實務準則第24號「證券投資之會計」（「會計實務準則第24號」）之基準處理方法來分類及計量其債務及股本證券。根據會計實務準則第24號，本集團之債務或股本證券乃分類列作「投資證券」或「其他投資」（如適用）。「投資證券」按成本值減減值虧損列賬而「其他投資」則按公平值估量，並將未變現損益計入利潤或虧損。自二零零五年一月一日起，本集團根據香港會計準則第39號分類及計量其債務及股本證券。根據香港會計準則第39號，金融資產乃分類列作「按公平值列賬並在損益表內處理之金融資產」、「可供出售金融資產」、「貸款及應收款項」或「持至到期之金融資產」。上述分類視乎所購入資產之目的而定。「按公平值列賬並在損益表內處理之金融資產」及「可供出售金融資產」按公平值列賬，而有關公平值之變動則分別於損益及權益中確認。「貸款及應收款項」及「持至到期之金融資產」利用實際利息法按攤銷成本計量。

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簡明財務報表附註

For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES

(continued)

(ii) Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

From 1st January, 2005 onwards, the Group classified and measured its debt and equity securities in accordance with the requirements of HKAS 39. Other investments classified under non-current assets with carrying amounts of approximately of HK\$194,050,000 were reclassified to investments in securities, which are designated to be stated at fair value through profit or loss. Other investments classified under current assets with carrying amount of approximately of HK\$19,849,000 was also reclassified to investments in securities held for trading on 1st January, 2005.

Financial assets and financial liabilities other than debt and equity securities

From 1st January, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as “financial assets at fair value through profit or loss”, “available-for-sale financial assets”, “loans and receivables” or “held-to-maturity financial assets”. Financial liabilities are generally classified as “financial liabilities at fair value through profit or loss” or “financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)”. “Other financial liabilities” are carried at amortised cost using the effective interest method. The adoption of HKAS 39 has had no material effect on the Group’s deficits.

2. 主要會計政策 (續)

(ii) 金融工具 (續)

金融資產及金融負債之分類及計量 (續)

由二零零五年一月一日起，本集團根據香港會計準則第39號之規定將其債務及股本證券投資重新分類並按此計量。賬面值約194,050,000港元被分類為非流動資產之其他投資現重新分類為證券投資，並指定按公平值列賬並在利潤或虧損內陳述。同時，賬面值約19,849,000港元被分類為流動資產之其他投資亦重新分類為於二零零五年一月一日持作買賣之證券投資。

除債務及股本證券以外之金融資產及金融負債

由二零零五年一月一日起，本集團根據香港會計準則第39號之規定，對除債務及股本證券以外之金融資產及金融負債(以往不在會計實務準則第24號之範疇內)進行分類及計量。如上文所述，根據香港會計準則第39號，金融資產乃分類為「按公平值列賬並在損益表內處理之金融資產」、「可供出售金融資產」、「貸款及應收款項」或「持至到期之金融資產」。金融負債一般分類為「按公平值列賬並在損益表內處理之金融負債」或「按公平值列賬並在損益表內處理之金融負債以外之金融負債(其他金融負債)」。「其他金融負債」按使用實際利率法計算之已攤銷成本列值。採用香港會計準則第39號對本集團之虧損並無重大影響。

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簡明財務報表附註

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2. PRINCIPAL ACCOUNTING POLICIES

(continued)

(ii) Financial instruments (continued)

Embedded derivatives

On or before 31st December, 2004, embedded derivatives of the conversion option of convertible note invested by the Group were not recorded on the balance sheet.

In accordance with HKAS 39 "Financial Instruments: Recognition and Measurement" issued by the HKICPA, the conversion option element of the convertible note represents an embedded derivative instrument which is accounted for separately from the convertible notes and, as such, to be measured at fair value when initially recorded and at subsequent reporting dates. The fair value of this conversion option, representing a discount on subscription of the convertible note, was estimated using the relevant option pricing model at the date of subscription of the convertible note, and as at subsequent reporting dates. From 1st January, 2005 onwards, the Group measured the fair value of the embedded derivatives in accordance with the requirements under HKAS 39 and recognised the changes in fair value of the conversion option of the unlisted convertible note as at 1st January, 2005 of approximately HK\$64,410,000, which increase the derivative instruments included in interests in associates and decrease the deficit as at 1st January, 2005 accordingly. Comparative figures for 2004 are not required to be restated.

2. 主要會計政策 (續)

(ii) 金融工具 (續)

內在衍生工具

於二零零四年十二月三十一日或之前，本集團投資之可換股票據之換股權之內在衍生工具並無於資產負債表內記錄。

根據香港會計師公會頒佈之香港會計準則第39號「金融工具：確認及計量」，若可換股票據之換股權屬於內在衍生工具，則須與可換股票據分開確認，並於首次確認時以及於其後的報告日期按公平值計量。有關換股權之公平值代表認購可換股票據之折讓，乃使用有關期權定價模式於認購可換股票據當日以及其後的報告日期估計。由二零零五年一月一日起，本集團根據香港會計準則第39號之規定計量內在衍生工具的公平值，並確認非上市可換股票據換股權於二零零五年一月一日之公平值變動約64,410,000港元，使到計入聯營公司權益之衍生工具增加而於二零零五年一月一日之虧絀亦相應減少。二零零四年之比較數字毋須重列。

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For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES

(continued)

(iii) Owner-occupied leasehold interest in land

In previous periods, owner-occupied leasehold land and buildings were included in property, plant and equipment and is stated at cost or valuation less depreciation and amortisation at the balance sheet date and any accumulated impairment losses. In the current period, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to lease premium for land under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. Where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment. Since the allocation between the land and buildings elements cannot be made reliably by the Group, the leasehold interests in land continue to be accounted for as property, plant and equipment.

2. 主要會計政策 (續)

(iii) 業主自用租賃土地權益

於過往期間，業主自用租賃土地及樓宇乃計入物業、廠房及設備，並於結算日按成本值或估值減折舊及攤銷以及任何累計減值虧損列賬。於本期間，本集團應用香港會計準則第17號「租賃」。根據香港會計準則第17號，就租賃分類目的而言，租賃土地及樓宇中之土地及樓宇部份均被視作獨立部份，除非不能在土地及樓宇部份之間可靠地分配租賃付款，在此情況下，整項租賃一般被視為融資租賃。若能在土地及樓宇部份之間可靠地分配租賃付款，則於土地之租賃權益乃重新歸類為經營租賃土地之租賃費用，以成本值入賬，並於租賃期內按直線基準攤銷。若未能在土地及樓宇部份之間可靠地分配租賃付款，則於土地之租賃權益乃繼續計作物業、廠房及設備。由於本集團未能將租賃付款在土地及樓宇部份之間可靠地分配，故於土地之租賃權益乃繼續計作物業、廠房及設備。

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2. PRINCIPAL ACCOUNTING POLICIES

(continued)

(iv) Hotel properties

HK Interpretation 2 (“HK-Int 2”) “The Appropriate Accounting Policies for Hotel Properties” clarifies the accounting policy for owner-operated hotel properties. In previous periods, the self-operated hotel properties of the Group’s associate were carried at cost less impairment amounts and were not subject to depreciation. HK-Int 2 requires owner-operated properties to be classified as property, plant and equipment in accordance with HKAS 16, “Property, Plant and Equipment” and therefore be accounted for either using the cost model or the revaluation model. The Group’s associate has resolved to account for these hotel properties using the cost model. In the absence of any specific transitional provisions in HK-Int 2, the new accounting policy has been applied retrospectively. Comparative figures have been restated. An adjustment of HK\$3,192,000 has been made to decrease the share of net assets of associates and to increase the deficits at 31st December, 2004 after the application of HKAS 16 by the associates.

(v) Discontinued operations

In accordance with the application of HKFRS 5 Non-current assets held for sale and discontinued operations, certain income statement items have been regrouped under net profit for the period from discontinued operations for the six months ended as 30th June, 2004.

2. 主要會計政策 (續)

(iv) 酒店物業

香港詮釋第2號「酒店物業之適當會計政策」澄清業主持作營運酒店物業之會計政策。於過往期間，本集團聯營公司自行營運之酒店物業按成本值減減值金額入賬，並不作出折舊。香港詮釋第2號將業主持作營運之物業按香港會計準則第16號「物業、廠房及設備」分類為物業、廠房及設備，並用成本值模式或重估值模式作出入賬。本集團聯營公司就其酒店物業採用成本模式作出入賬。在香港詮釋第2號未附任何具體過渡條文下，此項新會計政策已追溯應用。比較數字已予重列。聯營公司採用香港會計準則第16號後，已作出3,192,000港元之調整以減少於二零零四年十二月三十一日之應佔聯營公司資產淨值及增加於二零零四年十二月三十一日之虧絀。

(v) 已終止經營業務

根據香港財務報告準則第5號「持作出售之非流動資產及已終止經營業務」之應用，若干收益表項目已重組為截至二零零四年六月三十日止六個月內已終止經營業務之期間純利。

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2. PRINCIPAL ACCOUNTING POLICIES

(continued)

The Group has commenced considering the potential impact of the following new standards or interpretations that have been issued but are not effective, but is not yet in a position to determine whether these standards or interpretations would have a significant impact on how its results of operations and financial position are prepared and presented. These standards and interpretations may result in changes in the future as to how the results and financial position are prepared and presented.

2. 主要會計政策 (續)

本集團已著手評估以下已頒佈但尚未生效之新準則或詮釋之潛在影響，惟現階段尚未能斷定有關準則或詮釋會否對其經營業績及財政狀況之編製及呈列構成重要影響。有關準則及詮釋可能使到業績及財政狀況之編製及呈列於日後有變。

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group plans and Disclosures	香港會計準則 第19號(經修訂)	精算損益、集團計劃及披露
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions	香港會計準則 第39號(經修訂)	預測集團內部交易之現金流量對沖會計法
HKAS 39 (Amendment)	The Fair Value Option	香港會計準則 第39號(經修訂)	期權之公平值
HKFRS 6	Exploration for and Evaluation of Mineral Resources	香港財務報告準則 第6號	礦產資源之勘探及評估
HKFRS — Int 4	Determining whether an Arrangement Contains a Lease	香港財務報告準則 詮釋第4號	釐定安排是否包含租賃
HKFRS — Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	香港財務報告準則 詮釋第5號	解除運作、復原及環境修復基金產生權益之權利

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3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in accounting policies described above on the results are as follows:

(i) On results

3. 會計政策變動之影響摘要

上文詳述之會計政策變動對業績之影響如下：

(i) 對業績

		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
Goodwill no longer amortised	不再予攤銷之商譽	670	—
Interest income on unlisted convertible note	非上市可換股票據之利息收入	72	—
Changes in fair value of conversion option of unlisted convertible note	非上市可換股票據之換股選擇權之公平值變動	(39,743)	—
Share of results of associates	分佔聯營公司業績		
— Release of negative goodwill	— 負商譽回撥	(5,299)	—
— Depreciation for hotel properties	— 酒店物業折舊	(4,126)	—
Decrease in net profit for the period	本期純利減少	(48,426)	—

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3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (continued)

3. 會計政策變動之影響摘要 (續)

