



中策集團有限公司
China Strategic Holdings Limited

(於香港註冊成立之有限公司) 上市編號: 0235
(Incorporated in Hong Kong with limited liability) Stock code: 0235

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INDEPENDENT INTERIM REVIEW REPORT 獨立中期審閱報告**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)

Introduction

We have been instructed by China Strategic Holdings Limited (“the Company”) to review the interim financial report of the Company and its subsidiaries (“the Group”) set out on pages 4 to 34.

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.

致中策集團有限公司董事會
(於香港註冊成立之有限公司)**引言**

本核數師行受中策集團有限公司(「貴公司」)委託審閱 貴公司及其附屬公司(「貴集團」)載於第4至第34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(「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」及其他有關規定編製。編製中期財務報告乃董事之責任，並已由董事審批。

本核數師行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。本核數師行並不就本報告之內容向任何其他人士承擔或負上任何責任。

INDEPENDENT INTERIM REVIEW REPORT 獨立中期審閱報告

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, 2006.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26th September, 2006

審閱工作

本核數師行之審閱工作是按照香港會計師公會頒佈之核數準則第700號「審閱中期財務報告之委聘」進行。審閱範圍主要包括對集團管理層作出查詢及運作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及審核資產、負債與交易活動）。由於審閱之工作範圍遠較審核工作少，因此只能提供較審工作為低之可靠程度。因此，本核數師行不會對中期財務報告作出審核意見。

審閱結論

本核數師行之審閱工作有別於審核，而基於審閱結果，本核數師行並不察覺須對截至二零零六年六月三十日止六個月之中期財務報告作出任何重大修改。

德勤•關黃陳方會計師行
執業會計師
香港
二零零六年九月二十六日

CONDENSED CONSOLIDATED INCOME STATEMENT**簡明綜合收益表**

For the six months ended 30th June, 2006 截至二零零六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	
		2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元
		(unaudited) (未經審核)	(unaudited and restated) (未經審核 及重列)
Continuing operations	持續經營業務		
Turnover	營業額	4	16,326
Cost of sales	銷售成本		17,267
			(12,408)
Gross profit	毛利		4,879
Other income	其他收入	5	24,894
Distribution costs	分銷成本		(966)
Administrative expenses	行政支出		(19,706)
Other expenses	其他支出	6	(13,914)
Change in fair value of conversion option of an unlisted convertible note	非上市可換股票據之換股選擇權公平值之變動		-
Gain on disposal of interests in an associate	出售一間聯營公司權益之收益		(39,743)
Loss on dilution of interests in an associate	攤薄一間聯營公司權益之虧損		-
Share of results of associates	所佔聯營公司之業績		(65,762)
Finance costs	融資成本		12,172
			(7,114)
Loss before taxation	稅前虧損	7	(44,789)
Taxation	稅項	8	3
			(433)
Loss for the period from continuing operations	持續經營業務所得期間虧損		(44,786)
			(93,548)
Discontinued operation	已終止經營業務		
Loss for the period from discontinued operation	已終止經營業務所得期間虧損	9	(9,818)
			-
Loss for the period	期間虧損		(54,604)
			(93,548)
Attributable to:	應佔:		
Equity holders of the parent	母公司股權持有人		(33,801)
Minority interests	少數股東權益		(20,803)
			(54,604)
			(93,548)
Dividend	股息	10	1,179,307
			-
			HK cents
			港仙
Loss per share	每股虧損	11	
From continuing and discontinued operations:	持續及已終止經營業務所得:		
- Basic	- 基本		(7.7)
			(18.5)
- Diluted	- 攤薄		N/A 不適用
			N/A 不適用
From continuing operations:	持續經營業務所得:		
- Basic	- 基本		(5.5)
			(18.5)
- Diluted	- 攤薄		N/A 不適用
			N/A 不適用

CONDENSED CONSOLIDATED BALANCE SHEET

簡明綜合資產負債表

At 30th June, 2006 於二零零六年六月三十日

			30.6.2006	31.12.2005	
			二零零六年	二零零五年	
			六月三十日	十二月三十一日	
	NOTES		HK\$'000	HK\$'000	
	附註		千港元	千港元	
			(unaudited)	(restated)	
			(未經審核)	(重列)	
Non-Current Assets		非流動資產			
Property, plant and equipment		物業、廠房及設備	12	28,832	125,957
Prepaid lease payments		預支租約付款		27,467	27,763
Goodwill		商譽		25,807	34,930
Interests in associates		於聯營公司之權益	13	–	558,738
Available-for-sale investments in securities		可供出售證券投資	14	56,943	117,919
Deposit paid for acquisition of interest in properties		收購物業權益 支付之按金	15	–	55,716
			139,049	921,023	
Current Assets		流動資產			
Other asset		其他資產	16	–	229,288
Inventories		存貨		12,810	12,409
Trade receivables		應收貿易賬款	17	6,318	4,773
Prepaid lease payments		預支租約付款		620	620
Amounts due from associates		應收聯營公司款項	18	4,774	159,214
Loans and interest receivables		應收貸款及利息	19	–	464,232
Other receivables, deposits and prepayments		其他應收款項、按金 及預付款項	20	5,905	42,909
Investments in securities held for trading		持作買賣證券投資	14	7,575	7,552
Available-for-sale investments in securities		可供出售證券投資	14	4,925	–
Pledged bank deposit		已抵押銀行存款		1,056	1,036
Bank balances and cash		銀行結餘及現金		2,972	115,813
			46,955	1,037,846	

CONDENSED CONSOLIDATED BALANCE SHEET**簡明綜合資產負債表**

At 30th June, 2006 於二零零六年六月三十日

			30.6.2006	31.12.2005
			二零零六年	二零零五年
			六月三十日	十二月三十一日
	NOTES		HK\$'000	HK\$'000
	附註		千港元	千港元
			(unaudited)	(restated)
			(未經審核)	(重列)
Current Liabilities		流動負債		
Trade payables, other payables and accrued charges		應付貿易賬款、其他應付款項及應計費用	21	26,645
Payables		應付款項		56,159
Amounts due to related companies		應付關連公司款項	22	3,352
Amount due to an associate		應付一間聯營公司款項		3,379
Income tax payable		應付所得稅		200,287
Bank and other borrowings		銀行及其他借款		-
			1,130	13,387
			8,767	8,627
			45,551	282,125
Net Current Assets		流動資產淨值	1,404	755,721
Total Assets less Current Liabilities		總資產減流動負債	140,453	1,676,744
Non-Current Liabilities		非流動負債		
Amount due to an associate		應付一間聯營公司款項	22	4,145
Deferred tax liabilities		遞延稅項負債		-
			4,145	21,175
			4,145	21,175
Total Assets less Liabilities		總資產減負債	136,308	1,655,569
Capital and Reserves		資本及儲備		
Share capital		股本	23	44,080
Reserves		儲備		88,160
Equity attributable to equity holders of the parent		母公司股權持有人應佔權益		91,901
Minority interests		少數股東權益		1,237,154
			135,981	1,325,314
			327	330,255
Total Equity		總權益	136,308	1,655,569

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 簡明綜合權益變動報表

For the six months ended 30th June, 2006 截至二零零六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	Investment revaluation reserve	Exchange reserve	Other non-distributable reserves	(Deficit) Retained profit	Total	Minority interests	Total
		股本	股份溢價	特別資本儲備	資本贖回儲備	投資重估儲備	匯兌儲備	其他不可分派儲備	保留溢利	總額	少數股東權益	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, 2005 as originally stated	於二零零五年一月一日·原先呈列	88,160	1,900,916	414,881	233	-	(9,967)	18,598	(1,011,072)	1,401,749	317,551	1,719,300
Effects of changes in accounting policies (note 3)	會計政策變動之影響 (附註3)	-	-	-	-	(19,397)	-	-	19,397	-	-	-
At 1st January, 2005 as restated	於二零零五年一月一日·重列	88,160	1,900,916	414,881	233	(19,397)	(9,967)	18,598	(991,675)	1,401,749	317,551	1,719,300
Exchange adjustment	匯兌調整	-	-	-	-	-	(2,309)	-	-	(2,309)	(1,802)	(4,111)
Gains (losses) on available-for-sale investments in securities (note 3)	可供出售證券投資之收益(虧損) (附註3)	-	-	-	-	2,174	-	-	-	2,174	(187)	1,987
Share of net reserves movement of associates	所佔聯營公司儲備變動淨額	-	-	-	-	-	-	20,944	-	20,944	16,999	37,943
Net income (expense) recognised directly in equity	直接於權益確認收入(開支)淨額	-	-	-	-	2,174	(2,309)	20,944	-	20,809	15,010	35,819
Loss for the period	期間虧損	-	-	-	-	-	-	-	(81,501)	(81,501)	(12,047)	(93,548)
Total recognised income (expense) for the period	期間已確認收入(開支)總額	-	-	-	-	2,174	(2,309)	20,944	(81,501)	(60,692)	2,963	(57,729)
Arising on acquisition of subsidiaries	因收購附屬公司而產生	-	-	-	-	-	-	-	-	-	2,574	2,574
At 30th June, 2005	於二零零五年六月三十日	88,160	1,900,916	414,881	233	(17,223)	(12,276)	39,542	(1,073,176)	1,341,057	323,088	1,664,145
Exchange adjustment	匯兌調整	-	-	-	-	-	1,546	-	-	1,546	775	2,321
(Losses) gains on available-for-sale investments in securities (note 3)	可供出售證券投資之(虧損)收益 (附註3)	-	-	-	-	(42,501)	-	-	-	(42,501)	716	(41,785)
Share of net reserves movement of associates	所佔聯營公司儲備變動淨額	-	-	-	-	-	-	(1,416)	-	(1,416)	(1,162)	(2,578)
Net (expense) income recognised directly in equity	直接於權益確認(開支)收入淨額	-	-	-	-	(42,501)	1,546	(1,416)	-	(42,371)	329	(42,042)
Profit for the period	期間溢利	-	-	-	-	-	-	-	26,628	26,628	6,838	33,466
At 31st December, 2005	於二零零五年十二月三十一日	88,160	1,900,916	414,881	233	(59,724)	(10,730)	38,126	(1,046,548)	1,325,314	330,255	1,655,569

