



中國海澱集團有限公司
CHINA HAIDIAN HOLDINGS LIMITED

Interim Report
中期報告

2005



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Director

SIT Lai Hei

Independent Non-executive Directors

FUNG Tze Wa
KWONG Chun Wai, Michael
LI Qiang

QUALIFIED ACCOUNTANT

FONG Chi Wah

COMPANY SECRETARY

LAM Che Wah, Danny

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hongkong and Shanghai Banking
Corporation Limited
Jian Sing Bank Limited
Citic Ka Wah Bank Limited
Industrial Bank Co., Ltd.

公司資料

董事會

執行董事

韓國龍 (*主席*)
王少蘭 (*副主席*)
商建光 (*行政總裁*)
石濤
林代文

非執行董事

薛黎曦

獨立非執行董事

馮子華
鄭俊偉
李強

合資格會計師

方志華

公司秘書

林志華

核數師

安永會計師事務所

主要往來銀行

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

SHARE REGISTRARS

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

股份過戶登記處

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

BRANCH REGISTRARS

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

股份過戶登記分處

秘書商業服務有限公司
香港
灣仔
告士打道56號
東亞銀行港灣中心地下

REGISTERED OFFICE

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

註冊辦事處

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

PRINCIPAL OFFICE

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

主要辦事處

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

WEBSITE

<http://www.chinahaidian.com>

網站

<http://www.chinahaidian.com>

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “Board”) of China Haidian Holdings Limited (the “Company”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2005.

OPERATING RESULTS

For the six months ended 30 June 2005, the Group recorded an unaudited consolidated turnover of approximately HK\$314,369,000 (2004: HK\$149,347,000), representing an increase of HK\$165,022,000 compared with the corresponding period last year. Unaudited net loss from ordinary activities attributable to shareholders for the period was approximately HK\$26,775,000, representing an increase of HK\$9,467,000 from a loss of HK\$17,308,000 for the corresponding period last year. The increase was mainly attributable to the increase in the operating loss of Seti Timber Industry (Shenzhen) Company Limited (“Seti Timber”), a wholly-owned subsidiary of the Group, in the first half of the year.

管理層之討論及分析

中國海澱集團有限公司(「本公司」)董事會(「董事會」)謹此公佈本公司及其附屬公司(統稱「本集團」)截至二零零五年六月三十日止六個月之未經審核中期業績。

經營業績

截至二零零五年六月三十日止六個月，本集團錄得未經審核綜合營業額約314,369,000港元(二零零四年：149,347,000港元)，較去年同期上升165,022,000港元。本期間未經審核股東應佔一般業務虧損淨額約26,775,000港元，較去年同期虧損17,308,000元增加9,467,000港元。主要原因由於本集團之全資附屬公司森帝木業(深圳)有限公司(「森帝木業」)上半年之經營虧損增加。

BUSINESS REVIEW

Property Development Business

During the first half of the year, the PRC Government introduced a series of macro control policies on the property industry and consumers became more cautious when purchasing properties, which led to a slow-down of overall sales. Nevertheless, Beijing Jing Guan Property Development Co. Ltd. ("Beijing Jing Guan"), a wholly-owned subsidiary of the Group, actively adopted measures on its "Sunpalace Mercury Garden" development project to minimise the adverse impact of the Government's macro control policies. Such measures include enhancing the supervision of construction quality through strengthening implementation of site quality as one of its principal means of attracting consumers in the market on the construction front. On the operations front, we adopted aggressive marketing strategies, and proactively commenced in works for owner maintenance. As at 30 June 2005, out of a total of 815 units in six blocks, namely block nos. 1, 2, 3, 5, 6 and 7, of Sunpalace Mercury Garden, contracts for 788 units have been entered into, with sales rate reaching 96% and a total of approximately RMB800,290,000 has already been contracted for in respect of sales of properties. However, according to the new accounting standard, pre-completion contracts entered into after 31 December 2004 are not recognised until their completion. Residents of block nos. 3 and 5 have begun to move in since July 2005. During the period under review, Beijing Jing Guan was a major source of revenue for the Group.

業務回顧

房地產開發業務

二零零五年上半年，國家政府宏觀調控房地產行業一系列政策出臺，消費者購房持觀望心態，導致整體銷售勢頭減緩。但本集團之全資附屬公司北京京冠房地產開發有限公司（「北京京冠」）對開發之「太陽星城水星園」項目採取了積極應對措施，在工程方面，以抓好工程質量監督，通過強化樓盤施工品質作為吸引市場消費群的重要手法；在營銷方面，採取積極市場推廣策略，主動做好業主維護工作，儘量消除國家宏觀調控的不良影響。截至二零零五年六月三十日止，太陽星城水星園項目1、2、3、5、6、7號樓共計6個銷售樓盤815套房屋中，已完成簽約788套，銷售率已達96%，有關房地產銷售已簽合同共約人民幣800,290,000元。然而，根據新會計準則，於二零零四年十二月三十一日後訂立之未完工合同於完工後，方予確認。第3及5號樓已於二零零五年七月開始入住。在回顧期內，北京京冠為本集團主要收益來源。

Watches and Timepieces Business

During the period under review, operating results of EBOHR Luxuries International Company Limited (“EBOHR Luxuries”), a wholly-owned subsidiary of the Group, achieved a better result than that of the corresponding period last year. Despite the challenges and impacts on the distribution sales of domestically manufactured watches and timepieces brought about by imported watches and timepieces in the first half of the year, EBOHR Luxuries continued to actively improve its image and product quality, as well as launching new products, and adopted a series of effective product promotion and marketing strategies, and successfully helped to boost the distribution operations of EBOHR Luxuries, sales of franchisees and the group purchase businesses. At the same time, EBOHR Luxuries implemented a new evaluation system on its group purchase business, which injected a new driving force for the development of its group purchase business, as well as enhanced its competitiveness.

鐘錶業務

本集團之全資附屬公司依波精品（深圳）有限公司（「依波精品」）在回顧期內取得的經營業績比去年同期有所增長。國產手錶在代銷終端的銷售在上半年雖受到進口手錶的衝擊和影響，惟依波精品積極改善終端形象，提高產品內在質量，不斷推出新品種，並採取了一系列有效的產品促銷及宣傳推廣活動，為依波精品在代銷終端、加盟商的銷售以及在團購業務中起著良好的促進作用。同時，依波精品在團購業務上推行的新的考核機制，為團購業務的發展帶來了新的動力，增強了競爭優勢。

Timber Business

During the first half of 2005, under the PRC Government's macro control policies, rising prices of international crude oil, soaring material prices, and the increasingly intense market competition, operating environment of Seti Timber continued to be difficult. During the period under review, production and sales volumes of its major products, namely veneers, medium density fibre boards and technological woods, were both unsatisfactory, while prices of major raw and supplementary materials used in production continued to soar, together with the impact of rising transportation costs, resulted in an increasingly complicated environment in material supply, and directly led to an increase in production costs and a drop in production volume. Ultimately, performance of this business was unsatisfactory and recorded an operating loss during the period under review.

Property Investment

The factory complex in Dongguan, Guangdong Province, the PRC; the property on 2nd Lower Ground Floor, Jin Hua Building, Yan He South Road, Luohu District, Shenzhen and the office floor and three shop units on Xianghua Road, Zhuhai owned by the Group have all been used for leasing purposes, and continued to generate stable rental returns.

木材業務

二零零五年上半年，國家政府宏觀調控、國際原油價格不斷攀升、原材料價格持續高企及市場競爭日益激烈等因素，令森帝木業之經營環境持續困難，其主要產品膠合板、中纖板及科技木，在回顧期內的產量及銷售量均欠佳。但生產所需的主要原輔料價格卻持續上漲，加上運輸成本上升的影響，原料供應的困難在不斷增加，直接導致生產成本的增加和產量的縮減，最終於回顧期內錄得經營虧損，表現未如理想。

物業投資

本集團擁有位於中國廣東省東莞市的工廠綜合大樓、深圳市羅湖區沿河南路錦花大廈底層中層及位於珠海市香華路一層辦公樓及三個鋪位之物業均用作出租用途，其租金回報持續穩定。

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

As at 30 June 2005, the Group had an unpledged cash and bank balance of approximately HK\$308,424,000 (31 December 2004: HK\$186,826,000). As at 30 June 2005 and 31 December 2004, the Group's gearing ratio, calculated by bank and other loans to shareholders' equity was 71% and 68% respectively.

The Group's bank loans are all denominated in RMB. As at 30 June 2005, 9% of the Group's bank loans (amounting to HK\$31,783,000) are repayable within one year.

Charge on Assets

- (1) A bank loan of HK\$311,321,000 granted to Beijing Jing Guan is secured by the land use rights of the East Part of E Area, Taiyanggong New District, Chao Yang Qu, Beijing, the PRC held by Beijing Jing Guan.
- (2) Bank loans of HK\$28,302,000 and other banking facilities of Seti Timber are secured by a time deposit of approximately HK\$791,000 and a piece of land and together with the buildings erected thereon in Nanshan District, Shenzhen owned by the Group with net book value amounting to approximately HK\$121,403,000 as at 30 June 2005.
- (3) Time deposit of HK\$7,980,000 had been pledged for mortgage loan facilities granted by banks to buyers of the Group's properties under development.