(ii) On income statement line items

(ii) 對收益表項目

		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
Decrease in administrative expenses	行政開支減少	670	—
Increase in other operating income	其他經營收入增加	72	—
Change in fair value of conversion option of unlisted convertible note	非上市可換股票據之換股選擇權之公平值變動	(39,743)	—
Decrease in share of results of associates	分佔聯營公司業績減少	(9,425)	—
		(48,426)	—

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3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (continued)

3. 會計政策變動之影響摘要 (續)

(iii) On balance sheet items

The cumulative effects of the application of the new HKFRSs as at 31st December, 2004 and 1st January, 2005 are summarised below:

(iii) 對資產負債表項目

採用新香港財務報告準則對於二零零四年十二月三十一日及二零零五年一月一日之累積影響概述如下：

		As at 31st December, 2004 (originally stated) 於二零零四年 十二月三十一日 (原先呈列)	Adjustment HK-Int 2 香港詮釋 第2號 之調整	As at 31st December, 2004 (restated) 於二零零四年 十二月三十一日 (重列)	Adjustments HKFRS 3 香港財務報告 準則第3號 之調整	Adjustments HKAS 39 香港會計 準則第39號 之調整	As at 1st January, 2005 (restated) 於二零零五年 一月一日 (重列)
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Interests in associates	於聯營公司之權益						
— Share of net assets	— 應佔資產淨值	337,212	(3,192)	334,020	—	16,961	350,981
— Goodwill	— 商譽	2,006	—	2,006	—	—	2,006
— Negative goodwill	— 負商譽	(47,058)	—	(47,058)	47,058	—	—
— Unlisted convertible note	— 非上市可換股票據	55,000	—	55,000	—	(13,283)	41,717
— Derivative instrument	— 衍生工具	—	—	—	—	64,410	64,410
— Loan receivable due from an associate	— 應收聯營公司貸款	81,840	—	81,840	—	—	81,840
		<u>429,000</u>	<u>(3,192)</u>	<u>425,808</u>	<u>47,058</u>	<u>68,088</u>	<u>540,954</u>
Other investments — non-current	其他投資 — 非流動	194,050	—	194,050	—	(194,050)	—
Other investments — current	其他投資 — 流動	19,849	—	19,849	—	(19,849)	—
Investments in securities	證券投資	—	—	—	—	194,050	194,050
Investments in securities held for trading	持作買賣證券投資	—	—	—	—	19,849	19,849
Total effects on assets	對資產之總影響	<u>642,899</u>	<u>(3,192)</u>	<u>639,707</u>	<u>47,058</u>	<u>68,088</u>	<u>754,853</u>
Goodwill on consolidation	綜合產生之商譽	(62,247)	—	(62,247)	62,247	—	—
Other non-distributable reserves	其他不可分派儲備	(18,598)	—	(18,598)	—	3,791	(14,807)
Deficit	虧絀	1,163,331	3,192	1,166,523	(47,058)	(112,184)	1,007,281
Total effects on equity	對權益之總影響	<u>1,082,486</u>	<u>3,192</u>	<u>1,085,678</u>	<u>15,189</u>	<u>(108,393)</u>	<u>992,474</u>
Minority interests	少數股東權益	(295,609)	—	(295,609)	—	(21,942)	(317,551)
Net effects on equity	對權益之淨影響	<u>786,877</u>	<u>3,192</u>	<u>790,069</u>	<u>15,189</u>	<u>(130,335)</u>	<u>674,923</u>

The application of the new HKFRSs has had no effect to the Group's equity as at 1st January, 2004.

香港財務報告準則之應用對本集團於二零零四年一月一日之權益並無影響。

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4. SEGMENT INFORMATION

Business segments

The Group's primary format for reporting segment information is business segments.

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

4. 分部資料

業務分部

本集團呈報首要分部資料之形式為按業務分類。

本集團按業務分部劃分之營業額及經營業績之貢獻分析如下：

		Investment in securities 證券投資	Manufacturing and trading of battery products 製造及 買賣電池產品	Others 其他	Consolidated 綜合
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<i>For the six months ended</i>	<i>截至二零零五年</i>				
<i>30th June, 2005</i>	<i>六月三十日止六個月期間</i>				
TURNOVER	營業額				
External	對外	—	17,267	—	17,267
RESULT	業績				
Segment result	分部業績	35,531	(209)	(2,200)	33,122
Unallocated corporate expenses	未分攤企業支出				(23,969)
Allowance for receivables	應收賬款撥備				(73,283)
Allowance for other receivables	其他應收款項撥備				(18,550)
Net exchange gain	滙兌收益淨額				868
Interest income	利息收入				29,489
Change in fair value of conversion option of unlisted convertible note	非上市可換股票據之 換股選擇權之 公平值之變動				(39,743)
Loss on dilution of interests in associates	攤薄聯營公司權益之虧損				(2,754)
Share of results of associates	應佔聯營公司之業績				12,172
Finance costs	融資成本				(8,480)
Loss before taxation	除稅前虧損				(91,128)
Income tax expense	所得稅開支				(433)
Net loss for the period	期間虧損淨額				(91,561)

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4. SEGMENT INFORMATION (continued)

4. 分部資料 (續)

Business segments (continued)

業務分部 (續)

		Continuing operations			Discontinued	Consolidated
		持續經營業務			已終止經營業務	
		Investment in securities	Manufacturing and trading of battery products	Sub-total	Manufacturing and trading of pharmaceutical products	
		證券投資	製造及買賣 電池產品	小計	藥品製造 及買賣	綜合
		千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended	截至二零零四年					
30th June, 2004	六月三十日止六個月期間					
TURNOVER	營業額					
External	對外	—	10,309	10,309	96,262	106,571
RESULT	業績					
Segment result	分部業績	(19,630)	102	(19,528)	6,777	(12,751)
Unallocated corporate expenses	未分攤企業支出			(19,659)	—	(19,659)
Allowance for receivables	應收賬款撥備			(56,000)	—	(56,000)
Net Exchange gain	滙兌收益淨額			2,430	—	2,430
Interest income	利息收入			21,672	—	21,672
Loss on disposal of interest in a subsidiary	出售附屬公司權益之虧損			—	(5,266)	(5,266)
Gain on dilution of interests in associates	攤薄聯營公司權益之收益			27,881	—	27,881
Share results of associates	應佔聯營公司之業績			(29,060)	—	(29,060)
Finance costs	融資成本			(9,298)	—	(9,298)
(Loss)/profit before taxation	稅前(虧損)/溢利			(81,562)	1,511	(80,051)
Income tax expense	所得稅開支			(761)	—	(761)
Net (loss)/profit for the period	期間(虧損)/溢利淨額			(82,323)	1,511	(80,812)

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4. SEGMENT INFORMATION (continued)

4. 分部資料 (續)

Geographical segments

地區分部

The following provides an analysis of the Group's turnover by geographic market, irrespective of the origin of the goods/services:

本集團按地區市場劃分之營業額分析如下(當中並無計及貨品/服務之來源地)：

		Turnover 營業額	
		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
Continuing operations:	持續經營業務：		
The PRC, other than Hong Kong Hong Kong	中國，不包括香港 香港	16,134 1,133	10,309 —
		<u>17,267</u>	<u>10,309</u>
Discontinued operations:	已終止經營業務：		
The PRC, other than Hong Kong Hong Kong	中國，不包括香港 香港	— —	— 96,262
Total	總計	<u>—</u>	<u>96,262</u>
		<u>17,267</u>	<u>106,571</u>

5. OTHER OPERATING INCOME

5. 其他經營收入

		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
Interest income	利息收入	29,489	21,672
Fair value changes on investments held for trading	持作買賣投資之公平值變動	20,768	—
Gain on disposal of investments held for trading	出售持作買賣投資之收益	9,303	—
Gain on disposal of investments in securities	出售證券投資之收益	—	19,006
Net exchange gain	滙兌收益淨額	868	2,430
Dividend income from listed investments	上市投資之股息收入	519	1,185
Others	其他	4,923	232
		<u>65,870</u>	<u>44,525</u>

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6. OTHER EXPENSES

6. 其他支出

		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
Allowance for bad and doubtful debts	呆壞賬撥備	—	9,460
Allowance for receivables (note 16)	應收賬款撥備 (附註 16)	73,283	56,000
Allowance for other receivables	其他應收款項撥備	18,550	—
Unrealised holding loss on investments in securities	持有證券投資之未變現虧損	—	36,462
Allowance for amounts due from associates	聯營公司欠款撥備	—	499
Amortisation of goodwill arising on acquisition of subsidiaries	攤銷收購附屬公司產生之商譽		
— Continuing operations	— 持續經營業務	—	155
— Discontinued operations	— 已終止經營業務	—	—
Others	其他	—	9
		91,833	102,585

7. LOSS BEFORE TAXATION

7. 稅前虧損

Loss before taxation has been arrived at after charging:

稅前虧損已扣除下列各項：

		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	1,268	2,602

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8. INCOME TAX EXPENSE

8. 所得稅開支

		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
The charge comprises:	稅項支出包括：		
Hong Kong Profits Tax	香港利得稅	—	585
Taxation in other jurisdictions	其他司法權區之稅項	433	176
Taxation attributable to the Company and its subsidiaries	本公司及其附屬公司應佔稅項	<u>433</u>	<u>761</u>

No provision for Hong Kong Profits Tax has been made for the current period since there were no assessable profit arising from subsidiaries of the Group. Hong Kong Profits Tax was provided at 17.5% of the estimated assessable profits of the subsidiaries of the Group for the prior period.

由於本集團之附屬公司並無應課稅溢利，故本期間並無香港利得稅撥備。於上一期間，香港利得稅乃根據本集團附屬公司估計應課稅溢利按稅率17.5%作出撥備。

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

其他司法權區之稅項乃按個別司法權區之適用稅率計算。

The Group has no significant unrecognised deferred taxation at reporting dates or during both periods.

於報告日期或兩段期間，本集團概無任何重大未確認遞延稅項。

9. LOSS PER SHARE

9. 每股虧損

From continuing and discontinued operations

持續及已終止經營業務所得

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the parent for the period is based on the following data:

期內之母公司普通股權持有人應佔每股基本及攤薄虧損乃按下列數據計算：

		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
Loss:	虧損：		
Net loss for the period for the purposes of basic and diluted loss per share	就每股基本及攤薄虧損而言之虧損淨額	<u>79,327</u>	<u>94,546</u>

		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年	2004 二零零四年
Number of shares:	股份數目：		
Weighted average number of ordinary shares for the purposes of basic loss per share	就每股基本虧損而言之普通股加權平均數	<u>881,595,087</u>	<u>873,325,856</u>

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9. LOSS PER SHARE (continued)

9. 每股虧損 (續)

From continuing operations

持續經營業務所得

The calculation of the basic and diluted loss per share from continuing operations attributable to the ordinary equity holders of the parent for the period is based on the following data:

期內之母公司普通股權持有人應佔持續經營業務所得每股基本及攤薄虧損乃按下列數據計算：

		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
Loss:	虧損：		
Net loss for the period attributable to equity holders of the parent	母公司股權持有人應佔期間內虧損淨額	79,327	94,546
Add: Net profit for the period from discontinued operation	加：已終止經營業務所得期內溢利淨額	—	1,511
Net loss for the purpose of basic and diluted loss per share from continuing operations	就每股基本及攤薄虧損而言之持續經營業務所得虧損淨額	<u>79,327</u>	<u>96,057</u>

		Six months ended 30th June, 截至六月三十日止六個月	
		2005 二零零五年	2004 二零零四年
Number of shares:	股份數目：		
Weighted average number of ordinary shares for the purposes of basic loss per share	就每股基本虧損而言之普通股加權平均數	<u>881,595,087</u>	<u>873,325,856</u>

The computation of diluted loss per share for both periods did not assume the exercise of the share options as their exercise would result in a decrease in loss per share.