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動報表

For the six months ended 30th June, 2006 截至二零零六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	Investment revaluation reserve	Exchange reserve	Other non-distributable reserves	(Deficit) Retained profit	Total	Minority interests	Total	
	股本	股份溢價	特別資本儲備	資本贖回儲備	投資重估儲備	匯兌儲備	其他不可分派儲備	保留溢利(虧絀)	總額	少數股東權益	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)					
Exchange adjustment	匯兌調整	-	-	-	-	3,084	-	-	3,084	2,739	5,823	
Gains on available-for-sale investments in securities	可供出售證券投資之收益	-	-	-	19,226	-	-	-	19,226	128	19,354	
Share of net reserves movement of associates	所佔聯營公司儲備變動淨額	-	-	-	-	-	826	-	826	669	1,495	
Net income recognised directly in equity	直接於權益確認收入淨額	-	-	-	19,226	3,084	826	-	23,136	3,536	26,672	
Reserves realised upon disposal of an associate	出售一間聯營公司時變現之儲備	-	-	-	-	(405)	1,044	-	639	-	639	
Loss for the period	期間虧損	-	-	-	-	-	-	(33,801)	(33,801)	(20,803)	(54,604)	
Total recognised income (expense) for the period	期間已確認收入(開支)總額	-	-	-	19,226	2,679	1,870	(33,801)	(10,026)	(17,267)	(27,293)	
Capital reorganisation (note 23(iv))	資本重組(附註23(iv))	(44,080)	(1,900,916)	1,944,996	-	-	-	-	-	-	-	
Transfer of accumulated deficit of the Company (note 23(v))	轉撥本公司之累計虧絀(附註23(v))	-	-	(1,147,111)	-	-	-	1,147,111	-	-	-	
Dividend (note 10)	股息(附註10)	-	-	(1,145,804)	-	(2,380)	6,930	(38,053)	(1,179,307)	(312,661)	(1,491,968)	
At 30th June, 2006	於二零零六年六月三十日	44,080	-	66,962	233	(42,878)	(1,121)	1,943	66,762	135,981	327	136,308

Notes:

附註:

- (a) The special capital reserve at 31st December, 2005 represents the amount arising from the capital reduction carried out by the Company in 2001. The special capital reserve at 30th June, 2006 includes the amount arising from group reorganisation and capital reorganisation carried out by the Company during six months ended 30th June, 2006.
- (a) 於二零零五年十二月三十一日之特別資本儲備代表本公司於二零零一年削減股本產生之金額。於二零零六年六月三十日之特別資本儲備包括本公司於截至二零零六年六月三十日止六個月集團重組及削減股本產生之金額。
- (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) 本集團其他不可分派儲備包括根據中華人民共和國(「中國」)法規須自本公司之中國附屬公司及聯營公司之稅後溢利調撥之法定儲備。所調撥之金額由中國附屬公司董事會決定。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT**簡明綜合現金流量報表**

For the six months ended 30th June, 2006 截至二零零六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	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
Net cash from operating activities	經營業務所得現金淨額	7,815	215,465
Net cash used in investing activities:	投資業務所用現金淨額：		
Cash outflow through dividend in specie	透過實物股息之現金流出	(94,092)	-
Purchase of available-for-sale investments in securities	購入可供出售證券投資	(25,742)	(78,406)
Purchase of property, plant and equipment	購置物業、廠房及設備	(14,129)	(1,377)
Other investing cash flows	其他投資現金流量	(20)	-
		(133,983)	(79,783)
Net cash from financing activities:	融資活動所得現金淨額：		
Advances from related companies	關連公司墊款	5,784	-
Advance from an associate	一間聯營公司墊款	4,145	20,139
Interest paid	已付利息	(567)	(2,142)
Decrease in payables	應付款項減少	-	(3,118)
Other financing cash flows	其他融資現金流量	(60)	(7)
		9,302	14,872
Net (decrease) increase in cash and cash equivalents	現金及現金等額 (減少) 增加淨額	(116,866)	150,554
Cash and cash equivalents at 1st January	於一月一日之現金及現金等額	108,601	111,588
Effect of foreign exchange rate changes	匯率變動之影響	3,829	-
Cash and cash equivalents at 30th June	於六月三十日之現金及現金等額	(4,436)	262,142
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	2,972	269,514
Bank overdrafts	銀行透支	(7,408)	(7,372)
		(4,436)	262,142

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

1. GENERAL AND BASIS OF PREPARATION

The condensed consolidated 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 ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. GROUP REORGANISATION

In April, 2005, the Company announced that the following group reorganisation ("Group Reorganisation") which is effective on 19th May, 2006:

- (i) the Company continues to be a public listed company with its subsidiaries concentrating on its business of manufacturing and trading of battery products and investments in securities;
- (ii) all other subsidiaries of the Group carrying on property development, investment holding business and sand mining 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 were grouped under the Group Dragon Investments Limited ("GDI", a wholly-owned subsidiary of the Company) and its subsidiaries and operated by the existing management of the Company; and
- (iii) shares in GDI were distributed as dividend in specie to the then shareholders of the Company on the effective date of the Group Reorganisation, on the basis of one GDI share for every share in the Company after the shares consolidation under the capital reorganisation ("Capital Reorganisation") as described in note 23.

1. 一般資料及編製基準

簡明綜合財務報表已根據香港聯合交易所有限公司（「聯交所」）證券上市規則附錄16之適用披露規定及香港會計師公會（「香港會計師公會」）頒佈之香港會計準則（「香港會計準則」）第34號「中期財務報告」之規定編製。

2. 集團重組

於二零零五年四月，本公司公佈下列於二零零六年五月十九日生效之集團重組（「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以及證券投資；
- (ii) 本集團旗下經營物業發展、投資控股業務及採砂業務之所有其他附屬公司，以及本集團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，並由本公司現時管理層經營；及
- (iii) 誠如附註23所述，於股本重組（「股本重組」）下進行股份合併後，於集團重組生效當日之本公司當時股東透過實物股息之分派方式獲派群龍股份，基準為每持有一股本公司股份可獲取一股群龍股份。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

2. GROUP REORGANISATION (continued)

Details of the Group Reorganisation and the Capital Reorganisation are set out in the Company's circular dated 10th September, 2005.

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2005 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), amendments to Hong Kong Accounting Standards ("HKAS (Amendments)") and Interpretations ("HK(IFRIC) – INTs") (hereinafter collectively referred to as the "new HKFRSs") issued by the HKICPA, which are either effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies that have an effect on how the results for the current or prior accounting periods have been prepared and presented in the following area:

Fair value option

In the current period, the Group has applied HKAS 39 (Amendment) "The Fair Value Option" which is effective for annual periods beginning on or after 1st January 2006.

Prior to 1st January 2006, the Group designated certain financial instruments as at fair value through profit or loss.

2. 集團重組 (續)

有關集團重組及股本重組之詳情載列於本公司於二零零五年九月十日刊發之通函內。

3. 主要會計政策

簡明綜合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。

簡明綜合財務報表所採納之會計政策與編製本集團截至二零零五年十二月三十一日止年度之年度財務報表所採納者一致，惟下文所述者除外。

於本中期期間，本集團首次採納多項由香港會計師公會頒佈並於二零零五年十二月一日或二零零六年一月一日或上述日期後開始之會計期間生效之新香港財務報告準則（「香港財務報告準則」）、香港會計準則（修訂本）（「香港會計準則（修訂本）」）及詮釋（「香港（IFRIC）－詮釋」）（下文統稱為「新香港財務報告準則」）。採納新香港財務報告準則使本集團之會計政策有所變動，導致本會計期間或前期會計期間之業績編製及呈列方式在以下方面受到影響：

公平值選擇

於本期間內，本集團已應用於二零零六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（修訂本）「公平值選擇」。

於二零零六年一月一日前，本集團將若干金融資產列為按公平值計入損益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

3. PRINCIPAL ACCOUNTING POLICIES

(continued)

Fair value option (continued)

Financial assets previously designated as at fair value through profit or loss reclassified as available-for-sale investments

The amendment permits designating a financial asset or financial liability as at fair value through profit or loss when certain conditions are met. Upon the application of this amendment, the Group has reclassified certain equity instruments in the amount of approximately HK\$194,050,000 as available-for-sale financial assets which do not meet the conditions to be classified as at fair value through profit or loss on 1st January, 2005. An adjustment of approximately HK\$19,397,000 has been transferred from the Group's deficit to investment revaluation reserve as at 1st January, 2005. (see note 3A for the financial impact)

The Group has not early applied the following new amendment, standard or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these amendment, standard or interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – INT 7	Applying the Restatement Approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies" ²
HK(IFRIC) – INT 8	Scope of HKFRS 2 "Share- based Payment" ³
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives ⁴

¹ Effective for annual periods beginning on or after 1st January, 2007.