財務狀況

流動資金、財務資源及資本結構

於二零零五年六月三十日，本集團的無抵押現金及銀行結餘約為308,424,000港元（二零零四年十二月三十一日：186,826,000港元）。於二零零五年六月三十日及於二零零四年十二月三十一日，本集團之資本負債率分別為71%及68%。資本負債率乃根據銀行與其他借貸相對股東權益計算。

本集團的銀行借貸均以人民幣計算。於二零零五年六月三十日，本集團9%（共31,783,000港元）之銀行借貸須於一年內償還。

資產抵押

- (1) 北京京冠向銀行貸款311,321,000港元，該貸款以北京京冠位於北京朝陽區太陽宮新區E區東部之土地使用權作抵押。
- (2) 森帝木業之28,302,000港元銀行貸款及其他銀行信貸以定期存款約791,000港元及本集團所擁有位於深圳市南山區於二零零五年六月三十日賬面淨值約121,403,000港元之土地及於其上興建之樓宇作抵押。
- (3) 定期存款7,980,000港元就本集團發展中物業之買方獲銀行按揭貸款作出抵押。

Capital Commitments

As at 30 June 2005, the Group had capital commitments of approximately HK\$202,648,000 mainly related to construction costs payable in respect of the Group's property development project in Beijing and the proposed acquisition of 21% equity interests in Beijing Haidian Science Park Development Co., Ltd.. The capital commitments will be satisfied by funds generated from the sales of properties and the Group's available cash.

Contingent Liabilities

During the year, the Group provided guarantees in favour of certain banks for mortgage loans granted by the banks to the buyers of the Group's properties under development to the extent of approximately HK\$289 million in aggregate. As at the balance sheet date, mortgages loans in aggregate of approximately HK\$156 million were utilised by the buyers of the Group's properties under development.

The Company had no material contingent liabilities as at the balance sheet date.

資本承擔

於二零零五年六月三十日，本集團之資本承擔約為202,648,000港元，主要涉及就本集團於中國北京市之物業發展項目所應付建築成本以及建議收購北京海澱科技園建設股份有限公司21%股本權益應付之代價。該資本承擔將由出售物業所得之資金與本集團可動用之現金支付。

或然負債

年內，本集團就其發展中物業之多名買方獲若干銀行授予之按揭貸款合共約289,000,000港元，向該等銀行提供擔保。截至結算日，本集團發展中物業之該等買方已動用合共約156,000,000港元之按揭貸款。

截至結算日，本公司並無重大或然負債。

FORMATION OF A JOINT VENTURE

On 27 April 2005, the Company entered into a conditional agreement with 冠城大通股份有限公司 (Citychamp Dartong Company Limited) (“Citychamp”) to form an equity joint venture, 福州大通機電有限公司 (Fuzhou Dartong M&E Co., Ltd.) (“Dartong”). Pursuant to the agreement, the Company shall invest a sum of RMB49,000,000 (equivalent to approximately HK\$46,200,000), for a 49% interests in the registered capital of Dartong. Dartong is principally engaged in the manufacture and sales of enamelled copper wires used in colour monitors, colour picture tube in televisions, frequency conversion machinery and air-conditioning compressors in the PRC. Since its accession to the World Trade Organisation, China has become the worldwide manufacturing and processing centre. Since enamelled copper wires are crucial to many electrical equipments such as power generators, machineries and transformers, demand for enamelled copper wires is strong. Furthermore, many international manufacturing enterprises have re-allocated their plants to the PRC in recent years which significantly increases the demand for enamelled copper wires in the PRC. Moreover, Citychamp and its subsidiaries have been engaged in the manufacture and sales of enamelled copper wires in the PRC for over 30 years, and are equipped with advanced technologies for the manufacture of enamelled copper wires. Accordingly, the Board is of the view that the formation of Dartong with Citychamp will present an excellent opportunity to the Group to capture the growth in the PRC’s enamelled copper wires industry. Dartong has commenced trial production in September 2005, and is anticipated to extend the Group’s source of revenue upon its commencement of production.

成立合營企業

本公司於二零零五年四月二十七日，與冠城大通股份有限公司（「冠城」）訂立有條件協議，於中國成立合營企業—福州大通機電有限公司（「大通」）。根據協議，本公司出資人民幣49,000,000元（約相當於46,200,000港元），持有大通49%註冊資本權益。大通之主要業務是在中國製造及銷售適用於電視彩色顯示幕及彩色影像管，以及變頻機及空調壓縮機之漆包銅線。中國自加入世界貿易組織後，已成為全球製造加工中心。由於該等銅線對發電機、機器、變壓器機許多電機相關設備極為重要，以致使漆包銅線之需求殷切。再加上近年來，多家國際製造企業將其廠房遷至中國，因此，中國對漆包銅線之需求龐大。此外，冠城及其附屬公司於中國一直從事漆包銅線製造及銷售業務超過30年，已具備生產漆包銅線之先進的技術。因此，董事會認為，與冠城成立大通，定必為本集團帶來把握中國漆包銅線業增長之良機。大通於二零零五年九月已進行試驗生產，預計在正式投入生產後將擴闊本集團收益來源。

PROSPECT

For the second half of 2005, the PRC Government will continue to maintain the stability and continuation of its macro control policies, while the PRC economy is expected to maintain stable growth, property demand in most regions will be in line with economic growth. Sales activities of the Sunpalace Mercury Garden project of Beijing Jing Guan will mainly be the leasing and sale of shop units of block no. 4 and the basement car parks and the sale of block no. 9. The Board believes that Beijing Jing Guan will continue to generate considerable revenue for the Group. In addition, the land and property development business of 北京海澱科技園建設股份有限公司 (Beijing Haidian Science Park Development Co., Ltd.), which the Group proposed to acquire 21% equity interest therein, will remain stable under the sustained growth of the Beijing property industry, and is anticipated to bring a stable source of investment income to the Group and play a major role in accelerating the development of the Group's PRC businesses.

展望

二零零五年下半年國家將繼續保持宏觀調控政策的穩定性和連續性，但中國經濟預期仍然平穩發展，大部分地區對房地產的需求與經濟增長率相符。北京京冠太陽星城水星園項目之銷售主要工作是4號樓商鋪租售和地下車庫的租售，9號樓銷售的有關工作正在進行。董事會相信北京京冠將繼續為本集團帶來可觀的收益。此外，本集團擬定收購21%權益之北京海澱科技園建設股份有限公司，其土地及房地產開發業務將在北京房地產業持續發展的帶動下平穩發展，亦可望為本集團帶來穩定的投資收入，並對加速本集團於中國之發展步伐具有重大意義。

In addition, in order to further expand the Group's property development business, Beijing Jing Guan acquired 80% equity interests in a company in the PRC, 北京鑫陽房地產開發有限公司 (Beijing Xinyang Real Estate Development Limited) ("Beijing Xinyang") in July 2005. The principal business of Beijing Xinyang is the reconstruction of old buildings on Guangqumen South Street, Chongwen District in Beijing. The project has a total planned site area of approximately 106,100 sq.m., and can be used for purposes such as offices, commercial and residential after reconstruction. Due to the superior location of the reconstruction project in the city district along Erhuan Road region of Beijing, where land supply is inadequate, as well as being adjacent to the Central Business District of Chaoyang, and situated in the tradition-rich Chongwen District of Beijing, the site has a geographical edge in being particularly suitable for the development of a Beijing-style project. Furthermore, the comprehensive urban and transportation facilities in the periphery also provide significant support to the development of the project. The Group is confident that as the PRC economy continues to grow, the income level of its residents will rise rapidly and accordingly their residential needs will continue to enhance. Driven by the PRC having become a member of the World Trade Organisation and the hosting of the forthcoming Olympics Games in 2008, growth potentials of the Beijing property market will be even more significant. Hence, the reconstruction project will build a strong foundation for the ongoing development of the Group's property development business as well as its future profitability.

此外，集團為進一步擴闊房地產開發業務，北京京冠於二零零五年七月購入國內一家公司－北京鑫陽房地產開發有限公司（「北京鑫陽」）80%股本權益。北京鑫陽主要從事其擁有位於北京市崇文區廣渠門南街之舊房改建項目，該項目之規劃總用地面積約106,100平方米。改建後之樓房可用作寫字樓、商業、住宅等用途。由於此改建項目地段之地理環境優越，其位於北京市土地稀缺之二環路沿線城區，且用地與朝陽中央商務區毗鄰。同時，項目用地屬於北京傳統意義的老城區崇文區，更具有開發符合北京風格項目的地理優勢，而且周邊城市及交通設施齊全，為項目的開發提供了巨大支持。本集團深信，隨著國內經濟持續發展，居民收入水平快速提高，居民對居住條件要求不斷提升；加上中國成為世貿組織成員及即將舉辦之二零零八年奧運會的帶動下，北京房地產的發展潛力將更為巨大。故此，該改建項目將為本集團之房地產開發業務持續發展及未來的盈利打下基礎。

In relation to its watches and timepieces business, products from overseas competitors will continue to flow into the PRC market, capturing a relative share of market, the operating environment for traditional domestic manufacturers of watches and timepieces will become more and more challenging. In addition, affected by rising materials costs, and the continuous competition from manufacturers in the industry, the focus of EBOHR Luxuries in the second half of the year will be to enhance its group purchase business, introduce new products to the market and negotiate with international brandnames for possible agency businesses, as well as continue to enhance the efficiency of new product developments and improve product quality and service standard, upgrade brand image and brand reputation, and to diversify its products (including developing new products for its "JUMBO" series) so as to maintain its quality and pricing competitiveness. The Group believes that under these strategies, sales of its watches and timepieces business will achieve greater growth compared to the first half of the year.

For the timber business, since it is unlikely that the external uncertainties would clear in the short future, the challenges and difficulties faced by Seti Timber will be equally severe as last year. The Board anticipates that its implementation of stringent cost control and product structure realignment strategies will achieve better efficiencies on the overall performance in the second half of 2005.