由於行使購股權會導致每股虧損減少，故此計算兩段期間之每股攤薄虧損時並不假設購股權已獲行使。

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10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment with an aggregate net book value of approximately HK\$113 million as a result of the acquisition of subsidiaries.

10. 物業、廠房及設備

本集團於本期間由於收購附屬公司而購入賬面淨值合共約113,000,000港元之物業、廠房及設備。

11. INTERESTS IN ASSOCIATES

		30.6.2005 二零零五年 六月三十日	31.12.2004 二零零四年 十二月三十一日
		HK\$'000 千港元	HK\$'000 千港元 (restated) (重列)
Share of net assets	應佔資產淨值	545,961	334,020
Goodwill	商譽	2,006	2,006
Negative goodwill (note a)	負商譽 (附註a)	—	(47,058)
Unlisted convertible note (note b)	非上市可換股票據 (附註b)	—	55,000
Embedded derivative — conversion option (note c)	內在衍生工具 — 換股權 (附註c)	—	—
Loan receivable due from an associate	應收聯營公司貸款	58,853	81,840
		606,820	425,808

11. 於聯營公司之權益

	30.6.2005 二零零五年 六月三十日	31.12.2004 二零零四年 十二月三十一日
	HK\$'000 千港元	HK\$'000 千港元 (restated) (重列)
Share of net assets	545,961	334,020
Goodwill	2,006	2,006
Negative goodwill (note a)	—	(47,058)
Unlisted convertible note (note b)	—	55,000
Embedded derivative — conversion option (note c)	—	—
Loan receivable due from an associate	58,853	81,840
	606,820	425,808

Notes:

- (a) In accordance with the relevant transitional provision in HKFRS 3, the Group derecognised the negative goodwill of HK\$47,058,000 on 1st January, 2005, which was previously recorded as deduction from an asset.
- (b) The carrying value of the unlisted convertible notes as at 31st December, 2004 represented investments in convertible note issued by Wing On Travel (Holdings) Limited ("Wing On") ("Wing On Note"). The Wing On Note bore interest at 2% per annum and is due for redemption on 14th June, 2007 at HK\$55,000,000. It also entitled the holders at any time after the date of the issuance of the Wing On Note and up to 14th June, 2007 to convert the Wing On Note into shares of Wing On at an initial conversion price of HK\$0.02 per share (subject to adjustment).

附註：

- (a) 根據香港財務報告準則第3號之相關過渡規定，本集團於二零零五年一月一日不再確認之前列作資產扣減之47,058,000港元負商譽。
- (b) 非上市可換股票據於二零零四年十二月三十一日之賬面值即於永安旅遊(控股)有限公司(「永安」)所發行可換股票據(「永安票據」)之投資。永安票據按年息二厘計息，並須於二零零七年六月十四日以55,000,000港元贖回。永安票據亦賦予其持有人權利，可於永安票據發行日期起至二零零七年六月十四日隨時按每股初步換股價0.02港元(可予調整)將永安票據轉換為永安股份。

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11. INTERESTS IN ASSOCIATES (continued)

Notes: (continued)

The Group subscribed 8,740,000 new ordinary shares of HK\$0.01 each in January and February 2005 and the Group's interest was increased to approximately 21.1%. In April, 2005, the Group further acquired 6,967,700 ordinary shares of HK\$0.01 each in Wing On and converted HK\$55,000,000 convertible notes of Wing On into ordinary share of HK\$0.01 each in Wing On at the conversion price of HK\$0.02 per share and the interest in Wing On held by the Group was increased to 27.74%. No Wing On Note were held by the Group as at 30th June, 2005.

- (c) In accordance with HKAS 39 "Financial Instruments: Recognition and Measurement" issued by the HKICPA, the conversion option element of the Wing On Note represents an embedded derivative instrument which is accounted for separately from the unlisted convertible notes and, as such, to be measured at fair value when initially recorded and at subsequent reporting dates. The fair value of this conversion option, representing a discount on subscription of the Wing On Note, was estimated using the Black-Scholes option pricing model at the date of subscription of the Wing On Note, and as at 31st December, 2004. Comparative figures for 2004 are not required to be restated. From 1st January, 2005 onwards, the Group measured the fair value of the embedded derivatives in accordance with the requirements under HKAS 39 and recognised the fair value of the conversion option of the unlisted convertible note as at 1st January, 2005 of approximately HK\$64,410,000, which increase the derivative instruments included in interests in associates and decrease the deficit as at 1st January, 2005 accordingly. The impact of changes in fair value of this conversion option, taking into account the portion of the conversion option exercised during the six months ended 30th June, 2005, was loss of HK\$39,743,000, which have been recognised in the condensed consolidated income statement.

11. 於聯營公司之權益 (續)

附註：(續)

本集團分別於二零零五年一月及二月認購8,740,000股每股面值0.01港元之新普通股，而本集團之權益亦增至約21.1%。於二零零五年四月，本集團再購入多6,967,700股每股面值0.01港元之永安普通股，並按每股0.02港元之換股價將55,000,000港元之永安可換股票據轉換成每股0.01港元之永安普通股，本集團持有之永安權益因此增至27.74%。本集團於二零零五年六月三十日並無持有永安票據。

- (c) 根據香港會計師公會頒佈之香港會計準則第39號「金融工具：確認及計量」，永安票據之換股權成份屬於內在衍生工具，則須與非上市可換股票據分開確認，並於首次確認時以及於其後的報告日期按公平值計量。此換股權之公平值代表認購永安票據之折讓，乃於認購永安票據日期及二零零四年十二月三十一日使用畢蘇期權定價模式估計。二零零四年之比較數字毋須重列。由二零零五年一月一日起，本集團按香港會計準則第39號之規定計量內在衍生工具之公平值，並確認非上市可換股票據換股權於二零零五年一月一日之公平值變動約64,410,000港元，使到計入聯營公司權益之衍生工具增加而於二零零五年一月一日之虧絀亦相應減少。計及截至二零零五年六月三十日止六個月內已行使之換股權部份後，此換股權公平值變動產生39,743,000港元之虧損並已於簡明綜合收益表確認。

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12. INVESTMENTS IN SECURITIES

During the period, the Group acquired certain investments at a consideration of approximately HK\$78 million and disposed of certain investments with a carrying value of approximately HK\$99 million. In addition, a gain on fair value changes in investment in securities of approximately HK\$21 million (six months ended 30.6.2004: loss of HK\$36 million) has been recognised in the condensed consolidated income statement during the period.

13. DEPOSIT PAID FOR ACQUISITION OF PROPERTIES INTEREST

During the year ended 31st December, 2004, the Group entered into a conditional agreement with a third party ("Vendor") to acquire the properties interest in a parcel of land situated in Shanghai, the PRC (the "Land") and the 24-storey building being erected upon the land together with 2 levels of underground car parks (the "Building") (collectively referred to as to the "Properties") for a consideration of RMB450,000,000 (approximately HK\$424,528,000). A deposit of RMB50,000,000 (approximately HK\$47,012,000) was paid upon the entering into the conditional agreement.

According to the conditional agreement, prior to the completion of acquisition, the Vendor should (i) obtain the certificate in respect of the land use rights of the Land and the ownership of the Building; (ii) obtain an approval from上海市計劃委員會 that the use of the Properties be changed from office to both commercial and residential and that all relevant fee and charges arising from the sale of the Land payable to the relevant authorities including上海市國土局 having been settled in full; (iii) agree with the Group on the specification of installation, fixtures and furniture and other internal decoration of the Properties; (iv) procure all the contractors engaged in the development/construction of the Properties to enter into agreements

12. 證券投資

本集團期內以約78,000,000港元之代價收購若干投資，並出售賬面值約99,000,000港元之若干投資。此外，一筆約21,000,000港元證券投資之公平值變動收益(截至二零零四年六月三十日止六個月：虧損36,000,000港元)，已於期內在簡明綜合收益表確認。

13. 收購物業權益所付按金

於截至二零零四年十二月三十一日止年度，本集團與第三方(「賣方」)訂立一項有條件協議，以收購一塊位於中國上海市之土地(「土地」)及一幢建於土地上樓高24層之樓宇，連同兩層地庫停車場(「樓宇」)(統稱「該等物業」)之物業權益，代價為人民幣450,000,000元(約424,528,000港元)。於訂立有條件協議時已支付人民幣50,000,000元(約47,012,000港元)之按金。

根據有條件協議，於收購事項完成前，賣方須(i)取得土地之土地使用權及樓宇之擁有權證明；(ii)取得上海市計劃委員會之批文，當中訂明該等物業之用途由辦公室改為商住用途，及一切就出售土地所產生而應付有關機構(包括上海市國土局)之有關費用已悉數繳付；(iii)與本集團議定該等物業之安裝、裝置及傢俬之規格及其他內部裝修事宜；(iv)促使所有於有關發展／工程中受聘之承建商與本集團訂立協議，約束各承建商有責任為本集團補救該等物業於完成有關發展／工程後可能出現之一切缺陷；及

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13. DEPOSIT PAID FOR ACQUISITION OF PROPERTIES INTEREST *(continued)*

with the Group to bind these contractors with obligations to the Group to rectify all defects of the Properties which may arise after the completion of the development/construction; and (v) procure the granting of a loan (“Loan”) to be granted by PRC banks to the Group to finance the remaining consideration. The remaining consideration will be settled upon the grant of the Loan and the transfer of the ownership of the Land and Buildings to the Group.

It is one of the conditions for completion of the acquisition that the Vendor should obtain approval for the change of use of the Properties from office to both commercial and residential. Should the Vendor fail to obtain such approval within 150 days from the date of the agreement, the Group is entitled to either (i) to proceed with the agreement in accordance with the existing terms and conditions; or (ii) to acquire the 1st to 7th floors and the 23rd floor of the Properties together with the two levels underground car parks for a consideration of RMB70,000,000 (approximately HK\$65,817,000).

Provided that if the conditions are not fulfilled on or before 1st June, 2005, the Group shall agree to a further extension of not less than 60 days without imposing any fine on the Vendor. If the conditions are not fulfilled within the extended period, the Group shall be entitled to terminate the agreement and the Vendor shall refund the deposit to the Group together with interests accrued during the period from the date of the agreement to the date the deposit is refunded and calculated on the relevant prevailing market interest rate.