² Effective for annual periods beginning on or after 1st March, 2006.

³ Effective for annual periods beginning on or after 1st May, 2006.

⁴ Effective for annual periods beginning on or after 1st June, 2006.

3. 主要會計政策 (續)

公平值選擇 (續)

以往指定列為按公平值計入損益之金融資產重新分類為可供出售投資

有關修訂准許在符合若干條件下將指定一項金融資產或金融負債列為按公平值計入損益。應用該項修訂後，本集團已將為數約194,050,000港元之若干股本工具（並不符合條件分類為於二零零五年一月一日按公平值計入損益）重新分類為可供出售金融資產。於二零零五年一月一日，為數約19,397,000港元之調整已從本集團之虧絀中轉入投資重估儲備。（財務影響詳情見附註3A）

本集團並未提前應用以下已頒佈但尚未生效之新修訂、準則或詮釋。本公司董事預期，應用該等修訂、準則或詮釋對本集團之財務報表並無重大影響。

香港會計準則第1號	資本披露 ¹ (修訂本)
香港財務報告準則 第7號	金融工具：披露 ¹
香港 (IFRIC) – 詮釋第7號	應用香港會計準則 第29號「嚴重通脹經濟 中之財務報告」之重 列法 ²
香港 (IFRIC) – 詮釋第8號	香港財務報告準則第2號 「以股份付款」之範圍 ³
香港 (IFRIC) – 詮釋第9號	重估內嵌式衍生工具 ⁴

¹ 於二零零七年一月一日或之後開始之年度期間生效。

² 於二零零六年三月一日或之後開始之年度期間生效。

³ 於二零零六年五月一日或之後開始之年度期間生效。

⁴ 於二零零六年六月一日或之後開始之年度期間生效。

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簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

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

The effects of changes in accounting policies described above on the results for the current and prior period are as follows:

3A. 會計政策變動之影響摘要

上文詳述之會計政策變動對本期間或過往期間業績之影響如下：

		Six months ended 30th June,	
		截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Increase in loss	期內虧損增加：		
for the period:			
Increase in fair	可供出售證券投資		
value changes on	公平值之變動之增加		
available-for-sale	(過往計入其他收入)		
investments in securities			
(previously included			
in other income)		19,354	1,987

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

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

(continued)

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

3A. 會計政策變動之影響摘要 (續)

採用新香港財務報告準則對於二零零五年一月一日之累積影響概述如下：

		As at 1st January, 2005 (as originally stated)	Effect of HKAS 39 (Amendment) 香港會計準則 第39號 (修訂本) 之影響	As at 1st January, 2005 (as restated)
		於二零零五年 一月一日 (原先呈列) HK\$'000 千港元	於二零零五年 一月一日 (重列) HK\$'000 千港元	於二零零五年 一月一日 (重列) HK\$'000 千港元
Available-for-sale investments in securities	可供出售證券投資	-	194,050	194,050
Investments in securities at fair value through profit or loss	按公平值計入損益之證券投資	194,050	(194,050)	-
Total effects on assets	對資產之總影響	194,050	-	194,050
Investment revaluation reserve	投資重估儲備	-	(19,397)	(19,397)
Deficit	虧絀	(1,011,072)	19,397	(991,675)
Total effects on equity	對權益之總影響	(1,011,072)	-	(1,011,072)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

4. SEGMENT INFORMATION

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

本集團按業務分部劃分之營業額及經營業績之貢獻分析如下：

		Continuing operations			Discontinued operation		Consolidated
		持續經營業務			已終止經營業務		
		Investments in securities holding and advance of receivables	Manufacturing and trading of battery products and related accessories	Others	Sub-total	Sand mining	
		證券投資及應收墊款	電池產品及相關配件	其他	小計	採砂	綜合
		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
For the six months ended 30th June, 2006	截至二零零六年六月三十日止六個月						
TURNOVER	營業額						
External	對外	-	16,326	-	16,326	2,726	19,052
RESULT	業績						
Segment result	分部業績	5,612	(1,498)	(1,548)	2,566	(9,818)	(7,252)
Unallocated corporate expenses	未分攤企業支出				(8,340)	-	(8,340)
Gain on disposal of interests in an associate	出售一間聯營公司權益之收益	-	-	17,180	17,180	-	17,180
Loss on dilution of interests in an associate	攤薄一間聯營公司權益之虧損	-	-	(65,762)	(65,762)	-	(65,762)
Share of results of associates	所佔聯營公司之業績	-	-	16,681	16,681	-	16,681
Finance costs	融資成本	-	(443)	(6,671)	(7,114)	-	(7,114)
Loss before taxation	稅前虧損				(44,789)	(9,818)	(54,607)
Taxation	稅項				3	-	3
Loss for the period	期間虧損				(44,786)	(9,818)	(54,604)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

4. SEGMENT INFORMATION (continued)

4. 分部資料 (續)

Business segments (continued)

業務分部 (續)

		Continuing operations 持續經營業務				
		Manufacturing and trading of battery products and related accessories 製造及買賣 電池產品及 相關配件			Others 其他	Consolidated 綜合
		Investments in securities holding and advance of receivables 證券投資及 應收墊款 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</i>					
	<i>止六個月</i>					
TURNOVER	營業額					
External	對外	-	17,267	-		17,267
RESULT	業績					
Segment result	分部業績	(39,921)	(131)	(3,684)		(43,736)
Unallocated corporate expenses	未分攤企業支出					(10,574)
Change in fair value of conversion option of an unlisted convertible note	一份非上市可換股 票據之換股選擇權 公平值之變動	-	-	(39,743)		(39,743)
Loss on dilution of interests in an associate	攤薄一間聯營公司 權益之虧損	-	-	(2,754)		(2,754)
Share of results of associates	所佔聯營公司之業績	-	(136)	12,308		12,172
Finance costs	融資成本	-	(303)	(8,177)		(8,480)
Loss before taxation	稅前虧損					(93,115)
Taxation	稅項					(433)
Loss for the period	期間虧損					(93,548)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

4. SEGMENT INFORMATION (continued)

Geographical segments

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

4. 分部資料 (續)

地區分部

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	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Continuing operations:	持續經營業務:		
The PRC, other than Hong Kong	中國, 不包括香港	11,266	16,134
Hong Kong	香港	5,060	1,133
		16,326	17,267
Discontinued operation:	已終止經營業務:		
The PRC, other than Hong Kong	中國, 不包括香港	2,726	-
Total	總計	19,052	17,267

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

5. OTHER INCOME

5. 其他收入

	Continuing operations 持續經營業務		Discontinued operation 已終止經營業務		Consolidated 綜合	
	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest income	22,819	29,489	-	-	22,819	29,489
Dividend income from investments in securities	687	519	-	-	687	519
Exchange gain	388	868	-	-	388	868
Changes in fair value on investments in securities held for trading	23	18,781	-	-	23	18,781
Gain on disposal of available-for-sale investments in securities	-	9,303	-	-	-	9,303
Others	977	4,923	97	-	1,074	4,923
	24,894	63,883	97	-	24,991	63,883

6. OTHER EXPENSES

6. 其他支出

	Continuing operations 持續經營業務		Discontinued operation 已終止經營業務		Consolidated 綜合	
	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Allowance for other receivables	5,372	18,550	-	-	5,372	18,550
Allowance for loans and interest receivables	6,282	73,283	-	-	6,282	73,283
Impairment loss recognised in respect of available-for-sale investments in securities	2,260	-	-	-	2,260	-
	13,914	91,833	-	-	13,914	91,833

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For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

7. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Continuing operations 持續經營業務		Discontinued operation 已終止經營業務		Consolidated 綜合	
	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Amortisation of prepaid lease payments	296	260	-	-	296	260
Depreciation of property, plant and equipment	1,047	1,008	4,452	-	5,499	1,008
Impairment loss recognised in respect of goodwill	-	-	4,561	-	4,561	-

7. 稅前虧損

稅前虧損已扣除下列各項：

8. TAXATION

	Continuing operations 持續經營業務		Discontinued operation 已終止經營業務		Consolidated 綜合	
	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
The (credit) charge comprises taxation in other jurisdictions attributable to the Company and its subsidiaries	(3)	433	-	-	(3)	433

8. 稅項

No provision for Hong Kong Profits Tax has been made since there was no assessable profit arising in Hong Kong from the Group.

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

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

由於本集團於香港並無產生應課稅溢利，因此並無就香港利得稅作出撥備。

其他司法權區之稅項乃按個別司法權區之適用稅率計算。

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。

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9. DISCONTINUED OPERATION

On 19th May, 2006, the Group distributed its entire interests in 東莞市江海貿易有限公司 (“東莞市江海”) and 廣州耀陽實業有限公司 (“廣州耀陽”) as dividend in specie as a result of the Group Reorganisation. 東莞市江海 and 廣州耀陽 are engaged in the business of sand mining and the corresponding business segment was regarded as discontinued operation during the six months ended 30th June, 2006.