在鐘錶業務方面，海外競爭對手的产品將進入大陸的市場，並佔有一定份額，中國傳統的國產表的銷售將面臨日益強大的市場挑戰。此外，原料成本上漲的影響，以及各生產廠家之間的同業競爭將持續。就此，依波精品將以加強團購業務，打造新的品種投放市場及洽談國際品牌代理業務為下半年之工作重點。並將繼續在提高開發創新產品成功率，改善產品質量和提升服務水平，提升品牌形象，提高品牌美譽度方面的投入，走品牌差異化（包括開發「珍寶」新系列產品），保持質量和價格優勢。本集團相信鐘錶業務在此等策略的實施下，銷售可望整年較上年有較大的增長。

對於木材業務，外在不利因素的影響難以在短時間內消除，森帝木業下半年將面對與上年同樣嚴峻的挑戰和困難。董事會期望來自嚴格成本控制及重整產品結構策略實施，二零零五年下半年在整體表現將得到有效控制。

All in all, the Group has advanced a significant step towards diversification, and at the same time will continue to explore business opportunities so as to strengthen the foundation for ongoing growth as well as to provide fruitful returns for its shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2005, the Group has approximately 2,490 full-time staff in Hong Kong and the PRC. The remuneration packages offered to the employees are determined and reviewed on an arm's length basis with reference to the market condition and individual performance. The Group also provides other benefits to its employees, including year end double pay, medical insurance and retirement benefits, and incentive bonus are offered with reference to the Group's operating results and employees' individual performance. All employees of the Group in Hong Kong have joined the provident fund schemes.

INTERIM DIVIDEND

The Board has resolved not to distribute an interim dividend for the six months ended 30 June 2005 (2004: nil).

總括而言，本集團已為集團多元化發展踏出重要一步，同時將不斷尋覓商機以深化未來持續發展之基礎，為股東帶來理想回報。

僱員及薪酬政策

本集團於二零零五年六月三十日擁有香港及中國內地全職員工約2,490名。僱員之薪酬乃本著公平原則，參考市場情況及根據個別表現制定及檢討。本集團並為員工提供其他福利，包括：年終雙糧、醫療保險及退休福利，並視集團的經營業績及員工個人的工作表現給僱員發放獎金花紅。本集團在香港之全體僱員亦均已加入公積金計劃。

中期股息

董事會決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）。

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

董事及主要行政人員於股份及相關股份之權益及淡倉

As at 30 June 2005, the interests or short positions of the directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise 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 Issuers (the "Model Code"), were as follows:

於二零零五年六月三十日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條規定存置之登記冊所記錄，董事及主要行政人員於本公司或其相聯法團（定義見證券及期貨條例第XV部）之股本及相關股份中擁有或已根據上市發行人董事進行證券交易的標準守則（「標準守則」）知會本公司及香港聯合交易所有限公司（「聯交所」）之權益或淡倉如下：

Long positions in ordinary shares of the Company:

本公司普通股之好倉：

Name of director		Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
董事姓名		身份及權益性質	所持普通股數目	佔本公司已發行股本百分比
Hon Kwok Lung	韓國龍	Through a controlled corporation 透過受控制公司	625,393,515 (note) (附註)	40.48
Lam Suk Ying	林淑英	Through a controlled corporation 透過受控制公司	625,393,515 (note) (附註)	40.48

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

Note:

Mr. Hon Kwok Lung holds 50% and his wife, Ms. Lam Suk Ying holds 20% interests in Sincere View International Limited ("Sincere View") which is the controlling shareholder of the Company holding 625,393,515 shares of the Company.

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

Save as disclosed above, as at 30 June 2005, no person had registered an interest or short position in the shares and underlying shares 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.

董事及主要行政人員於股份及相關股份之權益及淡倉(續)

附註:

韓國龍先生及彼之妻子林淑英女士分別持有信景國際有限公司(「信景」)50%及20%權益,而該公司為本公司控股股東,持有本公司625,393,515股股份。

韓國龍先生及林淑英女士被視作於信景所持同一批625,393,515股股份中擁有權益。

除上文披露者外,於二零零五年六月三十日,概無任何人士於本公司或其任何相聯法團之股份及相關股份中擁有須根據證券及期貨條例第352條記錄之任何權益或淡倉,或須根據標準守則知會本公司及聯交所之任何權益或淡倉。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2005, the following persons hold interests of 5% or more of the issued share capital of the Company, as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long position:

Name of shareholder	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
股東名稱	身份及權益性質	所持普通股數目	佔本公司已發行股本百分比
Sincere View	信景 Directly beneficially owned 直接實益擁有	625,393,515	40.48

Save as disclosed above, as at 30 June 2005, no other person, other than those set out in the section headed "Directors' And Chief Executive's Interests And Short Positions in Shares And Underlying Shares" above, had registered an interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

主要股東於股份及相關股份之權益

於二零零五年六月三十日，按照本公司根據證券及期貨條例第336條存置之權益登記冊所記錄，下列人士持有本公司已發行股本5%或以上權益：

好倉：

除上文披露者外，於二零零五年六月三十日，除其權益載於上文「董事及主要行政人員於股份及相關股份之權益及淡倉」一節之人士外，概無任何人士於本公司股份及相關股份中登記擁有須根據證券及期貨條例第336條予以記錄之權益或淡倉。

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company complied with all the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2005, except with the details disclosed below:-

Code A.2.1

Code A.2.1 stipulates that the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company has clearly defined the division of duties and responsibilities between chairman and chief executive officer in writing, which was approved and adopted by the Board at the meeting held on 23 August 2005.

Code A.4.1

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive director of the Company, Ms. Sit Lai Hei ("Ms. Sit") and one of the independent non-executive directors of the Company, Mr. Li Qiang ("Mr. Li") had no fixed term of office prior to 23 August 2005, but retired from office on a rotational basis in accordance with the relevant provisions of the Company's Articles of Association.

To comply with the code A.4.1, Ms. Sit and Mr. Li were appointed for a specific term at the Board Meeting of the Company held on 23 August 2005 which shall continue until 17 November 2006, but subject to the rotation provision of the Company's Articles of Association and shall retire at least once every three years.

企業管治常規守則

董事認為，除以下詳盡披露者外，本公司於截至二零零五年六月三十日止六個月期間一直遵守聯交所證券上市規則（「上市規則」）附錄14載列之《企業管治常規守則》（「守則」）所有守則規定：

守則第A.2.1條

守則第A.2.1條訂明，主席與行政總裁之間職責分工應清楚界定並書面列載。本公司已書面清楚列載主席與行政總裁之間職責分工，並經董事會於二零零五年八月二十三日舉行之會議批准及採納。

守則第A.4.1條

守則第A.4.1條訂明，非執行董事應按指定任期委任，並須接受重新選舉。本公司非執行董事薛黎曦女士（「薛女士」）及本公司其中一名獨立非執行董事李強先生（「李先生」）之委任於二零零五年八月二十三日之前並無指定任期，惟須根據本公司之組織章程細則有關規定輪值告退。

為遵守守則第A.4.1條之規定，薛女士及李先生之委任在本公司於二零零五年八月二十三日舉行之董事會會議獲設指定任期，直至二零零六年十一月十七日為止，惟他們須根據本公司組織章程細則之規定輪值退任，並至少每三年告退一次。

Code A.5.4

Code A.5.4 stipulates that the board of directors should establish written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers for relevant employees in respect of their dealings in the securities of the Company. The Company has established written guidelines for the relevant employees in respect of their dealings in the securities of the Company and such guidelines were approved and adopted by the Board at a meeting held on 23 August 2005.

Code B.1.1 and C.3.3

Code B.1.1 stipulates the establishment of a remuneration committee with specific written terms of reference as set out in the code provision, and code C.3.3 stipulates that the terms of reference of the audit committee should include at least those duties as set out in the code provision.

At a board meeting of the Company held on 23 August 2005, a Remuneration Committee with specific written terms of reference has been established and the terms of reference of the Audit Committee has been revised in order to comply with the above code provision.

Code D.1.2

Code D.1.2 stipulates that an issuer should formalise the functions reserved to the board and those delegated to management. The Company has clearly set out in writing the respective functions and responsibilities reserved to the board of directors and those delegated to management, which were approved and adopted by the Board at a meeting held on 23 August 2005.

守則第A.5.4條

守則第A.5.4條訂明，董事會須就本公司有關僱員買賣本公司證券設定書面指引，指引內容應該不比上市發行人董事進行證券交易的《標準守則》寬鬆。本公司已就有關僱員買賣本公司證券設定書面指引，有關指引已由董事會於二零零五年八月二十三日舉行之會議批准及採納。

守則第B.1.1條及C.3.3條

守則第B.1.1條訂明，本公司須按守則條文所載規定，設立具特定成文權責範圍之薪酬委員會；而守則第C.3.3條則訂明，審核委員會之職權範圍須至少包括守則條文內所列職責。

在本公司於二零零五年八月二十三日舉行之董事會會議上，本公司設立具特定成文權責範圍之薪酬委員會，而審核委員會之職權範圍亦作出修訂，以遵守上述守則條文之規定。

守則第D.1.2條

守則第D.1.2條訂明，發行人須正式確定留存董事會之職能及轉授管理層之職能。本公司已書面清晰列明留存董事會及轉授管理層之各自職能及責任，並由董事會於二零零五年八月二十三日舉行之會議批准及採納。

Code E.1.2

Code E.1.2 stipulates that the chairman of the board of directors should attend the annual general meeting of the Company. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 27 May 2005 because of a business trip outside Hong Kong.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2005.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") on 23 August 2005 in compliance with the Listing Rules, terms of reference of which have been adopted by the Board of the Company are consistent with the requirements of the Code on Corporate Governance Practices. The Remuneration Committee currently comprises three independent non-executive directors, Mr. Fung Tze Wa (the Chairman of the Committee), Dr. Kwong Chun Wai, Michael and Mr. Li Qiang, the Chairman of the Board, Mr. Hon Kwok Lung and the Chief Executive Officer, Mr. Shang Jianguang.