13. 收購物業權益所付按金 (續)

(v)促使國內銀行向本集團授出貸款(「貸款」)，以支付餘下之代價。餘下代價將於本集團獲批貸款及獲轉讓土地及樓宇之所有權後繳清。

完成收購事項之其中一項條件為賣方應取得將該等物業之用途由辦公室更改為商住用途之批文。倘賣方未能於協議訂立日期後150日內取得有關批文，本集團有權(i)按照現有之條款及條件履行協議；或(ii)以代價人民幣70,000,000元(約65,817,000港元)收購該等物業之第1至第7層、第23層，以及兩層地下停車場。

倘上述條件未能於二零零五年六月一日或之前達成，本集團須同意給予不少於六十日之順延日期而不得向賣方加收罰款。若上述條件於順延期間內仍未達成，本集團有權終止協議，而賣方須向本集團退還按金，連同由訂立協議日期起至退還按金當日止期間之應計利息。利息乃按有關之當前市場息率計算。

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13. DEPOSIT PAID FOR ACQUISITION OF PROPERTIES INTEREST (continued)

However, the conditions stated above for the change of the use of the Properties might not be fulfilled within the said period and accordingly the Vendor and the Group had entered into another agreement dated 3rd February, 2005 pursuant to which, among other things, (i) the Group will pay, on behalf of the Vendor, RMB22,000,000 (approximately HK\$20,560,000) to the main contractor of the Properties (the "Main Contractor"); and (ii) the amount paid by the Group in (i) will be deducted from the sales consideration.

Further, the Group had made an additional RMB8,000,000 deposit (approximately HK\$7,512,000) to the Vendor pursuant to this additional agreement and the aggregate sum paid by the Group to the Vendor amounted to RMB58,000,000 (approximately HK\$54,524,000) as of 30th June, 2005.

In June 2005, the Group had commenced legal proceedings against the Vendor, among other things, to demand the Vendor to fulfill its obligations under the above two agreements and applied to a PRC court an injunction order on the Properties to stop the Properties from being transferred (the "Injunction Orders"). It had also come to the attention of the Group that one of the three secured creditors of the Vendor and the Main Contractor had already applied to and being granted the Injunction Orders and they, together with the other two secured creditors, had priority over the Group on the Properties.

As a condition precedent to the application of the Injunction Order, the Group had issued a counter guarantee of RMB402,000,000 (approximately HK\$377,500,000) to an institution in the PRC which provided a guarantee of the same amount to the PRC court on behalf of the Group.

13. 收購物業權益所付按金 (續)

然而，上述更改該等物業之用途之條件未必於上述期間達成。因此，賣方與本集團訂立日期為二零零五年二月三日之另一協議，據此(其中包括)(i)本集團將代表賣方向該等物業之主要承建商(「主承建商」)支付人民幣22,000,000元(相等於約20,560,000港元)；及(ii)本集團於(i)支付之款項將自該等物業之銷售代價中減免。

此外，本集團根據此額外協議已提供更多人民幣8,000,000元(相等於約7,512,000港元)予賣方，而截至二零零五年六月三十日本集團支付賣方之總額達人民幣58,000,000元(相等於約54,524,000港元)。

於二零零五年六月，本集團開始針對賣方之法律程序，其中包括要求賣方履行根據上述兩份協議之責任及向中國法院申請該等物業之禁制令以禁止該等物業之轉讓(「禁制令」)。本集團亦注意到賣方三名有抵押債權人之一及主承建商已申請及獲批禁制令，而彼等連同其他兩名有抵押債權人就該等物業較本集團有優先權。

作為申請禁制令之先決條件，本集團已發出反擔保人民幣402,000,000元(約377,500,000港元)予某曾代表本集團提供相同擔保額予中國法院之中國機構。

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13. DEPOSIT PAID FOR ACQUISITION OF PROPERTIES INTEREST (continued)

At the same time, the directors of the Group are also in discussion with the Vendor for settlement of the above matters; however, there can be no assurance that such matters can be resolved and settled with the Vendor eventually. Despite the above developments, the directors of the Group have consulted its legal counsel and decided to proceed with the acquisition of the Properties in consideration of the following:

- (a) the transaction can be continued and the legal title of the Properties can be transferred to the Group when the debts of the Vendor owed to the three secured creditors and the Main Contractor are settled by the Group;
- (b) the usage of the Properties can be changed to both commercial and residential when the Group obtains the legal title to the Properties and makes the application to the relevant authority;
- (c) the acquisition of the Properties, on a completion basis, is expected to bring economic benefits to the Group taking into account of the estimated market value of the Properties as of 30th June, 2005; and the ability of the Group to meet the cash flow requirements to finance the acquisition and completion of the Properties, given the current financial position of the Group and financial resources available to the Group from internally generated funds, advances from its holding companies and/or financial institutions.

The directors of the Company are of the view that the carrying amount of deposit is not less than its recoverable amount at the reporting dates.

13. 收購物業權益所付按金 (續)

與此同時，本集團董事亦正與賣方商討解決上述事宜，惟概不保證有關事宜最終可得到解決並與賣方達成和解。雖有上述發展，本集團董事已徵詢律師並決定繼續收購該等物業，此乃經考慮下述情況：

- (a) 本集團結清賣方結欠三名有抵押債權人及主承建商之債項時，交易可以按照現有之條款及條件履行而該等物業之業權可轉讓予本集團；
- (b) 本集團取得該等物業之業權及向有關當局申請後，該等物業之用途可變為商住；
- (c) 收購該等物業以完成基準計算，經考慮二零零五年六月三十日該等物業之預計市值後，預計將為本集團帶來經濟利益；及鑑於本集團目前之財政狀況及本集團可自內部產生之資金、向其控股公司及／或財務機構墊款而取得之財務資源，本集團符合支付收購及落成該等物業之現金流量要求之能力。

本公司董事認為，按金於報告日期之賬面值不少於其可收回金額。

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14. OTHER ASSET

The amount represents cost incurred in connection with a land development project in the PRC. The project is a land development of 珠海市龍山智業產業園 located in Long Shan Development Area, Doumen District, Zhuhai City and is to be jointly developed with 珠海市龍山工業區管理委員會. The Group is entitled to the exclusive development right to the project and also the right to obtain the land for the development ("Other Asset"). The Group is also entitled to sell the Other Asset to investors at consideration to be agreed among themselves.

The consideration of HK\$229,288,000 (31.12.2004: approximately HK\$227,167,000) was paid by the Group for obtaining the exclusive development right to the project and in obtaining certain parts of the right for land development.

As the directors are of the opinion that the Other Asset is held for sale, the cost incurred for the Other Asset is included in current asset accordingly.

The directors has assessed the carrying value of the Other Asset with reference to the valuation performed by Norton Appraisal Limited, an independent valuer, on open market value basis and no impairment loss is identified.

14. 其他資產

此數額指國內土地發展項目產生之成本。該項目為珠海市龍山智業產業園之土地發展項目，位於珠海市斗門區龍山發展區，將由本集團與珠海市龍山工業區管理委員會共同發展。本集團享有項目之獨家發展權及享有權利取得土地以再發展（「其他資產」）。本集團亦有權按協定代價將其他資產售予投資者。

本集團已就取得項目之獨家發展權及部份項目土地發展權支付約229,288,000港元（二零零四年十二月三十一日：約227,167,000港元）。

由於董事視其他資產為持作發售，故其他資產所產生之成本乃列作流動資產。

董事已參考獨立估值師普頓國際評估有限公司按公開市值基準所作估值評估其他資產之賬面值，並無發覺有減值虧損。

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15. TRADE DEBTORS

The Group allows its trade customers a credit period normally ranging from 90 days to 180 days. The aged analysis of the trade debtors at the reporting date is as follows:

		30.6.2005 二零零五年 六月三十日	31.12.2004 二零零四年 十二月三十一日
		HK\$'000 千港元	HK\$'000 千港元
0-90 days	0至90日	6,552	6,832
91-180 days	91至180日	457	114
Over 180 days	180日以上	94	34
		7,103	6,980

16. RECEIVABLES — DUE WITHIN ONE YEAR

At 30th June, 2005, the amount before allowance for doubtful debts included receivables of approximately HK\$96 million (31.12.2004: HK\$109 million) and HK\$124 million (31.12.2004: HK\$121 million) due from Danwei Limited (“Danwei”) and Lucklong Venture Limited (“Lucklong”) respectively. Shares of certain property holding companies held by Danwei and Lucklong were pledged to the Group as securities to the loans.

Other than the above amounts of approximately HK\$220 million (31.12.2004: HK\$230 million) which were secured, the remaining balances of receivables were unsecured. All receivables bear interest at prevailing market rates and repayable within one year.

During the period, allowance for receivables of approximately HK\$73 million (30.6.2004: HK\$56 million) has been recognised in the condensed consolidated income statement.

15. 應收貿易賬款

本集團一般給予貿易客戶90日至180日不等之信貸期，截至報告日期之應收貿易賬款賬齡分析如下：

16. 應收款項 — 一年內到期

於二零零五年六月三十日，應收款項中包括未計呆賬撥備之分別應收 Danwei Limited (「Danwei」) 及 Lucklong Venture Limited (「Lucklong」) 約96,000,000港元(二零零四年十二月三十一日：約109,000,000港元)及約124,000,000港元(二零零四年十二月三十一日：約121,000,000港元)之款項。Danwei及 Lucklong持有之若干物業控股公司之股份已予本集團作為貸款之抵押品。

除上述約220,000,000港元(二零零四年十二月三十一日：約230,000,000港元)之款項為有抵押外，應收款項之其他結餘並無抵押。所有應收款項均按通行市場利率計息並須於一年內償還。

期內已於簡明綜合收益表內確認約73,000,000港元(二零零四年六月三十日：約56,000,000港元)之應收款項撥備。

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17. CREDITORS, OTHER PAYABLES AND ACCRUED CHARGES

The aged analysis of the trade creditors at the reporting date is as follows:

		30.6.2005 二零零五年 六月三十日	31.12.2004 二零零四年 十二月三十一日
		HK\$'000 千港元	HK\$'000 千港元
0-90 days	0至90日	3,245	1,613
91-180 days	91至180日	1,290	2,838
Over 180 days	180日以上	3,978	513
Creditors	應付賬款	8,513	4,964
Other payables and accrued charges	其他應付款項及應計費用	13,501	41,111
		22,014	46,075

17. 應付賬款、其他應付款項及應計費用

於報告日期，貿易應付賬款之賬齡分析如下：

18. PAYABLES — DUE WITHIN ONE YEAR

Included in payables was an amount of HK\$191 million (31.12.2004: HK\$185 million) due to Nation Cheer Investment Limited (“Nation Cheer”), which is a wholly-owned subsidiary of a substantial shareholder of the Company. All payables are unsecured, bear interest at prevailing market rate and are repayable on demand.

19. AMOUNTS DUE TO FORMER SHAREHOLDERS OF SUBSIDIARIES

The amounts are unsecured, non-interest bearing and are repayable on demand.