The result of the sand mining segment for the period from 1st January, 2006 to 18th May, 2006 is as follows:

		HK\$'000
		千港元
Turnover	營業額	2,726
Cost of sales	銷售成本	(2,519)
Gross profit	毛利	207
Other income	其他收入	97
Administrative expenses	行政支出	(5,561)
Impairment loss recognised in respect of goodwill	商譽之已確認減值虧損	(4,561)
Loss for the period	期內虧損	(9,818)

The net assets value of 東莞市江海 and 廣州耀陽 at 19th May, 2006 is as follows:

		HK\$'000
		千港元
Net assets distributed	已分派資產淨值	1,648
Attributable goodwill	應佔商譽	4,562
		6,210

9. 已終止經營業務

於二零零六年五月十九日，因本集團進行集團重組而導致本集團以實物方式分派東莞市江海貿易有限公司（「東莞市江海」）及廣州耀陽實業有限公司（「廣州耀陽」）全部權益之股息。東莞市江海及廣州耀陽乃從事採砂業務，而相關業務分部於截至二零零六年六月三十日止六個月被視為已終止經營業務。

由二零零六年一月一日至二零零六年五月十八日期間，採砂分部之業績如下：

於二零零六年五月十九日，東莞市江海及廣州耀陽之資產淨值如下：

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9. DISCONTINUED OPERATION (continued)

The net assets value of 東莞市江海 and 廣州耀陽 was distributed as dividend in specie upon the completion of the Group Reorganisation.

東莞市江海 and 廣州耀陽 did not make any significant contribution to the cash flows of the Group during the six months ended 30th June, 2006. Since 東莞市江海 and 廣州耀陽 were acquired on 30th June, 2005, 東莞市江海 and 廣州耀陽 did not make any significant contribution to the cash flows of the Group during the six months ended 30th June, 2005.

10. DIVIDEND

Pursuant to the Group Reorganisation as set out in note 2, shares in GDI were distributed as dividend in specie to the shareholders of the Company on the basis of one GDI share for every share in the Company after the Capital Reorganisation as set out in note 23. The amount of dividend in specie, approximately HK\$1,179,307,000, representing the net assets value of GDI, was distributed on 19th May, 2006, which is the completion date of the Group Reorganisation.

9. 已終止經營業務 (續)

東莞市江海及廣州耀陽之資產淨值於集團重組完成後透過實物方式作為股息分派。

東莞市江海及廣州耀陽並無對本集團截至二零零六年六月三十日止六個月之現金流量作出任何重大貢獻。由於本集團於二零零五年六月三十日收購東莞市江海及廣州耀陽，東莞市江海及廣州耀陽並無對本集團截至二零零五年六月三十日止六個月之現金量流作出任何重大貢獻。

10. 股息

根據附註2所載之集團重組，本公司股東透過以股代息之方式獲派群龍之股份，基準為每持有一股本公司於股本重組後之股份收取一股群龍股份（如附註23所載）。以股代息之金額約為1,179,307,000港元（即群龍之資產淨值），已於二零零六年五月十九日（集團重組完成日期）分派。

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10. DIVIDEND (continued)

The aggregate amounts of assets and liabilities distributed as dividend in specie as a result of the Group Reorganisation are as follows:

10. 股息 (續)

因集團重組而產生並以實物方式作為股息派發之資產及負債總額如下：

		HK\$'000 千港元
Net assets value distributed:	已分派資產淨值：	
Property, plant and equipment	物業、廠業及設備	105,835
Goodwill	商譽	4,562
Interests in associates	於聯營公司權益	498,973
Available-for-sale investments in securities	可供出售投資證券	100,106
Deposit paid for acquisition of interest in properties	收購物業權益支付之按金	56,131
Other asset	其他資產	229,288
Inventories	存貨	123
Amounts due from associates	應收聯營公司款項	145,338
Loans and interest receivables	應收貸款及利息	502,738
Other receivables, deposits and prepayments	其他應收款項、按金及預付款項	21,445
Bank balances and cash	銀行結餘及現金	94,092
Trade payables, other payables and accrued charges	應付貿易賬款、其他應付款項及應計費用	(26,787)
Amounts due to related companies	應付關連公司款項	(206,961)
Income tax payable	應付所得稅	(11,616)
Obligation under a finance lease	融資租約債項	(124)
Deferred tax liabilities	遞延稅項負債	(21,175)
		1,491,968
Minority interests	少數股東權益	(312,661)
		1,179,307

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11. LOSS PER SHARE

From continuing and discontinued operations

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

11. 每股虧損

來自持續經營及已終止經營業務

期內，母公司股權持有人應佔每股基本及攤薄虧損乃按以下數據計算：

		Six months ended 30th June, 截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Loss:	虧損：		
Loss for the period attributable to equity holders of the parent for the purposes of basic and diluted loss per share	就計算每股基本及攤薄虧損而言之母公司股權持有人應佔期間虧損	33,801	81,501
		Six months ended 30th June, 截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
Number of shares:	股份數目：		
Weighted average number of ordinary shares for the purposes of basic loss per share	就計算每股基本虧損而言之普通股加權平均數	440,797,543	440,797,543

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11. LOSS PER SHARE (continued)

From continuing operations

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

		Six months ended 30th June,	
		截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Loss:	虧損：		
Loss for the period attributable to equity holders of the parent	母公司股權持有人應佔期間虧損	33,801	81,501
Less: Loss for the period from discontinued operation attributable to equity holders of the parent	減：母公司股權持有人應佔來自已終止經營業務之期間虧損	9,480	-
Loss for the purposes of basic and diluted loss per share from continuing operations	就計算來自持續經營業務之每股基本及攤薄虧損而言之虧損	24,321	81,501

Six months ended 30th June,

截至六月三十日止六個月

		2006	2005
		二零零六年	二零零五年
Number of shares:	股份數目：		
Weighted average number of ordinary shares for the purposes of basic loss per share	就計算每股基本虧損而言之普通股加權平均數	440,797,543	440,797,543

The weighted average number of ordinary shares for the purposes of basic loss per share for the six months ended 30th June, 2005 was adjusted for the effect of the shares consolidation as set out in note 23.

截至二零零五年六月三十日止六個月就計算每股基本虧損之普通股加權平均數乃按附註23所載所進行之股份合併之影響作調整。

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11. LOSS PER SHARE (continued)

The following table summarises the impact on the basic loss per share from continuing and discontinued operations as a result of:

		Six months ended 30th June,	
		截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		HK cents	HK cents
		港仙	港仙
Figures before adjustments	調整前數字	(3.3)	(18.0)
Adjustments arising from changes in accounting policies (see note 3)	因會計政策變動而產生之調整 (見附註3)	(4.4)	(0.5)
Adjusted	經調整	(7.7)	(18.5)

No diluted loss per share has been presented for both periods as there were no dilutive potential ordinary shares in issue.

12. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred expenditure of approximately HK\$14,734,000 on property, plant and equipment. In addition, a carrying amount of approximately HK\$525,000 was written off during the period.

11. 每股虧損 (續)

下表概述下列各項對來自持續經營及已終止經營業務之每股基本虧損之影響：

		Six months ended 30th June,	
		截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		HK cents	HK cents
		港仙	港仙
Figures before adjustments	調整前數字	(3.3)	(18.0)
Adjustments arising from changes in accounting policies (see note 3)	因會計政策變動而產生之調整 (見附註3)	(4.4)	(0.5)
Adjusted	經調整	(7.7)	(18.5)

由於概無已發行攤薄潛在普通股，故此並無呈列兩段期間之每股攤薄虧損。

12. 物業、廠房及設備

於期內，本集團因物業、廠房及設備產生約14,734,000港元之支出。此外，為數約525,000港元之賬面值之於期內撇銷。

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13. INTERESTS IN ASSOCIATES

13. 於聯營公司權益

		30.6.2006	31.12.2005
		二零零六年	二零零五年
		六月三十日	十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Share of net assets	所佔資產淨值	-	546,551
Goodwill	商譽	-	12,187
		-	558,738

During the period, the Group disposed of its entire 22.65% equity interests in China Velocity Group Limited (a company whose shares were listed on the Stock Exchange) at a consideration of HK\$30,000,000 and resulted in a gain on disposal of interests in an associate of approximately HK\$17,180,000.

In addition, interests in Wing On Travel (Holdings) Limited ("Wing On") were diluted from 27.74% to 19.82% upon the placement of shares by Wing On and resulted in a loss on dilution of interests in an associate of approximately HK\$65,762,000.

The above mentioned interests in associates held by the Group were distributed as dividend in specie upon the completion of the Group Reorganisation on 19th May, 2006. At 30th June, 2006, the Group retained its interest in an associate, Wing Fung Metal and Equipment Company Limited, a limited liability company which is incorporated in Hong Kong.

期內，本集團出售其於中國高速（集團）有限公司（一間股份於聯交所上市之公司）之全部22.65%股本權益，代價為30,000,000港元並產生出售一間聯營公司收益約17,180,000港元。

此外，於永安旅遊（控股）有限公司（「永安」）權益於永安配售股份時由27.74%攤薄至19.82%，並導致攤薄於一間聯營公司權益之虧損約65,762,000港元。

於二零零六年五月十九日集團重組完成後，上述由本集團持有於聯營公司之權益乃以實物方式作為股息分派。於二零零六年六月三十日，本集團保留其於一間聯營公司Wing Fung Metal and Equipment Company Limited，一間於香港註冊成立之有限責任公司。

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14. AVAILABLE-FOR-SALE INVESTMENTS IN SECURITIES/INVESTMENTS IN SECURITIES HELD FOR TRADING

(a) Available-for-sale investments in securities

During the period, the Group acquired certain investments in securities at a consideration of approximately HK\$25,742,000. In addition, gains on fair value changes in investments in securities of approximately HK\$19,354,000 (six months ended 30th June, 2005: HK\$1,987,000) have been recognised in the equity.

At 30th June, 2006, investments in securities of approximately HK\$16,694,000 were stated at cost less impairment and the remaining securities were stated at their fair values.