守則第E.1.2條

守則第E.1.2條訂明，董事會主席須出席股東週年大會。董事會主席由於出差香港境外，因而未能出席本公司於二零零五年五月二十七日舉行之股東週年大會。

董事進行證券交易之標準守則

本公司已採納標準守則作為本公司董事買賣本公司證券之操守準則。按向本公司董事作出之特定查詢，董事在截至二零零五年六月三十日止六個月均一直遵照標準守則載列的規定準則。

薪酬委員會

本公司於二零零五年八月二十三日根據上市規則成立薪酬委員會（「薪酬委員會」）。本公司董事會就薪酬委員會所採納之職權範圍與企業管治常規守則一致。現有之薪酬委員會成員包括三名獨立非執行董事馮子華先生（委員會主席）、鄭俊偉博士、李強先生及董事會主席韓國龍先生及行政總裁商建光先生。

AUDIT COMMITTEE

The audit committee comprises the three existing independent non-executive directors of the Company. The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2005.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

APPRECIATION

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

BY ORDER OF THE BOARD

Hon Kwok Lung

Chairman

Hong Kong, 23 September 2005

審核委員會

審核委員會由本公司現時三名獨立非執行董事組成。本公司審核委員會已審閱本集團採納的會計原則及慣例及討論內部監控及財務報告事宜，包括審閱截至二零零五年六月三十日止六個月的未經審核中期財務報表。

購回、出售或贖回股份

本公司或其任何附屬公司於回顧期間內概無購買、出售或贖回本公司任何上市股份。

致意

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

承董事會命

主席

韓國龍

香港，二零零五年九月二十三日

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2005

簡明綜合損益表

截至二零零五年六月三十日止六個月

		For the six months ended 30 June		
		截至六月三十日止六個月		
		2005	2004	
		二零零五年	二零零四年	
		(Unaudited)	(Unaudited)	
		(未經審核)	(未經審核)	
Notes		HK\$'000	HK\$'000	
附註		港幣千元	港幣千元	
TURNOVER	營業額	4	314,369	149,347
Cost of sales	銷售成本		(271,668)	(113,353)
Gross profit	毛利		42,701	35,994
Other revenue	其他收入	4	2,779	3,851
Selling and distribution costs	銷售及分銷成本		(27,920)	(21,032)
Administrative expenses	行政費用		(30,062)	(25,514)
Other operating expenses, net	其他經營費用淨額		(1,688)	(5,242)
LOSS FROM OPERATING ACTIVITIES	經營虧損	5	(14,190)	(11,943)
Finance costs	財務費用	6	(1,216)	(3,889)
LOSS BEFORE TAX	除稅前虧損		(15,406)	(15,832)
Tax	稅項	7	(11,369)	(1,476)
LOSS FOR THE PERIOD	本期間虧損		(26,775)	(17,308)
Attributable to:	以下人士應佔:			
Equity holders of the parent	母公司股本持有人		(26,775)	(17,308)
Minority interests	少數股東權益		-	-
			(26,775)	(17,308)
LOSS PER SHARE	每股虧損			
Basic	基本	9	HK(1.73) cents 港仙	HK(1.12) cents 港仙
Diluted	攤薄		N/A 不適用	N/A 不適用

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2005

簡明綜合資產負債表

二零零五年六月三十日

		30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核)	31 December 2004 二零零四年 十二月三十一日 (Restated) (重列)
	Notes 附註	HK\$'000 港幣千元	HK\$'000 港幣千元
NON-CURRENT ASSETS			
Fixed assets:			
Property, plant and equipment	10	173,671	229,810
Investment properties		37,771	84,971
Prepaid land lease payments	10	52,845	54,225
Goodwill		4,816	4,816
Interests in associates		-	-
Available-for-sale investments	11	30,812	-
Investment securities		-	20,240
Long term investments		-	3,477
Properties under development	12	39,861	61,503
Prepayments and deposits	13	86,512	2,626
Deferred tax assets		1,000	1,000
		427,288	462,668
CURRENT ASSETS			
Properties under development	12	259,022	289,102
Inventories	14	106,740	95,295
Trade receivables	15	29,728	17,480
Securities held at fair value through profit or loss		23,403	-
Short term investments		-	12,792
Prepayments, deposits and other receivables	13	84,364	68,539
Pledged deposits	16	8,771	4,845
Cash and cash equivalents	16	308,424	186,826
		820,452	674,879
CURRENT LIABILITIES			
Trade payables	17	157,554	89,989
Deposits received from customers		157,216	91,516
Other payables and accruals		95,740	91,881
Tax payable		12,818	16,896
Interest-bearing bank and other borrowings, secured	18	31,783	28,269
Due to related companies		-	3,374
		455,111	321,925

**CONDENSED CONSOLIDATED
BALANCE SHEET (continued)**

30 June 2005

簡明綜合資產負債表 (續)

二零零五年六月三十日

		30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核)	31 December 2004 二零零四年 十二月三十一日 (Restated) (重列)
	Notes 附註	HK\$'000 港幣千元	HK\$'000 港幣千元
NET CURRENT ASSETS	流動資產淨值	365,341	352,954
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	792,629	815,622
NON-CURRENT LIABILITIES	非流動負債		
Interest-bearing bank and other borrowings, secured Due to an associate	有抵押計息銀行及 其他借貸 應付一間聯營公司欠款	18 311,321 -	310,959 3,649
		311,321	314,608
		481,308	501,014
CAPITAL AND RESERVES	資本及儲備		
Equity attributable to equity holders of the parent	母公司股本持有人 應佔股本		
Issued capital	已發行股本	154,483	154,483
Reserves	儲備	19 324,704	344,410
		479,187	498,893
Minority interests	少數股東權益	2,121	2,121
		481,308	501,014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

簡明綜合股權變動報表

截至二零零五年六月三十日止六個月

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2005	2004
		二零零五年	二零零四年
		(Unaudited)	(Restated)
		(未經審核)	(重列)
		HK\$'000	HK\$'000
		港幣千元	港幣千元
	Notes		
	附註		
Total equity at beginning of period:	期初之股本總額:		
As previously reported as equity	早前呈報為股本	498,893	487,400
As previously reported separately as minority interests	早前個別呈報為少數股東權益	2,121	9,246
		501,014	496,646
Opening adjustment	期初調整	(2,925)	–
As restated	重列	498,089	496,646
Changes in equity during the period:	本期股本變動:		
Exchange realignments	匯兌調整	19 (22)	(23)
Changes in fair values of available-for-sale investments	可出售投資公平值之變動	19 10,016	–
Net income recognised directly in equity	直接於股本確認之收益淨額	508,083	496,623
Loss for the period	本期間虧損	19 (26,775)	(17,308)
Total equity at end of period	期末之股本總額	481,308	479,315

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2005

簡明綜合現金流量表

截至二零零五年六月三十日止六個月

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2005	2004
		二零零五年	二零零四年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		港幣千元	港幣千元
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	經營業務之現金流入／ (流出)淨額	123,376	(71,014)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	投資業務之現金 流出淨額	(7,623)	(106,938)
NET CASH INFLOW FROM FINANCING ACTIVITIES	融資活動之現金流入 淨額	9,614	32,447
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物之 增加／(減少)淨額	125,367	(145,505)
Cash and cash equivalents at beginning of period	於期初之現金及現金 等價物	183,057	320,342
CASH AND CASH EQUIVALENTS AT END OF PERIOD	於期末之現金及 現金等價物	308,424	174,837
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物 結餘之分析		
Cash and bank balances	現金及銀行結存	83,109	174,837
Non-pledged time deposits with original maturity of less than three months when acquired	取得時原訂到期日為 三個月內之無抵押 定期存款	225,315	-
		308,424	174,837

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2005

簡明綜合中期財務報表附註

二零零五年六月三十日

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2004, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period’s financial statements:

(a) *HKAS 17 “Leases”*

In prior periods, leasehold land and buildings held for own use were stated at cost less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Group’s leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group’s leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from fixed assets to prepaid land lease payments, while leasehold buildings continue to be classified as part of fixed assets. Prepaid land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in fixed assets.

1. 編製基準及會計政策

簡明綜合中期財務報表乃根據香港會計準則（「香港會計準則」）第34號「中期財務報告」編製。編製中期財務報表採納之會計政策及編製基準與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用者貫徹一致，惟有關以下影響本集團及於本期間財務報表首次採納之新訂及經修訂香港財務申報準則（「香港財務申報準則」，亦包括香港會計準則及詮釋）之變動除外：

(a) *香港會計準則第17號「租賃」*

於過往期間，持作自用之租賃土地及樓宇乃按成本減累積折舊及任何減值虧損列賬。

於採納香港會計準則第17號後，本集團於土地及樓宇之租賃權益獨立分類為租賃土地及租賃樓宇。本集團之租賃土地分類為經營租賃，原因為土地之業權預期於租賃期結束前不會轉移至本集團，並由固定資產重新分類至預付土地租賃款項，而租賃樓宇則繼續分類為固定資產其中部分。經營租賃項下預付土地租賃款項初步按成本列賬，其後按租期以直線基準攤銷。倘租賃款項未能於土地及樓宇部分可靠分配，全部租賃款項會計入土地及樓宇成本，列作固定資產之融資租賃。

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(a) HKAS 17 "Leases" (continued)

This change in accounting policy has had no material effect on the condensed consolidated profit and loss account and accumulated losses. The comparatives on the condensed consolidated balance sheet for the year ended 31 December 2004 have been restated to reflect the reclassification of leasehold land.

(b) HKAS 32 "Financial instruments: Disclosure and presentation" and HKAS 39 "Financial instruments: Recognition and measurement"

In prior periods, the Group classified certain of its investments in equity securities as investment securities and long term investments, which were held for non-trading purpose and were stated at cost, and the Group's share of the investee company's net asset value at the time of its reclassification from a subsidiary to a long term investment in the prior period, respectively, less any impairment losses.