18. 應付款項 — 一年內到期

應付款項中包括應付志恒投資有限公司（「志恒」，本公司主要股東之全資附屬公司）之191,000,000港元（二零零四年十二月三十一日：185,000,000港元）。所有應付款項均為無抵押、按市場利率計息並須於要求時償還。

19. 應付附屬公司前股東款項

有關款項均為無抵押、免息並須於要求時償還。

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20. SHARE CAPITAL

As explained in note 1, the Company proposed to carry out the Capital Reorganization which involve, inter alia, the followings:

- (i) cancellation of the paid-up capital of HK\$0.05 on each issued share of the Company and reduction in the nominal value of each issued share from HK\$0.10 to HK\$0.05 (“Capital Reduction”) and the cancellation of the entire share premium account of the Company;
- (ii) subdivision of each authorized but unissued share of the Company into two reduced shares of HK\$0.05 each (“Subdivision”);
- (iii) every two reduced shares of the Company of HK\$0.05 each arising from the Capital Reduction and Subdivision will then be consolidated into one ordinary share of HK\$0.10; and
- (iv) the credits of approximately HK\$44,079,000 and HK\$1,900,916,000 resulting from the Capital Reduction and the cancellation of the share premium account, respectively to the special capital reserve account of the Company.

The Capital Reorganisation was not yet completed at the date of this report.

21. COMMITMENTS

At 30th June, 2005, the Group has commitments of approximately HK\$378 million (31.12.2004: HK\$378 million) and HK\$92 million (31.12.2004: HK\$92 million) which are contracted for but not provided in the interim financial report in respect of acquisition of properties interests and other asset respectively.

20. 股本

誠如附註1所述，本公司建議進行股本重組，當中涉及(其中包括)下列各項：

- (i) 註銷每股本公司已發行股份之繳足股本0.05港元，將每股本公司已發行股份之面值由0.10港元削減至0.05港元(「削減股本」)及註銷本公司之全部股份溢價賬；
- (ii) 將每股本公司法定但未發行之股份拆細成為兩股每股面值0.05港元之削減股份(「拆細」)；
- (iii) 削減股本及拆細產生之每股面值0.05港元之本公司削減股份每兩股合併成為一股面值0.10港元之普通股；及
- (iv) 將削減股本及註銷股份溢價賬分別產生之約44,079,000港元及1,900,916,000港元之進賬款項計入本公司之特別資本儲備賬。

截至本報告日期，股本重組尚未完成。

21. 承擔

於二零零五年六月三十日，本集團於中期財務報告中就收購物業權益及其他資產而已作出訂約但未撥備之承擔分別約為378,000,000港元(二零零四年十二月三十一日：約378,000,000港元)及約92,000,000港元(二零零四年十二月三十一日：約92,000,000港元)。

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22. CONTINGENT LIABILITIES

At 30th June 2005, the Group had contingent liabilities in respect of guarantees in favour of banks for facilities granted to an independent third party of approximately HK\$30,780,000 and an associate of approximately HK\$8,000,000 and counter guarantee of approximately HK\$377,500,000 in respect of application of an injunction order to a PRC court given to an institution which provided a guarantee of the same amount to the PRC court on behalf of the Group.

23. PLEDGE OF ASSETS

At 30th June, 2005, investment in securities with a carrying value of HK\$82,098,000 (31.12.2004: HK\$72,186,000) were pledged to secure margin credit facilities and banking facilities granted to the Group.

At 30th June, 2005, bank deposits of HK\$1,012,000 (31.12.2004: HK\$1,012,000) were also pledged to secure credit facilities granted to the Group.

22. 或然負債

於二零零五年六月三十日，本集團就一名獨立第三方獲授約30,780,000港元之融資及一間聯營公司獲授約8,000,000港元之融資而向銀行提供擔保，及就向中國法院申請禁制令而向某中國之機構（其代表本集團向中國法院提供等額擔保）提供反擔保約377,500,000港元並因此而承擔或然負債。

23. 資產抵押

於二零零五年六月三十日，賬面值為82,098,000港元（二零零四年十二月三十一日：72,186,000港元）之證券投資已作為本集團獲授之保證金貸款與銀行借款之抵押。

於二零零五年六月三十日，1,012,000港元（二零零四年十二月三十一日：1,012,000港元）之銀行存款亦已作為本集團獲授之信貸融資之抵押。

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24. RELATED PARTY TRANSACTIONS

24. 關連人士交易

During the period, the Group had the following significant transactions with related parties:

本集團於本期間曾與關連人士進行下列重大交易：

Name of company 公司名稱	Notes 附註	Nature of transactions 交易性質	Six months ended 30th June, 截至六月三十日止六個月	
			2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Nation Cheer 志恒	(i)	Loan interest expenses paid and payable by the Group 本集團已付及應付之貸款利息開支	6,279	6,234
Wing On Travel (Holdings) Limited ("Wing On") 永安旅遊(控股)有限公司 (「永安」)	(ii)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	1,479	3,722
Mass Success International Ltd.	(iii)	Rental expenses paid and payable by the Group 本集團已付及應付之租金支出	—	288
Apex Quality Group Limited ("Apex")	(iv)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	—	2,690

Notes:

附註：

(i) Nation Cheer is a wholly-owned subsidiary of a substantial shareholder of the Company.

(i) 志恒為本公司主要股東之全資附屬公司。

(ii) Wing On is an associate of the Group.

(ii) 永安為本集團之聯營公司。

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簡明財務報表附註

For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

24. RELATED PARTY TRANSACTIONS

(continued)

Notes: (continued)

(iii) Mass Success International Ltd. is an associate of a substantial shareholder of the Company.

(iv) Apex is a subsidiary of Wing On.

The above transactions were carried out in accordance with the terms agreed between the relevant parties.

25. ACQUISITION OF SUBSIDIARIES

On 30th June, 2005, the Group acquired 88% and 100% of the issued share capital of 東莞市江海貿易有限公司 and 廣州耀陽實業有限公司, respectively, for an aggregate cash consideration of HK\$50 million. The two newly acquired subsidiaries are incorporated in the PRC and engaged in the business of sand mining. These transactions have been accounted for using the purchase method of accounting. The directors are of the view that it is impracticable to disclose the revenue and the results for the six months ended 30th June, 2005 as if the acquisition had been effected on 1st January, 2005 since such information was not provided by the vendor.

24. 關連人士交易 (續)

附註：(續)

(iii) Mass Success International Ltd. 為本公司主要股東之聯營公司。

(iv) Apex 為永安之附屬公司。

上述交易根據有關各方同意之條款進行。

25. 收購附屬公司

於二零零五年六月三十日，本集團分別收購東莞市江海貿易有限公司及廣州耀陽實業有限公司已發行股本之88%及100%，總現金代價為50,000,000港元。此兩家新收購附屬公司乃於中國註冊成立，從事採砂業務。該等交易以會計購買方法入賬。董事認為，假設收購於二零零五年一月一日已經生效而披露截至二零零五年六月三十日止六個月之收入及業績並不可行，蓋因賣方並無提供有關資料。

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25. ACQUISITION OF SUBSIDIARIES

(continued)

The net assets acquired in the transaction, and the goodwill arising, are as follow:

25. 收購附屬公司 (續)

透過交易所收購之資產淨值以及由此產生之商譽如下：

		Acquiree's carrying amount before combination 購公司之賬面值	Fair value adjustments 公平值調整	Fair value 公平值
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Net assets acquired:	所收購資產淨值：			
Property, plant and equipment	物業、廠房及設備	50,165	63,019	113,184
Inventories	存貨	6	—	6
Trade debtors	應收貿易賬款	75	—	75
Other receivables, deposits and prepayments	其他應收款項、按金 及預付款項	647	—	647
Bank balances and cash	銀行結餘及現金	349	—	349
Creditors, other payables and accrued charges	應付賬款、其他應 付款項及應計費用	(244)	—	(244)
Amounts due to former shareholders	應付前股東款項	(49,770)	—	(49,770)
Deferred tax liabilities	遞延稅項負債	—	(20,796)	(20,796)
		1,228	42,223	43,451
Minority interests	少數股東權益	(48)	(2,526)	(2,574)
		<u>1,180</u>	<u>39,697</u>	40,877
Goodwill on acquisition	收購產生之商譽			<u>9,123</u>
				<u>50,000</u>
Satisfied by:	支付方式：			
— Cash	— 現金			10,000
— Deposit paid for acquisition of subsidiaries	— 收購附屬公司之 已付按金			<u>40,000</u>
				<u>50,000</u>
Net cash outflow arising on acquisition:	收購產生之現金流出 淨額：			
Cash consideration paid	已付現金代價			(10,000)
Cash and cash equivalents acquired	所收購現金及現金等額			<u>349</u>
				<u>(9,651)</u>

The goodwill arising on the acquisition is attributable to the anticipated profitability of the sand mining business operating in the relevant sea region and the anticipated future operating synergies from the combination.

收購產生之商譽屬於在有關海域經營之採砂業務的預期盈利能力以及預期合併可創造的營運協同效益。

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For the six months ended 30th June, 2005 截至二零零五年六月三十日止六個月

26. DISCONTINUED OPERATIONS

In May 2004, the Group disposed its 100% interest in Tung Fong Hung Investments Limited and its subsidiaries which was engaged in manufacturing and trading of pharmaceutical products. A loss of HK\$5,266,000 on disposal was resulted and the corresponding business segment was regarded as discontinued operation during the six months ended 30th June, 2004.

26. 已終止經營業務

於二零零四年五月，本集團出售其於從事藥品產銷之Tung Fong Hung Investments Limited及其附屬公司之全部權益。由此產生5,266,000港元之出售虧損而有關業務分部於截至二零零四年六月三十日止六個月內被視為已終止經營業務。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

ANALYSIS OF THE GROUP'S PERFORMANCE

For the six months ended 30th June, 2005, the Group recorded a consolidated turnover of approximately HK\$17.3 million, an increase of approximately 67.5% as compared to the same period in 2004 of approximately HK\$10.3 million. The turnover for the first half-year was generated from the manufacturing and trading of batteries products. During the period under review, the operating environment of manufactory industry in the PRC remains difficult due to competitive economy and sluggish battery market. Keen competition in the battery industry also exerted downward pressure on prices of battery products. Despite the unfavorable environment in the battery market, the Group's business in the PRC still manages to progress well.

The unaudited consolidated net loss attributable to the Company for the six months ended 30th June, 2005 decreased from approximately HK\$94.5 million for the last corresponding period to approximately HK\$79.3 million in the current period. The net loss incurred for the current period was mainly attributable to the allowance for receivables and the change in fair value of the conversion right attached to the unlisted convertible note issued by Wing On, of which the Group owns an effective interest of approximately 15.32%, under adoption of Hong Kong Financial Reporting Standards.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2005, the Group had net current assets of approximately HK\$675.1 million (31st December, 2004: net current assets of approximately HK\$984.1 million) and a current ratio of 2.92 (31st December, 2004: 9.93). During the first half of 2005, the Group financed its operations mainly through cash generated from its business activities, banking facilities provided by its principal bankers and proceeds from disposal of investments in securities.