(b) Investments in securities held for trading

During the period, gains on fair value changes in investments in securities of approximately HK\$23,000 (six months ended 30th June, 2005: HK\$18,781,000) were recognised in the consolidated income statement.

14. 可供出售證券投資／持作買賣之證券投資

(a) 可供出售證券投資

本集團期內以約25,742,000港元之代價收購若干證券投資。此外，為數約19,354,000港元之證券投資公平值變動收益（截至二零零五年六月三十日止六個月：1,987,000港元），已於股權中確認。

於二零零六年六月三十日，約16,694,000港元之證券投資按成本減減值列賬，而其餘證券則以公平值列賬。

(b) 持作買賣之證券投資

期內，證券投資公平值變動之收益約為23,000港元（截至二零零五年六月三十日止六個月：18,781,000港元），已於綜合收益表中確認。

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15. DEPOSIT PAID FOR ACQUISITION OF INTEREST IN PROPERTIES

In previous years, the Group entered into a conditional agreement with a third party to acquire the properties interest in a parcel of land situated in Shanghai, PRC and the 24-storey building being erected upon the land together with 2 levels of underground car parks for a consideration of RMB450,000,000 (approximately HK\$424,528,000). Deposit of RMB58,000,000 (approximately HK\$55,716,000) was paid to the vendor pursuant to the conditional agreement. Details of these are set out in the annual report for the year ended 31st December, 2005 issued by the Company dated 7th April, 2006.

However, the conditions stated in the agreement cannot be fulfilled by the vendor and the Group commenced legal proceeding's against the vender. On 22nd June, 2006, the People's High Court of Shanghai City ruled the case in favour of the Group and demanded the vendor to continue fulfilling its obligations under the agreement.

During the period, the directors of the Company were also in discussion with the vendor for settlement of the matters; however, there was no assurance that such matters could be resolved and settled with the vendor eventually. The directors of the Company consulted its legal counsel and decided to proceed with the acquisition of the properties and were of the view that the carrying amount of deposit was not less than its recoverable amount.

The amount was distributed as dividend in specie upon the completion of the Group Reorganisation during the period.

15. 收購物業權益支付之按金

於過往年度，本集團與第三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及一幢建於土地上樓高24層之樓宇，連同兩層地庫停車場之物業權益，代價為人民幣450,000,000元（約424,528,000港元）。根據有條件協議向賣方支付人民幣58,000,000元（約55,716,000港元）之按金。有關詳情載於本公司於二零零六年四月七日刊發截至二零零五年十二月三十一日止年度之年報內。

然而，賣方未能達成協議所列之條件，而本集團已向賣方採取法律行動。於二零零六年六月二十二日，上海市高級人民法院裁定本集團於該案件中勝訴，並要求賣方繼續根據協議履行其責任。

期內，本公司董事亦與賣方商討解決該事宜，惟概不保證有關事宜最終可得到解決並與賣方達成和解。本公司董事已徵詢律師之意見，並決定繼續收購該等物業，並認為按金之賬面值不少於其可收回金額。

期內於集團重組完成後該金額乃以實物方式作為股息分派。

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16. OTHER ASSET

The amount represented cost incurred in connection with a land development project of 珠海市龍山智業產業園 located in Long Shan Development Area, Doumen District, Zhuhai City and the project 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 directors has assessed the carrying value of the Other Asset with reference to the valuation performed by an independent valuer and the amount was then distributed as dividend in specie upon the completion of the Group Reorganisation.

17. TRADE RECEIVABLES

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

		30.6.2006	31.12.2005
		二零零六年	二零零五年
		六月三十日	十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
0-90 days	0至90日	6,193	4,408
91-180 days	91至180日	113	365
Over 180 days	180日以上	12	-
		6,318	4,773

18. AMOUNTS DUE FROM ASSOCIATES

An amount of approximately HK\$9,102,000 was advanced to an associate of the Group during the period.

16. 其他資產

此數額指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。

董事已參考獨立估值師所作估值評估其他資產之賬面值，而有關金額其後已於集團重組完成後以實物形式分派作為股息。

17. 應收貿易賬款

本集團一般給予貿易客戶為期90至180日之賒賬期。於結算日之應收貿易賬款之賬齡分析如下：

18. 應收聯營公司款項

期內，本集團一間聯營公司獲墊付一筆約9,102,000港元之款項。

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19. LOANS AND INTEREST RECEIVABLES

The amounts carried interest at prevailing market rates and were secured.

During the period, the Group made advances of approximately HK\$180,378,000 and received repayments of approximately HK\$182,536,000 as part of the operating activities of the Group.

In addition, an allowance of approximately HK\$6,282,000 (six months ended 30th June, 2005: HK\$73,283,000) was made by the Group during the period.

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

An allowance of approximately HK\$5,372,000 (six months ended 30th June 2005: HK\$18,550,000) was made for other receivables during the period.

21. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

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

19. 應收貸款及利息

款項按現行市場利率計息，並為有抵押。

期內，本集團墊付約180,378,000港元，並已收取還款約182,536,000港元，作為本集團經營業務之一部分。

此外，本集團於期內作出約6,282,000港元（截至二零零五年六月三十日止六個月：73,283,000港元）撥備。

20. 其他應收款項、按金及預付款項

期內，本集團就其他應收款項作出約5,372,000港元（截至二零零五年六月三十日止六個月：18,550,000港元）之撥備。

21. 應付貿易賬款、其他應付款項及應計費用

於報告日期，應付貿易賬款之賬齡分析如下：

		30.6.2006 二零零六年 六月三十日 HK\$'000 千港元	31.12.2005 二零零五年 十二月三十一日 HK\$'000 千港元
0-90 days	0至90日	3,878	2,980
91-180 days	91至180日	1,250	929
Over 180 days	180日以上	1,157	1,427
Trade payables	應付貿易款項	6,285	5,336
Other payables and accrued charges	其他應付款項 及應計費用	20,360	50,823
		26,645	56,159

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

22. AMOUNTS DUE TO RELATED COMPANIES AND AN ASSOCIATE

The amounts due to related companies are unsecured, non-interest bearing and repayable on demand.

During the period, the Group incurred interest expenses of approximately HK\$6,547,000 payable to the related company of the Group. In addition, an amount of approximately HK\$5,784,000 was advanced from the related companies of the Group.

The amount due to an associate is unsecured and non-interest bearing. The directors of the Company have reached agreement with the associate that the Company will not be demanded repayment within 12 months from the balance sheet date, therefore the amount is disclosed under non-current liabilities.

22. 應付關連公司及一間聯營公司款項

應付關連公司款項為無抵押、免息並須於要求時償還。

期內，本集團產生約6,547,000港元應付本集團關連公司之利息開支。此外，一筆約5,784,000港元之款項為期內來自本集團關連公司之墊款。

應付一間聯營公司款項為無抵押及免息。本公司董事與該聯營公司協定不會於結算日起計十二個月內要求本公司償還款項，故該款項於非流動負債項下披露。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

23. SHARE CAPITAL

23. 股本

		Number of shares 股份數目	Value 價值 HK\$'000 千港元
Authorised:	法定:		
Ordinary shares of HK\$0.10 each at 1st January 2005 and 31st December, 2005	每股面值0.10港元之普通股 於二零零五年 一月一日及二零零五年 十二月三十一日	8,000,000,000	800,000
Subdivision of shares (note i)	股份拆細 (附註i)	8,000,000,000	-
Consolidation of shares (note ii)	股份合併 (附註ii)	(8,000,000,000)	-
Ordinary shares of HK\$0.10 each at 30th June, 2006	每股面值0.10港元之 普通股於二零零六年 六月三十日	8,000,000,000	800,000
Issued and fully paid:	已發行及繳足:		
Ordinary shares of HK\$0.10 each at 1st January, 2005 and 31st December, 2005	每股面值0.10港元之普通股 於二零零五年 一月一日及二零零五年 十二月三十一日	881,595,087	88,160
Subdivision of shares (note i)	股份拆細 (附註i)	881,595,087	-
Ordinary shares of HK\$0.05 each	每股面值0.05港元之 普通股	1,763,190,174	88,160
Consolidation of shares (note ii)	合併股份 (附註ii)	(881,595,087)	-
Ordinary shares of HK\$0.10 each	每股面值0.10港元之 普通股	881,595,087	88,160
Capital cancellation (note iii)	註銷股本 (附註iii)	(440,797,544)	(44,080)
Ordinary shares of HK\$0.10 each at 30th June, 2006	每股面值0.10港元之 普通股於二零零六年 六月三十日	440,797,543	44,080

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

23. SHARE CAPITAL (continued)

As mentioned in note 2, the Company has carried out the Capital Reorganisation during the period which involves, inter alia, the followings:

- (i) subdivision of the Company's shares into two shares of HK\$0.05 each;
- (ii) consolidation of two shares of HK\$0.05 each into one ordinary share of HK\$0.10 each;
- (iii) cancellation of the paid-up capital of 440,797,544 issued shares of HK\$0.10 each ("Capital Cancellation") and the cancellation of the entire share premium account of the Company;
- (iv) the credits of approximately HK\$44,080,000 and HK\$1,900,916,000 resulting from the Capital Cancellation and the cancellation of the share premium account, respectively transferred to the special capital reserve account of the Company; and
- (v) such special capital reserve set off against the accumulated deficit of the Company as at the date of completion of the Group Reorganisation.

Details of the Capital Reorganisation are set out in the Company's circular dated 10th September, 2005.