Upon the adoption of HKAS 32 and HKAS 39, these securities are classified as available-for-sale investments. Available-for-sale investments are those non-derivative investments in listed and unlisted equity securities that are designated as available-for-sale or are not classified in any of the other categories of financial assets as defined in HKAS 39. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

1. 編製基準及會計政策 (續)

(a) 香港會計準則第17號「租賃」(續)

是項會計政策變動對簡明綜合損益表及累積虧損並無任何重大影響。截至二零零四年十二月三十一日止年度之簡明綜合資產負債表比較數字已重列，以反映租賃土地之重新分類。

(b) 香港會計準則第32號「金融工具：披露及呈報」及香港會計準則第39號「金融工具：確認及計量」

於過往期間，本集團將若干股本證券投資分類為投資證券及持作非買賣用途之長期投資，長期投資按成本減任何減值虧損列賬，而本集團於重新分類時應佔被投資公司之資產淨值由一家附屬公司分類為前期長期投資。

於採納香港會計準則第32號及香港會計準則第39號後，該等證券分類為可出售投資。可出售投資乃指定作可出售或不歸類為香港會計準則第39號所界定任何其他類別金融資產之上市及非上市股本證券之非衍生工具投資。經初步確認後，可出售投資按公平值計量，有關收益或虧損會確認為獨立股本部分，直至有關投資售出、收回或以其他方式出售或直至投資獲釐定出現減值，於此情況下，早前於股本呈報之累積收益或虧損會於損益表列賬。

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(b) HKAS 32 "Financial instruments: Disclosure and presentation" and HKAS 39 "Financial instruments: Recognition and measurement" (continued)

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and option pricing models.

When the fair value of unlisted equity securities cannot be reliably measured because (1) the variability in the range of reasonable fair value estimates is significant for that investment, or (2) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost.

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale investment is impaired as a result of one or more events that occurred after the initial recognition of the assets ("loss events"), and that the loss event has an impact on the estimated future cash flows that can be reliably estimated.

If there is objective evidence of impairment, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the profit and loss account. The amount of the loss recognised in the profit and loss account shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale investment previously recognised in the profit and loss account.

1. 編製基準及會計政策 (續)

(b) 香港會計準則第32號「金融工具：披露及呈報」及香港會計準則第39號「金融工具：確認及計量」(續)

於有系統金融市場交投活躍之投資之公平值會參考於結算日營業時間結束時所報市場買入價計算。就無活躍市場之投資而言，公平值乃按估值法計算。有關估值法包括採用近期公平磋商之市場交易；參考大致相同之工具現行市價；及貼現現金流量分析法及期權訂價模式。

倘因(1)公平值合理估計變數對該投資而言屬重大；或(2)未能合理評估多項用作估計公平值之估計項目之可能性而未能可靠計算非上市股本證券之公平值，則有關證券會按成本列賬。

本集團於各結算日評估有否存在任何客觀證據顯示可出售投資因一項或多項於初次確認資產後發生之事項（「虧損事項」）出現減值，而該虧損事項影響估計未來現金流量，並能可靠估計。

倘有客觀證據顯示出現減值，於股本直接確認之累積虧損將自股本刪除及於損益表確認。於損益表確認之虧損款額為收購成本與現有公平值之差額，減早前於損益表確認之可出售投資之任何減值虧損。

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(b) HKAS 32 “Financial instruments: Disclosure and presentation” and HKAS 39 “Financial instruments: Recognition and measurement” (continued)

The effects of the above changes are summarised in the note 2 to the condensed consolidated interim financial statements. In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

In addition, certain investments in equity securities held for trading purposes were classified in prior periods as short term investments and were stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual investment basis. Upon the adoption of HKAS 32 and HKAS 39, these investments are classified as securities held at fair value through profit or loss. There has been no material change in accounting treatments for these investments and accordingly no effect on the condensed consolidated profit and loss account and accumulated losses as a result of this reclassification.

(c) HKAS 40 “Investment property”

In prior periods, changes in the fair values of investment properties were dealt with as movements in the investment property revaluation reserve. If the total of this reserve was insufficient to cover a deficit, on a portfolio basis, the excess of the deficit was charged to the profit and loss account. Any subsequent revaluation surplus was credited to the profit and loss account to the extent of the deficit previously charged.

1. 編製基準及會計政策 (續)

(b) 香港會計準則第32號「金融工具：披露及呈報」及香港會計準則第39號「金融工具：確認及計量」(續)

上述變動之影響概述於簡明綜合中期財務報表附註2。按照香港會計準則第39號之過渡條文，比較數字未有重列。

此外，若干持作買賣之股本證券投資於過往期間歸類為短期投資，並按個別投資基準，以於結算日所報市價，按公平值列賬。採納香港會計準則第32號及香港會計準則第39號後，此等投資歸類為所持按公平值計入溢利或虧損之證券。此等投資之會計處理方法並無重大變動，故重新分類對簡明綜合損益表及累積虧損並無影響。

(c) 香港會計準則第40號「投資物業」

於過往期間，投資物業公平值之變動列作投資物業重估儲備變動處理。倘按組合基準計算，該儲備總額不足以補償虧絀，剩餘之虧絀自損益表扣除。其後任何重估盈餘則以早前所扣除虧絀為限，計入損益表。

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(c) HKAS 40 "Investment property" (continued)

Upon the adoption of HKAS 40, gains or losses arising from changes in the fair values of investment properties are included in the profit and loss account in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit and loss account in the year of the retirement or disposal.

The adoption of HKAS 40 has had no material impact on the condensed consolidated profit and loss account and accumulated losses.

Investment property is now presented separately on the face of the balance sheet. Comparative amount has been reclassified to conform with the current period's presentation.

(d) HKFRS 3 "Business combinations" and HKAS 36 "Impairment of assets"

In prior periods, goodwill arising on acquisitions prior to 1 January 2001 was eliminated against consolidated capital reserve in the year of acquisition and was not recognised in the consolidated profit and loss account until disposal or impairment of the acquired business.

Goodwill arising on acquisitions on or after 1 January 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment. Negative goodwill was carried in the balance sheet and was recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets, except to the extent it related to expectations of future losses and expenses that were identified in the acquisition plan and that could be measured reliably, in which case, it was recognised as income in the consolidated profit and loss account when the future losses and expenses were recognised.

1. 編製基準及會計政策 (續)

(c) 香港會計準則第40號「投資物業」(續)

採納香港會計準則第40號後，投資物業公平值變動所產生損益會計入有關損益產生年度之損益表。廢棄或出售投資物業之損益則於廢棄或出售年度之損益表確認。

採納香港會計準則第40號對簡明綜合損益表及累積虧損並無重大影響。

投資物業現於資產負債表個別呈列。比較數字已重新分類，以符合本期之呈列方式。

(d) 香港財務申報準則第3號「業務合併」及香港會計準則第36號「資產減值」

於過往期間，因於二零零一年一月一日前之收購所產生商譽於收購年度之綜合資本儲備對銷，於所收購業務出售或減值前不會於綜合損益表確認。

於二零零一年一月一日或之後之收購所產生商譽撥充資本，並於其估計可使用年期以直線法攤銷，且須於出現減值跡象時檢測減值。負商譽於資產負債表列賬，並於所收購可折舊／可攤銷資產之餘下平均可使用年期，按有系統基準於綜合損益表確認，惟倘有關負商譽與已於收購計劃中識別之預計未來虧損及開支有關，且能可靠計算則除外，於該情況下，負商譽於確認未來虧損及開支時於綜合損益表確認為收入。

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(d) HKFRS 3 “Business combinations” and HKAS 36 “Impairment of assets” (continued)

Upon the adoption of HKFRS 3 and HKAS 36, goodwill arising on acquisitions is no longer amortised but subject to annual impairment review or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

The transitional provisions of HKFRS 3 have required the Group to eliminate at 1 January 2005 the carrying amounts of accumulated amortisation with a corresponding entry to the cost of goodwill. Goodwill previously eliminated against consolidated reserve remains eliminated against consolidated reserve and is not recognised in the profit and loss account when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates become impaired.

The effects of the above changes are summarised in note 2 to the condensed consolidated interim financial statements. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

(e) HK Interpretation 3 “Revenue – Pre-completion contracts for the sale of development properties”

Properties under development are stated at cost which includes all development expenditure, interest charges and other costs directly attributable to such properties.

1. 編製基準及會計政策 (續)

(d) 香港財務申報準則第3號「業務合併」及香港會計準則第36號「資產減值」(續)

採納香港財務申報準則第3號及香港會計準則第36號後，收購產生之商譽不再攤銷，惟須每年檢測減值或倘出現顯示賬面值可能減值之事項或變動時經常進行檢測。任何已確認之商譽減值虧損不會於往後期間撥回。

香港財務申報準則第3號之過渡條文規定，本集團須於二零零五年一月一日撤銷累積攤銷賬面值，並於商譽成本作出相應入賬。早前於綜合儲備對銷之商譽，繼續於綜合儲備對銷，倘出售全部或部分與商譽有關之業務或倘與商譽有關之現金產生單位出現減值，則不會於損益表確認商譽。

上述變動之影響概述於簡明綜合中期財務報表附註2。按照香港財務申報準則第3號之過渡條文，比較數字未有重列。

(e) 香港詮釋3「收益－銷售發展物業之完工前合約」

發展中物業按成本列賬，成本包括所有開發支出、利息支出及該等物業直接應佔之其他成本。

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(e) *HK Interpretation 3 "Revenue – Pre-completion contracts for the sale of development properties" (continued)*

Properties under development which have been sold prior to completion ("pre-sold") on or before 31 December 2004 are stated at cost plus attributable profits less any foreseeable losses, and deposits and instalments received. The total estimated profit of such properties is apportioned over the entire period of construction to reflect the progress of the development. On this basis, profit recognised on the pre-sold portion of the properties is calculated by reference to the proportion of construction costs incurred up to the balance sheet date, to the estimated total construction costs to completion, but is limited to the amount of sales deposits and instalments received and with due allowance for contingencies.

HK Interpretation 3, which is effective for the pre-completion contracts for sale of development properties entered into on or after 1 January 2005, generally requires revenue from the sale of properties to be recognised when the significant risks and rewards of ownership of the properties have been transferred to the buyers and the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties sold, which is usually at the time when the Group has no further substantial acts to complete under the contracts.

The Group has not applied HK Interpretation 3 retrospectively to pre-completion contracts for the sale of development properties entered into before 1 January 2005 in these condensed consolidated interim financial statements. Should the Interpretation be adopted retrospectively in these interim financial statements, the turnover and cost of sales for the sale of properties for the period would be amounted to approximately HK\$163,240,000 and HK\$122,212,000, respectively.