本集團業務之分析

本集團截至二零零五年六月三十日止六個月之綜合營業額約為17,300,000港元，較二零零四年同期約10,300,000港元增加約67.5%。上半年營業額主要來自電池產品之製造及買賣業務。回顧期內，電池製造業於中國之經營環境依然困難，蓋市場競爭激烈及電池市道疲弱。電池工業的熾烈競爭亦對電池產品之價格構成下調壓力。雖然電池市場之環境不明朗，本集團於中國之業務仍能夠取得長足的進展。

於截至二零零五年六月三十日止六個月之本公司應佔未經審核綜合虧損淨額由去年同期約94,500,000港元減至約79,300,000港元。期內產生淨虧損主要由於就應收賬款作出撥備，以及因採納香港財務報告準則而出現永安(本集團擁有其約15.32%之實際權益)發行之非上市可換股票據之換股權公平值變動。

流動資金及財務資源

於二零零五年六月三十日，本集團之流動資產淨值約為675,100,000港元(二零零四年十二月三十一日：流動資產淨值約984,100,000港元)，流動比率為2.92(二零零四年十二月三十一日：9.93)。於二零零五年上半年，本集團主要以業務所得現金，主要往來銀行提供之信貸及出售證投資券之所得款項作為營運資金。

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The Group's short-term bank loans and other borrowings increased from approximately HK\$42.6 million as at 31st December, 2004 to approximately HK\$43.3 million as at 30th June, 2005, representing an increase of 1.5%. There was no long-term bank loans and other borrowings at 30th June, 2005 under review compared with approximately HK\$3,000 at 31st December, 2004. Gearing ratio which is expressed as a ratio of total long-term liabilities and other borrowings to the shareholders' funds, remains nil as at 30th June, 2005 (31st December, 2004: 0.000002). As at 30th June, 2005, the Group's total borrowings of approximately HK\$43.3 million were mainly denominated in Hong Kong dollar, the maturity profile were all within one year, and bear interest at floating rates.

Capital expenditure aggregated to approximately HK\$1.3 million for the six months ended 30th June, 2005 was mainly used primarily for purchasing of property, plant and equipment. The Group's capital expenditures will continue to be funded primarily by internal resources or external borrowings or a combination of both as required.

Cash and bank balances amounted to approximately HK\$270.5 million, and is mainly denominated in Hong Kong dollars, Renminbi and Australian dollars. During the period, the Group did not experience significant exposure to exchange rate and interest rate fluctuations. As a result, the Group did not enter into any material foreign exchange contracts, currency swaps or other financial derivatives.

本集團之短期銀行貸款及其他借款由二零零四年十二月三十一日約42,600,000港元增至二零零五年六月三十日約43,300,000港元，上升1.5%。相對於二零零四年十二月三十一日約3,000港元而言，於二零零五年六月三十日回顧期內概無任何長期銀行貸款及其他借貸。資本負債比率（即長期負債及其他借貸總額除以股東資金總額）於二零零五年六月三十日維持於零（二零零四年十二月三十一日：0.000002）。於二零零五年六月三十日，本集團之總銀行借貸約43,300,000港元主要以港元計算，還款期全部均於一年以內，以浮動息率計息。

於截至二零零五年六月三十日止六個月期間，資本開支合計約1,300,000港元，主要用於購置物業、廠房及設備。本集團之資本開支將主要繼續以內部資源或向外舉債或於需要時結合兩者而撥付。

現金及銀行結餘約達270,500,000港元並主要以港元、人民幣及澳元計算。期內，本公司並無遇到重大匯率及利率波動風險。因此，本集團並無訂立任何重大外匯合約、貨幣掉期或其他金融衍生工具。

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管理層討論及分析

SIGNIFICANT INVESTMENTS

China Enterprises Limited (carried on business in Hong Kong as China Tire Holdings Limited)

For the period under review, China Enterprises Limited (“China Enterprises”) has no turnover recorded from its subsidiaries as its business was mainly operated under its associated companies. Wing On is a travel business related affiliate which continues to benefit from the upward rebound to the travel business of Hong Kong after the negative impacts brought by the local economic downturn. And with the gradual easing of restrictions on the individual mainland visitors traveling to Hong Kong, we expect a great increase in arrivals once more parts of the PRC are opened up to individual travelers, that directly benefit the local economy. After disposing of its significant interest of investment in manufacturing and trading of tires products in the PRC and other countries abroad in 2003, China Enterprises maintains minimal involvement in the manufacturing and trading of tires products through its 26% held interest in Hangzhou Zhongce Rubber Company Limited (“Hangzhou Zhongce”). Throughout the financial year 2005, China Enterprises continued to look at strategic investment opportunities with a view of the positive outlooks on PRC in the coming future to expanding business portfolios.

MRI Holdings Limited

During the six months ended 30th June, 2005, the directors of MRI Holdings Limited continued to assess possible investment opportunities. None of the investments considered was sufficiently attractive to warrant investment, and the directors continue to seek appropriate investment opportunities.

重要投資

China Enterprises Limited (在香港以 China Tire Holdings Limited 之名義經營業務)

於回顧期內，由於 China Enterprises Limited (「China Enterprises」) 主要通過聯營公司經營業務，故其附屬公司並無錄得營業額。永安為一家從事旅遊業務之聯營公司，自本地經濟衰退過後反彈，永安亦從持續復甦之旅遊業中得益。隨著內地逐步放寬內地旅客以個人身份來港旅遊之限制及國內更多城市加入香港自由行計劃，集團相信訪港內地旅客人數定必大幅增加，本土經濟將可直接受惠。於二零零三年出售於中國及其他海外國家製造及銷售輪胎產品的投資項目中的主要權益後，China Enterprises 透過其持有杭州中策橡膠有限公司 (「杭州中策」) 之 26% 權益而對輪胎產品之製造及銷售保持最低限度之參與。鑑於中國投資前景樂觀，China Enterprises 於二零零五年財政年度內持續發掘策略投資機會以擴大業務範疇。

MRI Holdings Limited

截至二零零五年六月三十日止六個月期間，MRI Holdings Limited 之董事繼續評審可行之投資機會。由於未有投資項目具足夠吸引力宜作投資，董事將繼續發掘合適之投資機會。

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Super Energy Group Limited

Super Energy Group Limited (“Super Energy”) is a principally engaged in the production and sales of batteries and battery-related accessories. Its major products are the primary battery and the re-chargeable battery. Super Energy is also actively engaged in new product development by introducing the latest technology into its products. The invention of “No Mercury Button Cell Battery” has obtained the patent in Beijing, the PRC; moreover, an International Organisation for Standardisation quality control system had been adopted in all aspect of products, which Super Energy has achieved reputation for premium quality as result of continuous research and development.

With a view to improve its financial position, Super Energy has implemented a series of measures to enhance cost competitiveness and operational efficiency. During the period, Super Energy has not only divested its non-profitable products and adopted stringent cost control, it has also been exploring new products opportunities to generated revenue and cash flow stream. As the battery industry in the PRC is under active growth, the Directors believed that investment in the battery market in the PRC is an excellent opportunity to bring in high quality and sustainable income for the Group.

PROSPECTS

During the period under review, the board of Directors (the “Board”) has focused on seeking new directions and new wisdom for the development of the Group. As economies in the region has, in general, already regained its dynamics, it was high time for the Group to take actions and to invest in new projects with great potentials.

超量集團有限公司

超量集團有限公司(「超量」)為主要從事電池和相關配件之產銷，其主要產品為原電池及可充電池。同時，超量亦為產品引入最新技術，積極從事新產品開發。新開發之「環保鈕扣電池」已於中國北京市獲取專利。超量已對產品全面落實一套國際標準化機構之品質管理制度，因其不懈之研發確保產品質素，故奠定極佳聲譽。

為改善財務狀況，超量已落實一系列措施以提升成本競爭力及營運效率。期內，超量不單剝除無利可圖之產品並嚴控成本，其更努力發掘新產品之機會以創造收入及現金流。由於中國之電池業正迅速增長，董事相信投資於中國電池業乃為本集團帶來優質而可持續收入的機會。

展望

於回顧期間內，董事會(「董事會」)致力為本集團之發展尋求新方向及新思維。鑑於區內經濟已全線重拾動力，目前實為本集團採取行動及投資潛力可觀之新項目的大好時機。

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On the other hand, the existing major shareholders of the Company have taken an active posture to look for new investors with new ideas and new wisdoms to join the existing team. To be in line with the market position of the Group, it is believed more exposure to markets in China would bring both strategic and tactical meanings to the Group as a whole. As of April 2005, the Board has proposed to introduce a new investor to join the Group while certain reorganization in the capital structure of the Company were also proposed to cater for the development needs.

Given the pace of improvement in economies in the region would be maintained at a constant level, the Company believes the proposed changes would have positive effect to the future of the Group. However, having considered the potential negative effect that may bring about by the upsurge in oil prices and interest rates, the Group would consistently exercise conservative and cautious attitude in the operations of the Group.

CORPORATE DEVELOPMENTS

In October, 2004, the Group entered into an agreement with two independent third parties in respect of the acquisition of the entire interest in 廣州耀陽實業有限公司 (Guangzhou Yao Yang Industrial Company Limited), a company incorporated in the PRC, which holds a vessel for sand mining for a consideration of approximately Rmb27,300,000. This transaction has been completed in June, 2005.

In October, 2004, the Group entered into an agreement with an independent third party in respect of the acquisition of 88% interest in 東莞市江海貿易有限公司 (Dongguan Shi Jiang Hai Trading Company Limited), a company incorporated in the PRC, which holds a vessel for sand mining for a consideration of approximately Rmb25,700,000. This transaction has been completed in June, 2005.

另一方面，本公司目前之主要股東亦積極為現有團隊尋覓充滿新概念、突破傳統智慧之新投資者加盟。為與本集團之市場定位接軌，相信擴闊本集團於中國之市場版圖無論在策略性又或戰術性上也對本集團具重要意義。於二零零五年四月，董事會建議引入一名新投資者加入本集團，並建議重組本公司之股本架構以配合發展需要。

鑑於區內經濟穩步上揚，本公司相信建議之變動將對本集團今後之發展有利。然而，經考慮油價及利率飆升可能帶來之潛在負面影響，本集團將持續對本集團之營運採取保守及審慎態度。

公司發展

於二零零四年十月，本集團與兩名獨立第三方訂立協議，內容為有關以約人民幣27,300,000元之代價收購廣州耀陽實業有限公司之全部權益。該公司於中國註冊成立並持有一艘採砂船。該項交易已於二零零五年六月完成。

於二零零四年十月，本集團與一名獨立第三方訂立協議，內容為有關以約人民幣25,700,000元之代價收購東莞市江海貿易有限公司之88%權益。該公司於中國註冊成立並持有一艘採砂船。該項交易已於二零零五年六月完成。

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On 4th February, 2005, the Group entered into a placing and subscription agreement with Wing On and the placing agent pursuant to which the placing agent agreed to place, on a best efforts basis, up to 6,400 million shares of Wing On at a price of HK\$0.022 per Wing On share and the Group would subscribe for up to 6,400 million new shares of Wing On at the price of HK\$0.022 per share. The above transactions were completed in February, 2005. The Group's interest in Wing On was decreased to 21.11%.

The Company had been informed by PYI Corporation Limited (formerly know as Paul Y. – ITC Construction Holdings Limited) ("PYI ") and Hanny Holdings Limited ("Hanny") that they have entered into the share sale agreement on 10th March, 2005 pursuant to which and subject to, inter alia, the implementation of the Group Reorganisation as stated below in full each of PYI and Hanny agreed to dispose 135,000,000 shares (equivalent to 67,500,000 consolidated shares of the Company upon the Capital Reorganisation as stated below having become effective) which shares represent approximately an aggregate of 30.6% of the issued share capital of the Company, for an aggregate consideration of HK\$52,110,000, equivalent to about HK\$0.193 per share (or HK\$0.386 per consolidated share).