23. 股本 (續)

誠如附註2所述，本公司於期內進行股本重組，當中涉及（其中包括）下列各項：

- (i) 將每股本公司股份拆細成為兩股每股面值0.05港元之股份；
- (ii) 每兩股每股面值0.05港元之股份合併成為一股每股面值0.10港元之普通股；
- (iii) 註銷440,797,544股每股0.10港元之已發行股份之繳足股本（「註銷股本」），以及註銷本公司之全部股份溢價賬；
- (iv) 將分別因註銷股本及註銷股份溢價賬所產生之進賬款項約44,080,000港元及1,900,916,000港元分別轉移至本公司之特別資本儲備中；及
- (v) 該筆特別資本儲備與本公司於集團重組完成日期之累積虧絀對銷。

股本重組之詳情載於本公司於二零零五年九月十日刊發之通函中。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30th June, 2006 截至二零零六年六月三十日止六個月

24. COMMITMENTS

At 30th June, 2006, the Group had the following commitments in respect of acquisition of property, plant and equipment:

	30.6.2006	31.12.2005
	二零零六年	二零零五年
	六月三十日	十二月三十一日
	HK\$'000	HK\$'000
	千港元	千港元
Contracted for but not provided in the interim financial report	20,841	–
Authorised but not contracted for	106,455	–

24. 承擔

於二零零六年六月三十日，本集團就收購物業、廠房及設備而擁有以下承擔：

25. PLEDGE OF ASSETS

At 30th June, 2006, listed equity securities with a carrying value of approximately HK\$47,045,000 (31st December, 2005: HK\$30,861,000) were pledged to secure margin account credit facilities and banking facilities granted to the Group. No facility was utilised by the Group as at 30th June, 2006.

At 30th June, 2006, bank deposit of approximately HK\$1,056,000 (31st December, 2005: HK\$1,036,000) was also pledged to secure credit facilities granted to the Group.

25. 資產抵押

於二零零六年六月三十日，賬面值約為47,045,000港元（二零零五年十二月三十一日：30,861,000港元）之已上市股本證券已作為本集團獲得之備用信貸額及銀行信貸額之擔保。於二零零六年六月三十日，本集團並無動用任何信貸額。

於二零零六年六月三十日，本集團亦已將約1,056,000港元（二零零五年十二月三十一日：1,036,000港元）之銀行存款已作為本集團之信貸額之抵押。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之討論及分析

ANALYSIS OF THE GROUP'S PERFORMANCE

During the period, the Group had consolidated the results of the subsidiaries carrying on property development, investment holding business and sand mining business, and equity accounted for the results of all other associates of the Group carrying on the manufacturing and marketing of tires and business of providing package tour, travel and other related services up to the date until the Group Reorganisation took effect.

The turnover of the Group for the six months ended 30 June 2006 totaled HK\$16.3 million, decreased slightly 5.8% from HK\$17.3 million from the same period in 2005. The turnover for the period was generated from the manufacturing and trading of batteries products. Although the production and sales in China's battery industry maintained steady growth in 2006, there were lower volumes driven by weaker demand from some core customers which have negatively impacted the revenue of the Group as the international competition in battery market has become more intense.

The unaudited consolidated net loss attributable to equity holders of the parent for the six months ended 30 June 2006 decreased from approximately HK\$81.5 million for the same period in 2005 to approximately HK\$33.8 million in the current period of 2006. The notable improvement was noted in the decrease in other expenses which resulted from lower allowance for loans and interest receivables being recognised during the period. The net loss incurred for the current period was mainly attributable to the general and administrative expenses as well as the loss on dilution of interest in an associate.

本集團業績分析

期內，本集團已綜合直至集團重組生效之日從物業發展、投資控股業務及採砂業務之附屬公司業績，以及佔本集團所有從事輪胎製造及銷售、提供旅行團、旅遊及其他相關業務之其他聯營公司業績之權益。

本集團截至二零零六年六月三十日止六個月之營業額共16,300,000港元，較二零零五年同期17,300,000港元微跌5.8%。期內營業額主要來自電池產品之製造及買賣業務。雖然中國電池業之生產及銷售於二零零六年保持平穩增長，但由於電池市場國際間的競爭愈趨激烈，以及部份核心客戶之需求疲弱而導致生產及銷售量下跌，致使本集團收入帶來負面影響。

截至二零零六年六月三十日止六個月母公司股權持有人應佔之未經審核綜合虧損淨額由二零零五年同期約81,500,000港元減少至二零零六年本期間約33,800,000港元。此顯著改善乃由於期內確認之應收貸款及利息撥備減少，導致其他支出減少所致。本期間淨虧損主要由於一般及行政支出及攤薄一間聯營公司權益之虧損所致。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之討論及分析

LIQUIDITY AND FINANCIAL RESOURCES

During the first half of fiscal 2006, the Group financed its operations mainly through cash generated from its business activities and banking facilities provided by its principal bankers. As at 30th June 2006, the Group had working capital calculated by current assets less current liabilities of approximately HK\$1.4 million and the current ratio decreased to 1.03, compared with working capital of approximately HK\$755.7 million and current ratio of 3.68 as at 31st December 2005.

In the first half of fiscal 2006, the net cash provided by operating activities was approximately HK\$7.8 million compared with HK\$215.5 million provided by operating activities in the same period of 2005. The net cash used in investing activities and provided by financing activities in the first half of fiscal 2006 was approximately HK\$134.0 million and HK\$9.3 million, respectively; compared with approximately HK\$79.8 million and HK\$14.9 million, respectively, in the same period of 2005.

The Group's short-term bank loans and other borrowings slightly increased from approximately HK\$8.6 million as at 31st December 2005 to approximately HK\$8.8 million as at 30th June 2006, representing an increase of 2.3%. There were no long-term bank loans and other borrowings as at 30th June 2006 and 31st December 2005. 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 2006 and 31st December 2005. As at 30th June 2006, the Group's total borrowings of approximately HK\$8.8 million were mainly denominated in Hong Kong dollar, the maturity profile were all within one year, and bear interest at floating rates.

流動資金及財務資源

於二零零六年財政年度上半年，本集團主要以業務活動所得現金及主要往來銀行提供之銀行信貸作為營運資金。於二零零六年六月三十日，本集團按流動資產減流動負債計算之營運資金為約1,400,000港元，而流動比率減少至1.03，相較於二零零五年十二月三十一日之營運資金則約為755,700,000港元及流動比率為3.68。

於二零零六年財政年度上半年，經營業務所提供現金淨額約為7,800,000港元，相較二零零五年同期經營業務所提供現金淨額約為215,500,000港元。於二零零六年財政年度上半年，投資業務所用及融資活動所提供現金淨額分別約為134,000,000港元及9,300,000港元，於二零零五年同期相較分別約79,800,000港元及14,900,000港元。

本集團之短期銀行貸款及其他借貸由二零零五年十二月三十一日約8,600,000港元，輕微增加至二零零六年六月三十日約8,800,000港元，增幅為2.3%。於二零零六年六月三十日及二零零五年十二月三十一日，概無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）於二零零六年六月三十日及二零零五年十二月三十一日維持於零。於二零零六年六月三十日，本集團之總借貸約8,800,000港元，主要以港元計值，還款期全部均於一年以內，以浮動息率計息。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之討論及分析

Capital expenditure aggregated to approximately HK\$14.7 million for the six months ended 30th June 2006 and was 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\$4.0 million as at 30th June 2006, and is mainly denominated in Hong Kong dollars. During the six months ended 30th June 2006, 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.

SIGNIFICANT INVESTMENT

Super Energy Group Limited

Super Energy Group Limited ("Super Energy") is 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. Over the past years, Super Energy has managed research and development delicately towards creating advanced manufacturing technologies in order to enhance the quality of the batteries. The excellent research and development capabilities and stringent quality control have also enabled it to become an original equipment manufacturer with solid and reputable track record.

Since 2004, all Super Energy's batteries have been manufactured in compliance with the standards of International Organization for Standardization 9001 and provide full range of batteries free of mercury and cadmium and proud to present its invention of "No Mercury Button Cell Battery" and "Lithium-Ion Battery" that represent high quality, high capacity and advance technology.

於截至二零零六年六月三十日止六個月，資本開支合計約14,700,000港元，乃用於購置物業、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。

於二零零六年六月三十日，現金及銀行結餘約達4,000,000港元，主要以港元計值。截至二零零六年六月三十日止六個月，本集團並無遇到重大滙率及利率波動風險。因此，本集團並無訂立任何重大外滙合約、貨幣掉期或其他金融衍生工具。

重要投資

超量集團有限公司

超量集團有限公司（「超量」）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電池。超量亦為產品引入最新技術，積極從事新產品開發。在過去數年，超量致力於開創先進生產製造技術之研究及開發，以提升電池之質素。憑藉卓越之研發能力及嚴謹之品質管理，亦令其得以成為穩健及信譽良好之原創設備製造商。

自二零零四起，所有超量電池之生產均已符合國際標準化組織9001之標準，並推出整個不含水銀及鎘的電池系列，且榮譽推出其開發集高質素、高容量及先進技術於一身之「環保鈕扣電池」及「鋰離子電池」。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之討論及分析

A new factory is currently under construction and occupies the area over 110,000 square meters. The new factory is fully equipped with advanced machineries based on the best combination of Japanese and European technologies and facilities. Direct and onsite supervision from our technical experts will ensure that the highest quality and efficiency are achieved.