1. 編製基準及會計政策 (續)

(e) 香港詮釋3「收益－銷售發展物業之完工前合約」(續)

於二零零四年十二月三十一日或之前在完工前售出之發展中物業(「預售」)，按成本加應佔溢利減任何可預見虧損與所收按金及分期款項後列賬。該等物業之估計溢利總額會按整個建築期間分配，以反映發展進度。按此基準，就物業預售部分確認之溢利乃參考截至結算日已產生之建築成本相對直至完工估計總建築成本之比例計算，惟限於所收銷售按金以及分期款項，並就或然項目作出適當撥備。

香港詮釋3適用於二零零五年一月一日或之後訂立有關銷售發展物業之完工前合約，一般規定銷售物業所得收益須於物業擁有權之重大風險及回報轉移至買方，且本集團不再涉及其一般與擁有權相關之管理或對所售出物業擁有實際控制權之情況下確認，一般為本集團根據合約再無須予採取之重大行動時。

本集團並無於此等簡明綜合中期財務報表對於二零零五年一月一日前訂立有關銷售發展物業之完工前合約追溯應用香港詮釋3。倘該詮釋於此中期財務報表追溯應用，則期內銷售物業之營業額及銷售成本應分別約為163,240,000港元及122,212,000港元。

2. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

(i) Effect on opening balance of total equity at 1 January 2005

Opening adjustment:
HKAS 39 – Available-for-sale investments

期初調整：
香港會計準則第39號
— 可出售投資

Increase in accumulated losses
累積虧損增加
HK\$'000
港幣千元

Note
附註

1(b) 2,925

(ii) Effect on loss after tax for the six months ended 30 June 2005 (estimated)

HKFRS 3 – Amortisation of goodwill

香港財務申報準則第3號
— 商譽攤銷

Decrease in loss after tax
除稅後虧損減少
HK\$'000
港幣千元

292

Decrease in loss per share: 每股虧損減少：

Basic 基本

HK0.02 cent港仙

Diluted 攤薄

N/A不適用

There has been no effect on the loss after tax for the six months ended 30 June 2004 as a result of the adoption of new and revised HKFRSs as set out in note 1 above.

採納上文附註1所載新訂及經修訂香港財務申報準則對截至二零零四年六月三十日止六個月之除稅後虧損並無影響。

2. 會計政策變動之影響概要

(i) 對二零零五年一月一日期初股本總額結餘之影響

(ii) 對截至二零零五年六月三十日止六個月除稅後虧損之影響(預計)

3. SEGMENT INFORMATION

The Group's segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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

- (a) property development;
- (b) manufacture and distribution of watches and timepieces;
- (c) manufacture and distribution of timber products;
- (d) property investment; and
- (e) corporate and others segment, comprising corporate income and expense items and other businesses.

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

3. 分類資料

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

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

- (a) 物業發展；
- (b) 製造及分銷鐘錶及時計產品；
- (c) 製造及分銷木材產品；
- (d) 物業投資；及
- (e) 公司及其他分類，包括公司收支項目及其他業務。

於釐定本集團之地區分類時，收入乃按客戶所在地計入有關分類。

3. SEGMENT INFORMATION (continued)

(a) Business segments

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

3. 分類資料(續)

(a) 業務分類

下表呈列本集團按業務分類之收入及溢利／(虧損)。

	Watches and timepieces 鐘錶及時計產品		Property investment 物業投資		Property development 物業發展		Timber products 木材產品		Corporate and others 公司及其他		Consolidated 綜合		
	Six months ended 30 June 截至六月三十日 止六個月		Six months ended 30 June 截至六月三十日 止六個月		Six months ended 30 June 截至六月三十日 止六個月		Six months ended 30 June 截至六月三十日 止六個月		Six months ended 30 June 截至六月三十日 止六個月		Six months ended 30 June 截至六月三十日 止六個月		
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	
	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	
Segment revenue:	分類收入:												
Sales to external customers	向外界客戶銷售												
Interest income	利息收入												
Other revenue	其他收入												
	56,006	51,648	1,939	1,928	158,487	-	95,438	94,951	447	-	312,317	148,527	
	75	160	-	-	1,519	405	22	110	436	145	2,052	820	
	122	2	-	5	-	-	2,092	3,755	565	89	2,779	3,851	
Total	56,203	51,810	1,939	1,933	160,006	405	97,552	98,816	1,448	234	317,148	153,198	
Segment results	5,005	856	97	(2,213)	15,197	155	(19,682)	(2,728)	(14,807)	(8,013)	(14,190)	(11,943)	
Finance costs	財務費用											(1,216)	(3,889)
Loss before tax	除稅前虧損											(15,406)	(15,832)
Tax	稅項											(11,369)	(1,476)
Net loss for the period	期內虧損淨額											(26,775)	(17,308)

3. SEGMENT INFORMATION (continued)

(b) Geographical segments

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

3. 分類資料(續)

(b) 地區分類

下表呈列本集團按地區分類之收入。

	Hong Kong 香港		Elsewhere in the PRC 中國其他地區		Consolidated 綜合	
	Six months ended 30 June 截至六月三十日止六個月		Six months ended 30 June 截至六月三十日止六個月		Six months ended 30 June 截至六月三十日止六個月	
	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 港幣千元	2004 二零零四年 (Unaudited) (未經審核) HK\$'000 港幣千元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 港幣千元	2004 二零零四年 (Unaudited) (未經審核) HK\$'000 港幣千元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 港幣千元	2004 二零零四年 (Unaudited) (未經審核) HK\$'000 港幣千元
Segment revenue:	分類收入：					
Sales to external customers	向外界客戶銷售					
Interest income	利息收入					
	23,222	23,889	289,095	124,638	312,317	148,527
	436	145	1,616	675	2,052	820
Total turnover	總營業額					
Other revenue	其他收益					
	23,658	24,034	290,711	125,313	314,369	149,347
	565	-	2,214	3,851	2,779	3,851
Total revenue	總收益					
	24,223	24,034	292,925	129,164	317,148	153,198

4. TURNOVER AND REVENUE

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, an appropriate proportion of revenue from sales of properties under development, interest income and rental income received and receivable.

An analysis of turnover and other revenue is as follows:

4. 營業額及收入

營業額乃指扣除退貨及貿易折扣後之售出貨品發票淨值、出售發展中物業所得收入之適當比例，以及已收及應收利息收入及租金收入。

營業額及其他收入之分析如下：

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2005	2004
		二零零五年	二零零四年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Turnover	營業額		
Sale of goods	貨品銷售	150,670	146,598
Sale of properties	物業銷售	158,487	–
Gross rental income	租金收入總額	3,160	1,929
Interest income	利息收入	2,052	820
		<hr/>	<hr/>
		314,369	149,347
		<hr/>	<hr/>
Other revenue	其他收入		
PRC value-added tax refund	中國增值稅退稅	864	3,225
Dividend income from listed investments	上市投資之股息收入	170	–
Others	其他	1,745	626
		<hr/>	<hr/>
		2,779	3,851
		<hr/>	<hr/>
		317,148	153,198
		<hr/>	<hr/>

5. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities was arrived at after charging/(crediting) the following:

Depreciation	折舊
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷
Gain on disposal of fixed assets	出售固定資產收益
Provision for inventories	存貨撥備
Amortisation of goodwill	商譽攤銷

6. FINANCE COSTS

Interests on bank and other loans wholly repayable within five years
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5. 經營虧損

本集團之經營虧損已扣除／(計入)下列各項：

For the six months ended 30 June	
截至六月三十日止六個月	
2005	2004
二零零五年	二零零四年
(Unaudited)	(Restated)
(未經審核)	(重列)
HK\$'000	HK\$'000
港幣千元	港幣千元
10,065	11,408
1,380	1,543
(1,563)	(39)
7,534	3,298
-	292

6. 財務費用

For the six months ended 30 June	
截至六月三十日止六個月	
2005	2004
二零零五年	二零零四年
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
HK\$'000	HK\$'000
港幣千元	港幣千元
1,216	3,889

須於五年內悉數償還銀行及其他貸款之利息

7. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2004: Nil). The subsidiaries established in the PRC are subject to income taxes at tax rates ranging from 15% to 33%. Certain of the Company's subsidiaries established in the PRC enjoyed income tax exemptions and reductions, in accordance with the relevant tax rules and regulations in the PRC.

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

7. 稅項

由於本集團於期內並無於香港產生任何應課稅溢利，故並無就香港利得稅作出撥備（二零零四年：無）。在中國成立之附屬公司須按15%至33%稅率繳納所得稅。根據中國有關稅務規則及規定，本公司若干於中國成立之附屬公司可享有所得稅豁免及扣減等優惠。

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

For the six months ended 30 June

截至六月三十日止六個月

2005	2004
二零零五年	二零零四年
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
HK\$'000	HK\$'000
港幣千元	港幣千元

Current – PRC corporate income tax 即期－中國企業所得稅	11,369	1,476
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8. DIVIDEND

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

9. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss attributable to the equity holders of the parent for the period of HK\$26,775,000 (2004: HK\$17,308,000), and the 1,544,831,000 (2004: 1,544,831,000) ordinary shares in issue during the period.

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

8. 股息

董事並不建議就截至二零零五年六月三十日止六個月派付任何中期股息（二零零四年：無）。

9. 每股虧損

每股基本虧損乃按照本期間母公司股本持有人應佔虧損淨額26,775,000港元（二零零四年：17,308,000港元）及本期間已發行普通股1,544,831,000股（二零零四年：1,544,831,000股）計算。

由於期內並無出現攤薄事件，故並無披露每股攤薄虧損。

10. FIXED ASSETS AND PREPAID LAND LEASE PAYMENTS

During the period, the Group disposed of certain of its leasehold properties and investment properties with aggregate carrying value of approximately HK\$93 million for a cash consideration of approximately HK\$93 million.