As stated in the joint announcement of the Company dated 19th April, 2005, the Company announced the following proposals, if approved and implemented, will result in below.

Group Reorganisation

- (i) the Company continuing to be a public listed company with its subsidiaries concentrating on its business of manufacturing and trading of battery products, investments in securities and property and investment in unlisted investments;

二零零五年二月四日，本集團與永安及配售代理訂立一份配售及認購協議，據此，配售代理同意按盡力基準配售最多6,400,000,000股永安股份，每股永安股份作價0.022港元；而本集團將按每股0.022港元之價格認購最多6,400,000,000股永安新股。上述交易已於二零零五年二月完成。本集團於永安之權益減至21.11%。

本公司獲保華集團有限公司(前稱保華德祥建築集團有限公司) (「保華」) 及錦興集團有限公司(「錦興」) 知會，彼等於二零零五年三月十日已訂立股份出售協議，據此並待(其中包括)下文所述之集團重組全面付諸實行後，保華及錦興均同意分別出售135,000,000股股份(相當於下文所述之股本重組生效後67,500,000股本公司合併股份)，該等股份共佔本公司已發行股本約30.6%。收購之總代價為52,110,000港元，約相當於每股股份0.193港元(或每股合併股份0.386港元)。

誠如本公司於二零零五年四月十九日發表之聯合公佈所載，本公司宣佈下列各項建議，若該等建議獲批准及進行，將導致：

集團重組

- (i) 本公司繼續保持上市地位，其附屬公司專注於電池產品製造及銷售、證券及物業投資，以及投資非上市投資項目；

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- (ii) all other subsidiaries of China Strategic carrying on property development, vessels for sand mining and investment holding business, and all other associates of China Strategic carrying on manufacturing and marketing of tires and business of providing package tour, travel and other related services being grouped under Group Dragon Investments Limited (“GDI”), a wholly-owned subsidiary of the Company, and its subsidiaries; and
 - (iii) the distribution in specie of the GDI share to the shareholders of the Company whose names appear on the register of members of the Company on the record date on the basis of one GDI share for one consolidated share of the Company.
- (ii) 中策旗下經營物業發展，採砂船及投資控股業務之所有其他附屬公司，以及中策旗下經營輪胎製造及銷售、提供旅行團、旅遊及其他相關服務之業務之所有其他聯營公司將收歸群龍投資有限公司（「群龍」，本公司之全資附屬公司）及其附屬公司旗下；及
 - (iii) 於記錄日期名列本公司股東名冊之本公司股東透過實物分派方式獲派群龍股份，基準為每持有一股本公司合併股份收取一股群龍股份。

Capital Reorganisation

- (i) the cancellation of the paid-up capital of HK\$0.05 on each issued share of the Company and reduction in the nominal value of each issued share of the Company from HK\$0.10 to HK\$0.05;
 - (ii) the cancellation of the entire share premium account of the Company;
 - (iii) the subdivision of each authorised but unissued shares of the Company into two reduced shares of the Company of HK\$0.05 each; and
 - (iv) consolidate every two reduced shares of the Company of HK\$0.05 each into one consolidated share of the Company of HK\$0.10.
- 股本重組
 - (i) 註銷每股本公司已發行股份之繳足股本0.05港元，將每股本公司已發行股份之面值由0.10港元削減至0.05港元；
 - (ii) 註銷本公司之全部股份溢價賬；
 - (iii) 將每股本公司法定但未發行股份拆細成為兩股每股面值0.05港元之本公司削減股份；及
 - (iv) 把每兩股每股面值0.05港元之本公司削減股份合併成為一股面值0.10港元之本公司合併股份。

In April, 2005, the Group converted approximately HK\$55 million convertible note of Wing On into ordinary shares of HK\$1.00 each of Wing On at conversion price of HK\$1.97 per share. The interest of Wing On held by the Group was accordingly increased to 27.74% upon conversion of the convertible note into shares of HK\$1.00 each in Wing On by the Group.

於二零零五年四月，本集團按每股1.97港元之換股價將約55,000,000港元之永安可換股票據轉換成每股1.00港元之永安普通股。本集團將可換股票據轉換成每股1.00港元之永安股份後，本集團持有之永安權益因此增至27.74%。

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管理層討論及分析

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME

僱員數目、薪酬政策及購股權 計劃

As at 30th June, 2005 the Group employed approximately 429 staff. Remuneration packages comprised of salary and year-end bonuses based on individual merits.

於二零零五年六月三十日，本集團約有429名僱員。薪酬包括薪金及按個別表現計算之年終花紅。

No share options were granted or exercised during the period ended 30th June, 2005.

截至二零零五年六月三十日止期間，並無購股權獲授出或行使。

OTHER INFORMATION 其他資料

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2005 (2004: Nil).

DIRECTORS' INTERESTS

As at 30th June, 2005, the interests and short positions of the directors of the Company (the "Directors") in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO")) or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(I) The Company

*Shares and (in respect of equity derivatives)
Underlying Shares*

Name of Director 董事姓名	Long position/ short position 好倉/淡倉	Nature of interest 權益性質	Number of shares held 所持股份數目 (Note 1) (附註1)	Approximate percentage of shareholding 概約持股百分比
Chan Kwok Keung, Charles (Note 2) 陳國強 (附註2)	Long Position 好倉	Corporate 法團	258,819,795	29.36%

(II) Associated Corporation

*Shares and (in respect of equity derivatives)
Underlying Shares*

Name of Director 董事姓名	Name of company 公司名稱	Nature of interest 權益性質	Long position/ short position 好倉/淡倉	No. of shares 所持股份數目 (Note 3) (附註3)	Approximately percentage of shareholding 概約持股百分比
Chan Kwok Keung, Charles 陳國強	Wing On Travel (Holdings) Limited 永安旅遊(控股)有限公司	Personal 個人	Long position 好倉	172,800	0.039%

中期股息

董事建議不派發截至二零零五年六月三十日止六個月之中期股息(二零零四年：無)。

董事權益

於二零零五年六月三十日，本公司董事(「董事」)於本公司或其任何相關法團(按證券及期貨條例(「證券及期貨條例」)第XV部之涵義)之股份、債券或相關股份擁有之權益及淡倉，或根據證券及期貨條例第352條須列入本公司存置之登記冊內或根據上市公司董事進行證券交易之標準守則須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉如下：

(I) 本公司

股份及(就股本衍生工具)相關股份

(II) 相關法團

股份及(就股本衍生工具)相關股份

OTHER INFORMATION 其他資料

Notes:

1. Share(s) of HK\$0.10 each in the capital of the Company.
2. Chan Kwok Keung, Charles is deemed to be interested in 258,819,795 shares in the Company held by Calisan Developments Limited ("Calisan") by virtue of his interest in Chinaview International Limited ("Chinaview") which owns more than one-third of the issued share capital of Calisan. Details of which are disclosed under the heading "Substantial Shareholders".
3. Share(s) of HK\$1.00 each in the capital of Wing On Travel (Holdings) Limited.

Save as disclosed above, as at 30th June, 2005 none of the Company's directors or chief executive of the Company or their associates had any interest or short position whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies.

Share Options

In June, 2002, the Company adopted a new share option scheme (the "Scheme") in order to comply with the new requirements of Chapter 17 of the Listing Rules effective from 1st September, 2001.

No share option was granted to any director of the Company during the period end 30th June, 2005. There are no share options outstanding as at 30th June, 2005.

附註：

1. 本公司股本中每股面值0.10港元之股份。
2. 由於陳國強擁有Chinaview International Limited (「Chinaview」)之權益，而Chinaview擁有Calisan Developments Limited (「Calisan」)之控股權益，因而被視為擁有Calisan所持有之258,819,795股本公司股份之權益。有關詳情於「主要股東」項下披露。
3. 永安旅遊(控股)有限公司股本中每股面值1.00港元之股份。

除上文披露者外，於二零零五年六月三十日，本公司之董事或行政總裁或彼等各自之聯繫人士於本公司或其任何相關法團之股份或相關股份及債券中，概無擁有(不論實益或非實益)根據證券及期貨條例第352條須予記錄或根據上市公司董事進行證券交易之標準守則須知會本公司及聯交所之任何權益或淡倉。

購股權

二零零二年六月，本公司採納一項新購股權計劃(「該計劃」)，目的以符合二零零一年九月一日起生效之上市規則第17章之新規定。

截至二零零五年六月三十日止期間並無任何本公司董事獲授購股權。於二零零五年六月三十日，概無購股權未行使。

OTHER INFORMATION 其他資料

Substantial Shareholders

As at 30th June, 2005, the following companies or persons had an interest or short position in the shares and the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO and which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

主要股東

於二零零五年六月三十日，根據證券及期貨條例第336條本公司須予存置之股東名冊紀錄，下列公司或人士於本公司股份及相關股份中擁有根據證券及期貨條例第XV部第2及第3分節須向本公司披露之權益或淡倉。

Name 姓名	Capacity 身份	Notes 附註	Number of shares 股份數目	Percentage of issued share capital 已發行股本百分比
Calisan	Beneficial owner 實益擁有人	1	258,819,795	29.36%
Great Decision Limited	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Paul Y. – ITC Investments Group Limited	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
PYI Corporation Limited (formerly know as Paul Y. – ITC Construction Holdings Limited) 保華集團有限公司 (前稱保華德祥建築集團有限公司)	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Hollyfield Group Limited	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
ITC Investment Holdings Limited	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
ITC Corporation Limited 德祥企業集團有限公司	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Galaxyway Investments Limited	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Chinaview	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Dr. Chan Kwok Keung, Charles 陳國強博士	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Ms. Ng Yuen Lan, Macy 伍婉蘭女士	Interest held by family 家族權益	2	258,819,795	29.36%
Well Orient Limited 威倫有限公司	Beneficial owner 實益擁有人	3	258,819,794	29.36%
Powervote Technology Limited	Interest held by controlled corporation 受控制法團持有之權益	3	258,819,794	29.36%
Hanny Magnetics (B.V.I.) Limited	Interest held by controlled corporation 受控制法團持有之權益	3	258,819,794	29.36%
Hanny Holdings Limited 錦興集團有限公司	Interest held by controlled corporation 受控制法團持有之權益	3	258,819,794	29.36%
Nation Field Limited	Beneficial owner 實益擁有人	4	270,000,000	30.63%
Mr. Gao Yang 高央先生	Interest held by controlled corporation 受控制法團持有之權益	4	270,000,000	30.63%

OTHER INFORMATION 其他資料

Notes:

1. Dr. Chan Kwok Keung, Charles (“Dr. Chan”) owns the entire interest of Chinaview which in turn owns the entire interest in Galaxyway Investments Limited (“Galaxyway”). Galaxyway owns more than one-third of the entire issued ordinary share capital of ITC Corporation Limited (“ITC”). ITC owns the entire interest of ITC Investment Holdings Limited (“ITC Investment”). ITC Investment owns the entire interest in Hollyfield Group Limited (“Hollyfield”). Hollyfield owns more than one-third of the entire issued share capital of PYI Corporation Limited (formerly know as Paul Y. – ITC Construction Holdings Limited) (“PYI”). PYI owns the entire interest of Paul Y. – ITC Investments Group Limited (“PYITCIG”). PYITCIG owns the entire interest of Great Decision Limited (“GDL”) which in turn owns the entire interest in Calisan. Accordingly, GDL, PYITCIG, PYI, Hollyfield, ITC Investment, ITC, Galaxyway, Chinaview and Dr. Chan are deemed to be interested 258,819,795 shares of the Company which are held by Calisan.
2. Ms. Ng Yuen Lan, Macy is a spouse of Dr. Chan and deemed to be interested in 258,819,795 shares of the Company held by Calisan.
3. Well Orient Limited (“WOL”) is wholly-owned by Powervote Technology Limited (“PTL”) which is in turn owned by Hanny Magnetics (B.V.I.) Limited (“Hanny Magnetics”). Hanny Magnetics is wholly-owned by Hanny Holdings Limited (“Hanny”). PTL, Hanny Magnetics and Hanny were deemed to be interested in 258,819,794 shares of the Company which were held by WOL.
4. The 270,000,000 shares of the Company represent the shares of the Company agreed to be sold to Nation Field Limited pursuant to the share agreement dated 10th March 2005 entered into between Nation Field Limited, Paul Y. and Hanny. Mr. Gao Yang is beneficially interested in the entire issued share capital of Nation Field. Accordingly, he is deemed to be interested in the shares of the Company agreed to be acquired by Nation Field Limited under the SFO.