With the recovery of the world economy, the import and export of the battery products in China has increased. For the remainder of fiscal 2006, we aspire to achieving further growth in revenue by increasing advertising campaigns and plans to rapidly expand new production to meet customer demand. In fact, management is focusing our sales and product development resources towards the growing markets and will support the growth by devoting resources to operational efficiencies, customer satisfaction, capacity planning, and employee development. Operating performance is one of our highest priorities, as it is the delivery of superior products and quality service that customers expect from our Group.

PROSPECTS

Following the issuance of the National Eleventh Five-Year Plan of the People's Republic of China in March 2006, the long-term stability and prosperity of Hong Kong was once again being brought to the headline of the Chinese Government.

To cope with such favorable regional economic atmosphere, the Group has once again taken the leading role among most medium-sized locally listed enterprises striving to be the frontier of re-positioning itself and to explore best investment opportunities for the long term benefit of our shareholders.

新廠房仍在建設中，其佔地超過110,000平方米。新廠房全面設有先進機器，結合日本及歐洲之卓越技術及設施。在本集團技術專家直接及實地監督下，將確保達致最高品質及效率。

隨着世界經濟復甦，中國電池產品之出入口一直有所增長。二零零六年財政年度尚餘之時間，本集團熱切期望藉著增加廣告活動及計劃迅速擴大新產品以滿足客戶需要，令收入進一步增長。事實上，管理層正將本集團之銷售及產品研發資源焦點放於增長中之市場，並將於經營效率、滿足客戶、產能計劃及僱員發展上投放資源，以支持增長。由於客戶期待本集團能提供優秀的產品及優質服務，故經營表現為本集團最優先考慮事項之一。

展望

繼二零零六年三月中中國發佈國家第十一個五年計劃後，香港之長期穩定及繁榮再次成為中國政府之關注重點。

為配合區內有利之經濟氣氛，本集團已再度取得大部分本地中型上市公司的領導地位，積極為自身重新定位及尋求最佳之投資機會，以符合本集團股東之長期利益。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之討論及分析

A sequence of fundamental reorganization in the corporate structure of the Group has been put forth and it is now at its most flexible and prepared posture for seizing whatever profitable and challenging investment opportunity that may come.

China remains to be the centerpoint of the Group's target investments. According to the National Development and Reform Commission of China, it is expected that the gross domestic product per capita of the country would reach 2,400 U.S. dollars in year 2010 (upon the completion of the National Eleventh Five-Year Plan) and China would then be even more powerful in its overall strength.

In addition, the country's average urban per capita disposable income would then be increased from last year's 10,493 yuan renminbi to 13,390 yuan renminbi, while rural per capita net income will rise from 3,255 yuan renminbi to 4,110 yuan renminbi (Sourced from: http://english.gov.cn/2006-03/08/content_246945.htm). Strong growth in personal consumption and other form of domestic consumption will bring forth the overall growth in its service industry including retailing and the logistics industry.

Moreover, upto 45 million jobs will be created in urban areas and the same number of farmers will be trained to take up industrial jobs in such five years. It is not only a news for the existing battery manufacturing and trading business of the Group but it also denotes a wide spectrum of investment opportunities the Group now faces.

Given all such favorable attractions, the management of the Group would maintain its prevailing conservative attitude towards new investments. Similar to those great years just passed, the management would consolidate its precious experience in corporate deals and investments to strive for the utmost interest of the Group and all its shareholders.

本集團一系列之公司架構基本重組已在進行當中，本集團現時正處於最靈活的狀態，並已作好準備迎接任何有獲利潛質及富挑戰性之投資機會。

中國將繼續為本集團目標投資之中心點。根據中國國家發展及改革委員會之預測，預期中國之人均本地生產總值將於二零一零年（國家第十一個五年計劃完成後）達至2,400美元，屆時中國整體之優勢將更為強大。

此外，中國之平均城鎮人均可支配收入將由去年之人民幣10,493元，上升至人民幣13,390元，而農村人均可支配收入則將由人民幣3,255元上升至人民幣4,110元（資料來源：http://english.gov.cn/2006-03/08/content_246945.htm）。個人消費及其他本地消費形式之強勁增長，將帶動其服務業（包括零售及物流業）之整體增長。

城鎮地區於該五年將創造最多45,000,000個職位，相同數目之農民將接受培訓以從事工業之工作。這不僅是對本集團現有電池生產及買賣業務之一項消息，更預示本集團現正面對廣闊之投資機會。

在以上種種有利條件之下，本集團管理層對新投資項目將繼續採取一貫保守之態度。與過往數年相若，管理層綜合其於公司交易及投資之寶貴經驗，務求為本集團及其所有股東爭取最大之利益。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之討論及分析

CORPORATE DEVELOPMENTS

As stated in the joint announcement of the Company dated 19th April, 2005, the Company announced the following proposals, if approved and implemented, would 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;
- (ii) all other subsidiaries of the Company carrying on property development, vessels for sand mining and investment holding business, and all other associates of the Company 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"), 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.

公司發展

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付諸實行，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；
- (ii) 本公司旗下經營物業發展、採砂船隻及投資控股業務之所有其他附屬公司，以及本公司旗下經營輪胎製造及銷售、提供旅行團、旅遊及其他相關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」）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可獲取一股群龍股份。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之討論及分析

Capital Reorganisation

The Company has carried out the Capital Reorganisation during the period which involves, inter alia, the following:

- (i) subdivision of the Company's shares into two shares of HK\$0.05 each;
- (ii) consolidation of two shares of HK\$0.05 each into one ordinary share of HK\$0.10 each;
- (iii) cancellation of the paid-up capital of 440,797,544 issued shares of HK\$0.10 each ("Capital Cancellation") and the cancellation of the entire share premium account of the Company;
- (iv) the credits of approximately HK\$44,080,000 and HK\$1,900,916,000 resulting from the Capital Cancellation and the cancellation of the share premium account, respectively transferred to the special capital reserve account of the Company; and
- (v) such special capital reserve set off against the accumulated deficit of the Company as at the date of completion of the Group Reorganisation.

Details of the Group Reorganisation and the Capital Reorganisation are set out in the Company's circular dated 10th September, 2005.

The abovementioned proposals relating to the Capital Reorganisation and the Group Reorganisation have been completed on 18th May, 2006 and 19th May, 2006 respectively.

股本重組

本公司於該期間已進行股本重組，當中涉及下列各項：

- (i) 本公司股份拆細為兩股每股面值0.05港元之股份；
- (ii) 兩股每股面值0.05港元之股份合併為一股每股面值0.10港元之普通股；
- (iii) 註銷440,797,544股每股面值0.10港元之已發行股份之繳足股本（「註銷股本」），以及註銷本公司之全部股份溢價賬；
- (iv) 將因註銷股本及註銷股份溢價賬分別所產生之進賬款項約44,080,000港元及1,900,916,000港元，轉撥至本公司之特別資本儲備賬；及
- (v) 有關特別資本儲備抵銷於集團重組完成之日本公司之累計虧絀。

有關集團重組及股本重組之詳情載列於本公司於二零零五年九月十日刊發之通函內。

上述有關股本重組及集團重組之建議已分別於二零零六年五月十八日及二零零六年五月十九日完成。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之討論及分析

The Company had been informed by Hanny Holdings Limited (“Hanny”) and PYI Corporation Limited (“PYI”) that they have entered into the share sale agreement with Nation Field Limited (“Nation Field”) on 10th March, 2005 pursuant to which and subject to, inter alia, the implementation of the Group Reorganisation in full, Nation Field agreed to acquire 135,000,000 shares (equivalent to 67,500,000 consolidated shares of the Company upon the Capital Reorganisation having become effective) from each of Hanny and PYI, 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). The share sale agreement has been completed on 24th May, 2006.

On 23rd March, 2006, China Enterprises Limited, a former non-wholly owned subsidiary of the Company, entered into an agreement with Wing On Travel (Holdings) Limited (“Wing On”) for the subscription of the 2% convertible exchangeable note issued by Wing On to the Group for the consideration of HK\$300,000,000 (the “Subscription”). The Subscription under an agreement constitutes a major transaction for the Company under the Listing Rules. Accordingly, the Subscription and the transactions contemplated under the agreement are subject to the approval of the shareholders of the Company at general meeting. This transaction has been completed in June, 2006.

The composite offer document containing terms and details of the offer made by Kingston Securities Limited on behalf of Nation Field to acquire all the issued shares in the Company other than those already owned by Nation Field and parties acting in concert with it, together with the acceptance form have been despatched to the shareholders of the Company on 26th May, 2006. The offer has been closed upon 4:00 p.m. on 16th June, 2006.

本公司已獲錦興集團有限公司(「錦興」)及保華集團有限公司(「保華」)通知，彼等於二零零五年三月十日與 Nation Field Limited(「Nation Field」)訂立股份出售協議，據此並待(其中包括)集團重組全面付諸實行後，Nation Field同意分別向錦興及保華收購135,000,000股股份(相當於股本重組生效後之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%，合共作價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)。該股份出售協議已於二零零六年五月二十四日完成。

於二零零六年三月二十三日，本公司前非全資擁有之附屬公司China Enterprises Limited與永安旅遊(控股)有限公司(「永安」)訂立協議，以認購永安將向本集團發行之2厘可換可交換票據，代價為300,000,000港元(「認購事項」)。根據上市規則，協議項下之認購事項構成本公司之一項主要交易。因此，認購事項及協議項下擬進行之交易須經本公司股東於股東大會上批准後，方可作實。該項交易已於二零零六年六月完成。

載有金利豐證券有限公司代表Nation Field提出收購建議收購本公司全部已發行股份(不包括Nation Field及與其一致行動之人士經已持有之股份)之條款及詳情之收購建議綜合文件，連同接納表格，已於二零零六年五月二十六日寄發予本公司股東。該收購建議已於二零零六年六月十六日下午四時正截止。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之討論及分析

Immediately following the close of the offer, the valid acceptance of 135,782,321 shares of the Company received under the offer, Nation Field and parties acting in concert with it, (including Hanny and PYI), owned or controlled an aggregate of 394,602,115 shares of the Company, representing approximately 89.52% of the issued share capital of the Company as at the date of close of offer (out of which 270,782,321 shares of the Company, representing approximately 61.43% of the issued share capital of the Company, are held by Nation Field) and there are 46,195,428 shares of the Company in the hands of the public, representing approximately 10.48% of the voting rights of the Company.