At the balance sheet date, the Group's leasehold buildings and prepaid land lease payments with carrying values of HK\$121,403,000 in aggregate situated in Mainland China were pledged to secure certain banking facilities granted to the Group (note 18).

At the balance sheet date, the Group has not yet obtained the title certificates for certain of its leasehold land and buildings situated in Shenzhen, Guangdong Province, Mainland China with a net book value of approximately HK\$19,087,000. As confirmed by the Group's legal advisors and the Company's directors, the Group has obtained the right to use the land and buildings legally and can obtain the relevant title certificates through making applications to the relevant government authorities.

At the balance sheet date, the Group had an investment property (the "Dongguan Property") located in Dongguan, Guangdong Province of the PRC, with a carrying amount of HK\$22,600,000. The Group has not yet obtained the relevant title certificate for the Dongguan Property. As confirmed by the Group's legal advisors, the Group is the rightful and equitable owner of the Dongguan Property.

11. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments consist of investments in listed ordinary shares and therefore have no fixed maturity date or coupon rates. The gain from changes in fair values of listed equity investments during the period of HK\$10,016,000 had been credited to the opening investment revaluation reserve (note 19) during the period.

The Group's unlisted equity investments are stated at cost because their fair values could not be reliably measured as at the balance sheet date.

10. 固定資產及預付土地租賃款項

期內，本集團以現金代價約93,000,000港元售出其賬面總值約93,000,000港元之若干租賃物業及投資物業。

於結算日，本集團位於中國大陸賬面值合共121,403,000港元之租賃樓宇及預付土地租賃款項已就本集團所獲授若干銀行融資作抵押（附註18）。

於結算日，本集團尚未取得其位於中國大陸廣東省深圳若干租賃土地及樓宇之擁有權證，該等土地及樓宇之賬面淨值約為19,087,000港元。本集團之法律顧問及本公司董事已確認，本集團已取得合法使用該等土地及樓宇之權利，並可透過向有關政府機構提出申請以取得相關擁有權證。

於結算日，本集團位於中國廣東省東莞市之投資物業（「東莞物業」）之賬面值為22,600,000港元。本集團之東莞物業尚未取得有關擁有權證。本集團法律顧問確認，本集團為東莞物業之合法權益擁有人。

11. 可出售投資

可出售投資包括上市普通股投資，故並無固定到期日或票面息率。期內上市股本投資公平值變動之收益10,016,000港元已計入期內之期初投資重估儲備（附註19）。

本集團之非上市股本投資按成本列賬，原因為無法可靠計算其於結算日之公平值。

12. PROPERTIES UNDER DEVELOPMENT

12. 發展中物業

		30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2004 二零零四年 十二月三十一日 HK\$'000 港幣千元
Cost*	成本*	658,263	504,868
Add: Attributable profits on pre-sale of properties	加: 應佔預售物業之溢利	140,903	68,958
Less: Progress instalments received	減: 已收進度分期付款項	(500,283)	(223,221)
		298,883	350,605
Less: Portion classified as current assets	減: 列作流動資產之部分	(259,022)	(289,102)
Non-current assets	非流動資產	39,861	61,503

* Included interest capitalised amounted to HK\$27,396,000 (31 December 2004: HK\$17,413,000).

* 包括撥充資本之利息27,396,000港元(二零零四年十二月三十一日: 17,413,000港元)。

The properties under development are situated in Beijing, Mainland China. The plot of land (the "Land") where the Group's properties under development were erected were pledged to a bank for a bank loan of approximately HK\$311 million as at 30 June 2005, which is repayable in January 2007.

發展中物業位於中國北京。本集團於其上建設發展中物業之土地(「土地」)已就於二零零五年六月三十日為數約311,000,000港元之銀行貸款，向一家銀行抵押，該筆貸款須於二零零七年一月償還。

Properties under development which have been pre-sold on or before 31 December 2004 are stated at cost plus attributable profits less any foreseeable losses and deposits and instalments received. During the period, the Group has adopted HK Interpretation 3 to the pre-completion contracts for the sale of development properties entered into on or after 1 January 2005. Further details of the accounting treatments are set out in note 1(e).

於二零零四年十二月三十一日或之前預售之發展中物業，乃按成本加應佔溢利減任何可預見虧損及訂金與分期付款項列賬。期內，本集團就於二零零五年一月一日或之後訂立有關銷售發展物業之完工前合約採納香港詮釋3。有關該等會計處理方法進一步詳情載於附註1(e)。

Deposits received from buyers of the Group's properties under development in respect of which no profit has been recognised were carried as a current liability at the balance sheet date.

就本集團發展中物業向買家收取而其溢利未予確認之訂金於結算日列作流動負債。

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

13. 預付款項、按金及其他應收款

		30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2004 二零零四年 十二月三十一日 HK\$'000 港幣千元
Deposits	按金		
– Joint venture (Note (i))	– 合營企業 (附註(i))	46,528	–
– Associate (Note (ii))	– 聯營公司 (附註(ii))	37,845	–
– Others	– 其他	1,621	1,562
		85,994	1,562
Prepayments	預付款項	51,117	39,577
Other receivables	其他應收款	33,765	30,026
		170,876	71,165
Less: Portion classified as current assets	減：列作流動資產部分	(84,364)	(68,539)
Non-current portion	非流動部分	86,512	2,626

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes:

- (i) On 27 April 2005, the Company entered into a conditional agreement with Citichamp Dartong Company Limited, an entity established in Mainland China, for the establishment of Fuzhou Dartong M&E Co., Ltd., an equity joint venture company registered in the Mainland China. Pursuant to the agreement, the Company will contribute 49% of the registered capital of Fuzhou Dartong M&E Co., Ltd. As at the balance sheet date, the Company has paid RMB49 million (equivalent to approximately HK\$46.5 million) for the purpose of capital contribution to the joint venture company. Fuzhou Dartong M&E Co., Ltd. will be principally engaged in the manufacturing and sale of enameled copper wires in the PRC.
- (ii) On 29 November 2004, the Company and one of its wholly-owned subsidiaries, Beijing Jian Guan Property Development Company Limited, (collectively the "Acquirers"), entered into agreements (the "Provisional Agreements") with Beijing Haikai Real Estate Group Company, and Commercial Facility Construction and Managing Company of Haidian District of Beijing (collectively the "Vendors"), two companies established in the Mainland China and independent to the Group, whereby the Acquirers agreed to conditionally acquire from the Vendors a 21% equity interest in Beijing Haidian Science Park Development Co., Ltd. ("Beijing Haidian"), a company established in Mainland China, at an aggregate cash consideration of RMB133,560,000 (approximately HK\$126,000,000).

During the period, the Group paid a refundable deposit of approximately HK\$38 million in respect of the proposed acquisition of the 21% equity interests in Beijing Haidian. Such proposed acquisition has not yet been completed at the date of these condensed consolidated interim financial statements.

13. 預付款項、按金及其他應收款 (續)

附註：

- (i) 於二零零五年四月二十七日，本集團與冠城大通股份有限公司訂立有條件協議，於中國成立在中國註冊之股本合營企業福州大通機電有限公司。根據該協議，本公司將向福州大通機電有限公司註冊資本注資49%。於結算日，本公司已支付人民幣49,000,000元（約相當於46,500,000港元），以向該合營公司注資。福州大通機電有限公司主要業務將為於中國製造及銷售漆包銅線。
- (ii) 於二零零四年十一月二十九日，本公司及其全資附屬公司北京冠房地產開發有限公司（合稱「收購方」）與兩家獨立於本集團、於中國成立之公司北京海開房地產集團公司及北京市海澱區商業設施建設經營公司（合稱「賣方」）訂立協議（「臨時協議」），據此，收購方同意按現金總代價人民幣133,560,000元（約126,000,000港元）有條件自賣方收購於中國大陸成立之公司北京海澱科技園建設股份有限公司（「北京海澱」）21%股本權益。

期內，本集團就建議收購北京海澱21%股本權益支付可退回訂金約38,000,000港元。於此等綜合中期財務報表日期，該項建議收購尚未完成。

14. INVENTORIES

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

14. 存貨

	30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核)	31 December 2004 二零零四年 十二月三十一日
	HK\$'000 港幣千元	HK\$'000 港幣千元
	32,560	23,901
	15,796	12,809
	58,384	58,585
	106,740	95,295

15. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. Trade debtors with balances that are more than three months overdue are required to settle all outstanding balances before any further credit is granted.

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

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

15. 應收賬款

除新客戶一般需要預先付款外，本集團與其客戶訂立之買賣條款主要按所訂信貸期繳款，而信貸期一般為期一個月，主要客戶可獲延長至最多三個月。每名客戶設有信貸上限。逾期三個月以上之應收賬款結餘，須於獲授出任何進一步信貸前清還所有未償還餘額。

應收賬款於結算日按發票日期及扣除減值後之賬齡分析如下：

	30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核)	31 December 2004 二零零四年 十二月三十一日
	HK\$'000 港幣千元	HK\$'000 港幣千元
	28,849	13,601
	527	3,683
	-	29
	352	167
	29,728	17,480

16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

16. 現金及現金等價物及已抵押存款

		30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核)	31 December 2004 二零零四年 十二月三十一日
		HK\$'000 港幣千元	HK\$'000 港幣千元
Time deposits with banks	在銀行之定期存款	234,086	135,472
Cash and bank balances	現金及銀行結存	83,109	56,199
		317,195	191,671
Less: Deposits pledged for short term bank loans (note 18)	減：就短期銀行貸款抵押之存款 (附註18)	(8,771)	(4,845)
		308,424	186,826

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$279,192,000 (31 December 2004: HK\$128,453,000). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於結算日，本集團以人民幣（「人民幣」）為單位之現金及銀行結存合共約為279,192,000港元（二零零四年十二月三十一日：128,453,000港元）。人民幣不得自由兌換為其他貨幣，然而，根據中國外匯管理及結匯、售匯及付匯管理規定，本集團可在獲授權進行外匯業務之銀行將人民幣兌換為其他貨幣。

17. TRADE PAYABLES

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

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

17. 應付賬款

應付賬款於結算日按發票日期之賬齡分析如下:

30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2004 二零零四年 十二月三十一日 HK\$'000 港幣千元
139,688	80,372
1,452	2,670
3,121	1,193
13,293	5,754
157,554	89,989

18. INTEREST-BEARING BANK AND OTHER BORROWINGS, SECURED

Bank loans repayable:	須於以下年期償還 之銀行貸款:
Within one year	一年內
In the third to fifth years, inclusive	第三至第五年 (包括首尾兩年)

Other loan repayable within
one year

Portion classified as current
liabilities

Long term portion

18. 有抵押計息銀行及其他借貸

30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2004 二零零四年 十二月三十一日 HK\$'000 港幣千元
28,302	28,269
311,321	310,959
339,623	339,228
3,481	-
343,104	339,228
(31,783)	(28,269)
311,321	310,959

18. INTEREST-BEARING BANK AND OTHER BORROWINGS, SECURED (continued)

The Group's other loan was secured by the assets of a subsidiary, bore interest at 8% per annum and repayable within one year.