附註：

1. 陳國強博士(「陳博士」)擁有Chinaview全部權益，而Chinaview擁有Galaxyway Investments Limited(「Galaxyway」)全部權益。Galaxyway擁有德祥企業集團有限公司(「德祥企業」)超過三分之一全部已發行普通股本。德祥企業擁有ITC Investment Holdings Limited(「ITC Investment」)之全部權益，而ITC Investment則擁有Hollyfield Group Limited(「Hollyfield」)之全部權益。Hollyfield擁有保華集團有限公司(前稱保華德祥建築集團有限公司)(「保華」)超過三分之一全部已發行股本。保華擁有Paul Y. - ITC Investments Group Limited(「PYITCIG」)全部權益。PYITCIG擁有Great Decision Limited(「GDL」)全部權益，而GDL擁有Calisan全部權益。因此，GDL、PYITCIG、保華、Hollyfield、ITC Investment、德祥企業、Galaxyway、Chinaview及陳博士被視為於Calisan所持有之258,819,795股本公司股份中擁有權益。
2. 伍婉蘭女士為陳博士之配偶，被視為於Calisan所持有之258,819,795股本公司股份中擁有權益。
3. 威倫有限公司(「威倫」)由Powervote Technology Limited(「PTL」)全資擁有，而PTL則由Hanny Magnetics (B.V.I.) Limited(「Hanny Magnetics」)全資擁有。Hanny Magnetics由錦興集團有限公司(「錦興」)全資擁有。PTL、Hanny Magnetics及錦興被視為於威倫所持有之258,819,794股本公司股份中擁有權益。
4. 該270,000,000股本公司股份代表根據二零零五年三月十日Nation Field Limited、保華及錦興訂立之股份出售協議本公司同意售予Nation Field Limited之股份。高央先生實益擁有Nation Field Limited之全部已發行股本。因此，根據證券及期貨條例，彼被視為於Nation Field Limited同意收購之股份中擁有權益。

OTHER INFORMATION 其他資料

All the interests stated above represent long positions. As at 30th June, 2005, no short positions were recorded in the Register of Interests in Shares and Short Positions required to be kept under Section 336 of the SFO.

上述所有權益均代表好倉。於二零零五年六月三十日，根據證券及期貨條例第336條須予存置之股份權益及淡倉登記冊中，並無任何淡倉紀錄。

CONTINUING DISCLOSURE OBLIGATION

持續披露責任

(1) As at 30th June, 2005, the financial assistance given to the Company's affiliated companies by the Group to Wing On Travel (Holdings) Limited and its subsidiaries ("Wing On Group") amounted in aggregated to approximately HK\$147.64 million, representing more than 8% of the Company's market capitalization of approximately HK\$705.28 million as at 30th June, 2005 (the "Market Capitalisation").

(1) 於二零零五年六月三十日，本集團向本公司之聯營公司永安旅遊(控股)有限公司及其附屬公司(「永安集團」)提供之財政援助合計約147,640,000港元，佔本公司於二零零五年六月三十日約705,280,000港元市值(「市值」)8%以上。

Details of financial assistance given to the Company's affiliated companies as at 30th June, 2005:

本公司於二零零五年六月三十日向聯營公司提供之財政援助詳情如下：

Affiliated companies 聯營公司	Group's interest 本集團之權益 (%)	Principal Advances 所墊付之本金額 (million) (百萬)	Interest Rate Per annum 年利率	Note(s) 附註
Wing On Group 永安集團	27.74	HK\$32.20 32.20港元	Prime+2% 最優惠利率加兩厘	1
		HK\$59.31 59.31港元	Prime 最優惠利率	2
		HK\$50.38 50.38港元	Prime 最優惠利率	3
		Rmb5.54 人民幣5.54元	6% 六厘	1
		Rmb0.59 人民幣0.59元	Nil 無	4

Notes:

附註：

1. The advances are unsecured and repayable on 2nd January, 2006.
2. The advance is unsecured and mature on 29th January, 2005 and not yet being on demand.
3. The advances is unsecured and mature on 9th June, 2005 and not yet being on demand.
4. The advance is unsecured, interest free and has no fixed term of repayment.

1. 墊付乃無抵押及須於二零零六年一月二日償還。
2. 墊付乃無抵押及於二零零五年一月二十九日到期及未有按要求償還。
3. 墊付乃無抵押及於二零零五年六月九日到期及未有按要求償還。
4. 墊付乃無抵押、免息及無固定還款期。

OTHER INFORMATION 其他資料

(2) Pursuant to Rule 13.22 of the Listing Rules, the financial information of the affiliated companies and the Group's attributable interest in these affiliated companies based on their financial position as at 30th June, 2005 are presented below:

(2) 根據上市規則第13.22條，按照聯營公司於二零零五年六月三十日之財務資料，聯營公司之財務狀況及本集團應佔該等聯營公司之權益載列如下：

		Consolidated financial position as at 30.6.2005	The Group's attributable Interest
		於二零零五年 六月三十日之 綜合財務狀況 (HK\$'000) 千港元	本集團 應佔權益 (HK\$'000) 千港元
Non-current assets	非流動資產	2,233,936	619,694
Current assets	流動資產	686,798	190,517
Current liabilities	流動負債	(655,080)	(181,719)
Non-current liabilities	非流動負債	(894,280)	(248,073)
Minority interests	少數股東權益	<u>(407,978)</u>	<u>(113,173)</u>
Net assets	淨資產	<u>963,396</u>	<u>267,246</u>

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest. The Company has complied with the code provision of the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2005, except for the following deviations:

- Code Provision A.2.1. stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Dr. Chan Kwok Keung, Charles currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies.

企業管治常規守則

本公司致力維持高水平的企業管治，以提高透明度及更好地保障股東權益。本公司於截至二零零五年六月三十日止六個月一直遵守上市規則附錄十四所載企業管治常規守則（「守則」）之守則條款，惟以下各項除外：

- 守則條款A.2.1.規定主席及行政總裁的角色應予以區分及不應由一人兼任。本公司之主席及行政總裁目前由陳國強博士一人兼任。董事會相信一人兼任主席及行政總裁之職務可讓本集團擁有強勢貫徹之領導，並能更有效計劃及落實長遠之業務策略。

OTHER INFORMATION 其他資料

- Code Provision A.4.1. stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Independent non-executive directors of the Company do not have a specific term of appointment as subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company.
 - Code Provision E.1.2. stipulates that the chairman of the board should attend the annual general meeting. The Chairman was unable to attend the annual general meeting held on 29th June, 2005 as he had another engagement that was important to the business of the Company.
- 守則條款A.4.1.規定非執行董事應獲委任固定年期並須予重選。本公司之獨立非執行董事並未固定任期，彼等乃根據本公司之章程細則於股東週年大會上輪席退任及膺選連任。
 - 守則條款E.1.2.規定董事會之主席須親身出席股東週年大會。由於本公司主席須處理對本公司業務甚為重要之事務，故未能親身出席二零零五年六月二十九日舉行之股東週年大會。

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors have complied with the required standard set out in the Model Code as approved in Appendix 10 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the listed securities of the Company by the Company or its subsidiaries during the period.

AUDIT COMMITTEE

The audit committee of the Company comprises Mr. David Edwin Bussmann, Mr. Wong King Lam, Joseph and Mr. Sin Chi Fai who are Independent Non-Executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial report for the six months ended 30th June, 2005.

董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載之標準守則作為董事進行證券交易之標準守則。在作出一切具體查詢後，本公司全部董事均確認彼等已遵守上市規則附錄十所批准之標準守則所載之規定準則。

購買、出售或贖回上市證券

本公司及其附屬公司於期內概無購買、出售或贖回本公司上市證券。

審核委員會

本公司審核委員會由獨立非執行董事卜思問先生、黃景霖先生及冼志輝先生組成。審核委員會與管理層已審閱本集團所採用之會計準則及慣例，並商討審核、內部控制及財務匯報程序等事宜，其中包括審閱截至二零零五年六月三十日止六個月之未經審核中期財務報告。

REMUNERATION COMMITTEE

A remuneration committee was established by the Company on 23rd April, 2005, in accordance with the requirement of the Code. The Remuneration Committee, comprising one executive director and two independent non-executive directors, namely Dr. Yap, Allan, Mr. Wong King Lam, Joseph and Mr. Sin Chi Fai which meets once a year. The principal responsibilities of the remuneration committee include formulation of the remuneration policy, review and recommending to the Board the annual remuneration policy, and determination of the remuneration of the executive directors and members of the senior management. Remuneration and the employment contracts of new appointing directors have to be reviewed and approved by the remuneration committee. Compensation of removal or dismissal of directors has to be reviewed and approved by the remuneration committee in accordance with relevant contractual terms and any compensation payment is otherwise reasonable and appropriate.

By Order of the Board

Dr. Chan Kwok Keung, Charles

Chairman

Hong Kong, 21st September, 2005

薪酬委員會

本公司根據守則之規定於二零零五年四月二十三日成立薪酬委員會。薪酬委員會由一名執行董事及兩名獨立非執行董事組成；分別為Yap, Allan博士、黃景霖先生及冼志輝先生。薪酬委員會每年召開一次會議。薪酬委員會之主要職責包括制定薪酬政策、檢討並向董事會推薦建議年度薪酬政策，以及釐定執行董事及高級管理層成員之薪酬。新委任董事之薪酬及僱傭合同須經薪酬委員會審議及批准。董事被免職或罷免而獲發之賠償亦須經薪酬委員會按有關合同條款審議及批准，有關賠償亦須合理及恰當。

承董事會命

主席

陳國強博士

香港，二零零五年九月二十一日



中策集團有限公司

China Strategic Holdings Limited