Given that the public float of shares of the Company is less than 25% of the issued share capital of Company after the close of offer, the Company is required to suspend trading in the shares of the Company until the public float is restored as required under the Listing Rules.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 30th June, 2006 the Group employed approximately 370 staff. Remuneration packages comprised of salary and year-end bonus based on individual merits.

No share options were granted or exercised during the six months ended 30th June, 2006.

緊隨收購建議截止後，根據收購建議有效接納之135,782,321股股份，Nation Field及與其一致行動之人士（包括錦興及保華）擁有或控制合共394,602,115股股份，佔本公司於收購建議截止日已發行之股本約89.52%（其中Nation Field持有270,782,321股本公司股份，佔本公司已發行之股本約61.43%），而46,195,428股本公司股份則由公眾人士所持有，佔本公司之表決權約10.48%。

由於本公司股份之公眾持股量於收購建議截止後少於本公司已發行股本之25%，本公司須暫停買賣本公司股份，直至恢復上市規則規定之公眾持股量。

僱員數目、薪酬政策及購股權計劃

二零零六年六月三十日，本公司約有370名僱員。薪酬包括薪金及按個別表現計算之年終花紅。

於截至二零零六年六月三十日止六個月內，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, 2006 (2005: Nil).

However, pursuant to the Group Reorganisation, shares in Group Dragon Investments Limited ("GDI"), were distributed as dividend in specie to the shareholders of the Company on the basis of one GDI share for every share in the Company after the Capital Reorganisation. The amount of dividend in specie, approximately HK\$1,179,307,000, representing the net assets value of GDI, was distributed on 19th May, 2006, which is the completion date of the Group Reorganisation.

DIRECTORS' INTERESTS

As at 30th June, 2006, 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:

Shares and (in respect of equity derivatives) Underlying Shares

中期股息

董事建議不派發截至二零零六年六月三十日止六個月之中期股息(二零零五年: 無)。

然而, 根據集團重組, 本公司股東透過以股代息之方式獲派群龍投資有限公司(「群龍」)之股份, 基準為每持有一股本公司於股本重組後之股份收取一股群龍股份。以股代息之金額約為1,179,307,000港元(即群龍之資產淨值), 已於二零零六年五月十九日(集團重組完成日期)分派。

董事權益

於二零零六年六月三十日, 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:

股份及(就股本衍生工具)相關股份

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
Mr. Gao Yang (Note 2) Gao Yang先生(附註 2)	Long Position 好倉	Corporate 法團	270,782,321	61.43%

Notes:

- Share(s) of HK\$0.10 each in the capital of the Company.
- Mr. Gao Yang is deemed to be interested in 270,782,321 shares in the Company through the interest in Nation Field Limited which is a company beneficially owned by Mr. Gao Yang.

附註:

- 本公司股本中每股面值0.10港元之股份。
- Gao Yang先生透過於Nation Field Limited (Gao Yang先生實益擁有之公司)之權益而被視作於本公司270,782,321股股份中擁有權益。

Other Information 其他資料

Save as disclosed above, as at 30th June, 2006 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 since the adoption of the Scheme. There are no share options outstanding as at 30th June, 2006.

SUBSTANTIAL SHAREHOLDERS

According to the list of substantial shareholders extracted from the website of the Stock Exchange (www.hkex.com.hk), the following companies or persons had as at 30th June, 2006 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.

除上文披露者外，於二零零六年六月三十日，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。

自本公司採納該計劃以來並無任何董事獲授購股權。於二零零六年六月三十日，概無購股權未行使。

主要股東

於二零零六年六月三十日，按照節錄自聯交所網站(www.hkex.com.hk)之主要股東名單，下列公司或人士於本公司股份及相關股份中擁有記錄於根據證券及期貨條例第336條須予存置之登記冊及根據證券及期貨條例第XV部第2及第3分部之條文須向本公司披露之權益或淡倉。

Name	Capacity	Notes	Number of shares	Percentage of issued share capital 已發行股本百分比
姓名／名稱	身份	附註	股份數目	股本百分比
Nation Field Limited	Beneficial owner 實益擁有人	1	270,782,321	61.43%
Mr. Gao Yang Gao Yang先生	Interest held by controlled corporation 受控制法團持有之權益	1	270,782,321	61.43%
Calisan Developments Limited	Beneficial owner 實益擁有人	2	61,909,897	14.04%

Other Information 其他資料

Name	Capacity	Notes	Number of shares	Percentage of issued share capital
姓名	身份	附註	股份數目	已發行股本百分比
Great Decision Limited	Interest held by controlled corporation 受控制法團持有之權益	2	61,909,897	14.04%
PYI Investments Group Limited	Interest held by controlled corporation 受控制法團持有之權益	2	61,909,897	14.04%
PYI Corporation Limited 保華集團有限公司	Interest held by controlled corporation 受控制法團持有之權益	2	61,909,897	14.04%
	Security interest 質押權益		20,250,000	4.59%
Well Orient Limited 威倫有限公司	Beneficial owner 實益擁有人	3	61,909,897	14.04%
			20,250,000	4.59%
Powervote Technology Limited	Interest held by controlled corporation 受控制法團持有之權益	3	61,909,897	14.04%
			20,250,000	4.59%
Hanny Magnetics (B.V.I.) Limited	Interest held by controlled corporation 受控制法團持有之權益	3	61,909,897	14.04%
			20,250,000	4.59%
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	61,909,897	14.04%
	Security interest 質押權益		20,250,000	4.59%
Christian Emil Toggenburger	Beneficial owner 實益擁有人		31,966,250	7.25%

Notes:

1. Gao Yang is deemed to be interested in 270,782,321 shares in the Company through the interest in Nation Field Limited which is a company beneficially owned by Mr. Gao Yang.

附註:

1. Gao Yang透過於Nation Field Limited (Gao Yang先生實益擁有之公司)之權益而被視作於270,782,321股本公司股份中擁有權益。

Other Information 其他資料

2. PYI Corporation Limited (“PYI”) owns the entire interest of PYI Investments Group Limited (“PYIIG”). PYIIG owns the entire interest of Great Decision Limited (“GDL”) which in turn owns the entire interest in Calisan Developments Limited (“Calisan”). Accordingly, GDL, PYIIG and PYI are deemed to be interested 61,909,897 shares of the Company which are held by Calisan.
2. 保華集團有限公司（「保華」）擁有 PYI Investments Group Limited（「PYIIG」）全部權益。PYIIG 擁有 Great Decision Limited（「GDL」）全部權益，而 GDL 擁有 Calisan Developments Limited（「Calisan」）全部權益。因此，GDL、PYIIG 及保華被視為於 Calisan 所持有之 61,909,897 股本公司股份中擁有權益。
3. Well Orient Limited (“WOL”) is wholly-owned by Powervote Technology Limited (“PTL”) which in turn is 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 61,909,897 shares of the Company which were held by WOL.
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」）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 61,909,897 股本公司股份中擁有權益。

All the interests stated above represent long positions. As at 30th June, 2006, 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。於二零零六年六月三十日，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，並無任何淡倉紀錄於此冊中。

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.

購買、出售或贖回上市證券

本公司或其附屬公司於期內概無購買、出售或贖回本公司上市證券。

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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10所載之標準守則，作為董事進行證券交易之行為守則。本公司在作出明確查詢後，已確認全體董事均一直遵守上市規則附錄10所批准之標準守則所載之規定準則。

Other Information 其他資料

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, 2006, except for the following deviations:

1. 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.
2. 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, 2006 as he had another engagement that was important to the business of the Company.

AUDIT COMMITTEE

The audit committee of the Company comprises Mr. Wong King Lam, Joseph, Mr. Sin Chi Fai and Ms. Ching Yuen Man, Angela 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, 2006.

By Order of the Board
Gao Yang
 Chairman

Hong Kong, 26th September, 2006

企業管治常規守則

本公司致力維持高水平之企業管治，以提高透明度及更好地保障股東權益。本公司於截至二零零六年六月三十日止六個月一直遵守上市規則附錄14（「守則」）之守則條文，惟以下各項除外：

1. 守則條文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無固定任期，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。
2. 守則條文E.1.2.規定董事會之主席須親身出席股東週年大會。由於主席須處理對本公司業務甚為重要之事務，故未能親身出席二零零六年六月二十九日舉行之股東週年大會。

審核委員會

本公司審核委員會由獨立非執行董事黃景霖先生、冼志輝先生及程婉雯女士組成。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，其中包括審閱截至二零零六年六月三十日止六個月之未經審核中期財務報告。

承董事會命
 主席
Gao Yang

香港，二零零六年九月二十六日