As at the balance sheet dates, the Group's bank loans were secured by:

- (i) the pledge of the Group's time deposits amounting to approximately HK\$8,771,000 (note 16);
- (ii) a legal charge over the Group's prepaid land lease payments and leasehold buildings situated in Mainland China with net book value amounting to approximately HK\$121,403,000 (note 10); and
- (iii) a legal charge over the Land (note 12).

18. 有抵押計息銀行及其他借貸(續)

本集團其他貸款乃以一家附屬公司之資產作抵押，該等貸款按年息率8厘計息，須於一年內償還。

於結算日，本集團之銀行貸款以下列各項作抵押：

- (i) 本集團約8,771,000港元之定期存款之抵押(附註16)；
- (ii) 本集團賬面淨值約121,403,000港元位於中國大陸之預付土地租賃款項及租賃樓宇之法定押記(附註10)；及
- (iii) 土地之法定押記(附註12)。

19. RESERVES

19. 儲備

	Share premium account	Goodwill arising on consolidation 綜合 賬目時所 產生之商譽	Statutory reserves 法定儲備	Investment revaluation reserve 投資重估 儲備	Exchange fluctuation reserves 外匯 波動儲備	Accumulated losses 累積虧損	Total 總額	
	(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Restated) (重列)	(Restated) (重列)	
	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	
At January 2004	於二零零四年 一月一日	677,882	(15,300)	6,191	-	358	(336,214)	332,917
Exchange realignment	匯兌調整	-	-	-	-	(23)	-	(23)
Loss for the period	本期間虧損	-	-	-	-	-	(17,308)	(17,308)
At 30 June 2004	於二零零四年 六月三十日	<u>677,882</u>	<u>(15,300)</u>	<u>6,191</u>	<u>-</u>	<u>335</u>	<u>(353,522)</u>	<u>315,586</u>
At January 2005	於二零零五年 一月一日	677,882	(15,300)	10,620	-	478	(329,270)	344,410
As previously reported	如前呈報	677,882	(15,300)	10,620	-	478	(329,270)	344,410
Opening adjustment: HKAS 39 - Available-for-sale investment	期初調整: 香港會計準則第39號 - 可供出售投資	-	-	-	-	-	(2,925)	(2,925)
As restated, after opening adjustment	期初調整後重列	677,882	(15,300)	10,620	-	478	(332,195)	341,485
HKAS 39 - Revaluation of available-for-sale investments	香港會計準則第39號 - 重估可供出售投資	-	-	-	10,016	-	-	10,016
Exchange realignment	匯兌調整	-	-	-	-	(22)	-	(22)
Loss for the period	本期間虧損	-	-	-	-	-	(26,775)	(26,775)
At 30 June 2005	於二零零五年 六月三十日	<u>677,882</u>	<u>(15,300)</u>	<u>10,620</u>	<u>10,016</u>	<u>456</u>	<u>(358,970)</u>	<u>324,704</u>

19. RESERVES (continued)

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

20. CONTINGENT LIABILITIES

During the period, the Group provided guarantees in favour of certain banks for mortgage loans granted by the banks to the buyers of the Group's properties under development to the extent of approximately HK\$289 million in aggregate. As at the balance sheet date, mortgage loans in aggregate of approximately HK\$156 million were utilised by the buyers of the Group's properties under development.

The Company had no material contingent liabilities as at the balance sheet date.

19. 儲備 (續)

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

20. 或然負債

期內，本集團就若干銀行向本集團發展中物業之買家授出之按揭貸款，向該等銀行作出擔保合共約289,000,000港元。於結算日，本集團發展中物業之買家已動用按揭貸款當中合共約156,000,000港元。

於結算日，本公司並無任何重大或然負債。

21. COMMITMENTS

As at the balance sheet date, the Group and the Company had the following commitments:

21. 承擔

於結算日，本集團及本公司有下列承擔：

	Group 本集團		Company 本公司	
	30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2004 二零零四年 十二月三十一日 (Unaudited) (未經審核) HK\$'000 港幣千元	30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2004 二零零四年 十二月三十一日 (Unaudited) (未經審核) HK\$'000 港幣千元
Authorised, but not contract for:				
Construction works in respect of properties under development	79,934	159,123	-	-
	79,934	159,123	-	-
Contracted but not provided for:				
Acquisition of an associate	88,200	126,000	63,000	90,000
Construction works in respect of properties under development	34,514	93,808	-	-
	122,714	219,808	63,000	90,000
	202,648	378,931	63,000	90,000

22. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group also had the following material transactions with related parties during the year:

Commission fees paid	支付佣金費用
Rental income received	收取租金收入
Interest expenses paid	支付利息開支

22. 有關連人士交易及關連交易

(a) 除本財務報表其他部分所詳列之交易及結餘外，本集團於年內曾與有關連人士進行以下重大交易：

For the six months ended 30 June 截至六月三十日止六個月

	2005 二零零五年 Notes 附註	2004 二零零四年 HK\$'000 港幣千元
(i)	3,295	4,524
(ii)	447	-
(iii)	-	436
	3,742	4,960

Notes:

- (i) The commission fees were paid to a real estate agent (the "Agent"), in which a director of the Company had an equity interest, for services provided in respect of the sale of the Group's properties under developments. The directors considered that the commission rate was comparable to commission rate charged by other real estate agents.
- (ii) During the period from 1 January 2005 to 30 June 2005, the Group received rental income from Citichamp (Holdings) Limited, a company beneficially owned by Mr. Hon Kwok Lung, Ms. Lam Suk Ying and Mr. Lam Toi Man.
- (iii) During the period from 1 January 2004 to 25 March 2004, being the date China Everbright Holdings Company Limited ("CEH") ceased to be the substantial shareholder of the Company, the Group paid interest expense of HK\$436,000 to China Everbright Bank Company Limited, a subsidiary of CEH.

附註：

- (i) 有關佣金費用乃就銷售本集團發展中物業所提供服務向一家本公司一名董事持有股本權益之房地產代理（「代理」）支付。董事認為，有關佣金比率與其他房地產代理收取者相若。
- (ii) 於二零零五年一月一日至二零零五年六月三十日期間，本集團向由韓國龍先生、林淑英女士及林代文先生實益擁有之公司 Citichamp (Holdings) Limited 收取租金收入。
- (iii) 於二零零四年一月一日至中國光大集團有限公司（「光大集團」）終止為本公司主要股東之日二零零四年三月二十五日止期間，本集團向光大集團附屬公司中國光大銀行有限公司支付利息開支 436,000 港元。

23. POST BALANCE SHEET EVENTS

The Group has the following significant post balance sheet events:

- (i) On 4 August 2005, the Company proposed a capital reduction scheme pursuant to which the share premium account of the Company of HK\$677,882,577 will be utilised to offset against the accumulated losses of the Company. The capital reduction scheme is subject to the approval by the shareholders of the Company at an extraordinary general meeting to be held on 29 September 2005.
- (ii) On 9 August 2005, the Group disposed of certain of its available-for-sale investment of HK\$27,331,000 for a cash consideration of HK\$30,500,000.
- (iii) In July 2005, the Group acquired an 80% equity interest of Beijing Xinyang Real Estate Development Limited ("Beijing Xinyang"). The principal business of Beijing Xinyang is property development. On 11 August 2005, Beijing Xinyang paid approximately RMB193 million (equivalent to approximately HK\$182 million), before related expenses, for the land use right of a piece of land situated in Guang Qu Men, Beijing. Following the completion of the relevant acquisition procedures, the land parcel, with gross floor area of approximately 106,100 square meters, will be developed into commercial complex, residential estates and community facilities.

24. APPROVAL OF THE INTERIM FINANCIAL REPORT

The condensed interim financial statements were approved and authorised for issue by the board of directors on 23 September 2005.

23. 結算日後事項

本集團於結算日後進行以下重大事項：

- (i) 於二零零五年八月四日，本公司提出建議股本削減計劃。據此，本公司股份溢價賬中677,882,577港元將用作抵銷本公司之累積虧損。股本削減計劃須獲本公司股東在將於二零零五年九月二十九日舉行之股東特別大會批准。
- (ii) 於二零零五年八月九日，本集團按現金代價30,500,000港元出售其若干可出售投資27,331,000港元。
- (iii) 於二零零五年七月，本集團收購北京鑫陽房地產開發有限公司（「北京鑫陽」）80%股本權益。北京鑫陽之主要業務為物業發展。於二零零五年八月十一日，北京鑫陽就取得位於北京廣渠門一幅地塊之土地使用權支付扣除相關開支前款項約人民幣193,000,000元（約相當於182,000,000港元）。有關購入手續辦妥後，該建築面積約106,100平方米之地塊將發展成為商業綜合大樓、住宅屋苑及社區設施。

24. 通過中期財務報告

董事會已於二零零五年九月二十三日通過及授權刊發簡明中期財務報表。

