



ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)



Interim Report 2003

**"Zhong Hua
International
Holdings Limited"**

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Directors") of Zhong Hua International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June, 2003 (the "Period"), together with the comparative figures for the corresponding period in 2002 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**未經審核中期業績**

中華國際控股有限公司(「本公司」)董事會(「董事會」)欣然宣佈，本公司及其附屬公司(統稱「本集團」)截至二零零三年六月三十日止六個月(「期間」)之未經審核簡明綜合業績，連同二零零二年同期之比較數字如下：

簡明綜合損益賬

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2003	2002
		二零零三年	二零零二年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
	Notes 附註		
TURNOVER	營業額	2,847	103,418
Cost of sales	銷售成本	(820)	(41,673)
Gross profit	毛利	2,027	61,745
Other revenue	其他收益	93	718
Selling and distribution costs	銷售及經銷費用	(103)	(5,058)
Administrative expenses	行政開支	(5,729)	(13,189)
Other operating expenses	其他經營開支	-	(155)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	經營溢利/(虧損)	(3,712)	44,061
Finance costs	財務費用	5	(1,353)
Share of losses of jointly-controlled entities	應佔共同控制個體虧損	-	(215)
Amortisation of goodwill on acquisition of Jointly-controlled entities	收購共同控制個體之商譽攤銷	(10,675)	(10,675)
PROFIT/(LOSS) BEFORE TAX	除稅前溢利/(虧損)	(15,740)	31,756
Tax	稅項	6	-
PROFIT/(LOSS) BEFORE MINORITY INTERESTS	未計少數股東權益前溢利/(虧損)	(15,740)	28,894
Minority interests	少數股東權益	-	(19,400)
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	股東應佔日常業務純利/(虧損淨額)	(15,740)	9,494
EARNINGS/(LOSS) PER SHARE - BASIC	每股盈利/(虧損) - 基本	HK(0.53)cent(港仙)	HK0.32cent(港仙)
- DILUTED	- 攤薄	N/A不適用	HK0.31cent(港仙)

CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN
EQUITY

簡明綜合股權變動報表

		Share	Investment	Exchange	Retained	Total			
		Issued	premium	Contributed	revaluation	fluctuation	Reserve	profits	Total
		capital	account	surplus	reserve	reserve	reserve	profits	Total
		已發行	股份	繳入盈餘	投資物業	滙兌波動	儲備	保留溢利	合計
		股本	溢價賬	繳入盈餘	重估儲備	儲備	保留溢利	合計	合計
		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
Balance at 1 January 2003, as previously reported	於二零零三年一月一日之結餘 (如先前呈報)	59,600	220,002	80,258	55,461	128	78,970	494,419	
Effect of adoption of revised SSAP 12 "Income Taxes"	採納經修訂會計實務準則 第12號「所得稅」之影響	-	-	-	(14,497)	-	2,691	(11,806)	
Balance at 1 January 2003, as restated	於二零零三年一月一日之結餘 (經重列)	59,600	220,002	80,258	40,964	128	81,661	482,613	
Loss for the period	期內虧損	-	-	-	-	-	(15,740)	(15,740)	
Balance at 30 June 2003 (Unaudited)	於二零零三年六月三十日之結餘 (未經審核)	59,600	220,002	80,258	40,964	128	65,921	466,873	
		Issued	Share	Investment	Exchange	Retained	Total		
		capital	premium	Contributed	revaluation	fluctuation	Reserve	profits	Total
		已發行	股份	繳入盈餘	投資物業	滙兌波動	儲備	保留溢利	合計
		股本	溢價賬	繳入盈餘	重估儲備	儲備	保留溢利	合計	合計
		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
Balance at 1 January 2002, as previously reported	於二零零二年一月一日之結餘 (如先前呈報)	59,600	220,002	80,258	205,889	9,374	263,720	838,843	
Effect of adoption of revised SSAP 12 "Income Taxes"	採納經修訂會計實務準則 第12號「所得稅」之影響	-	-	-	(47,123)	-	3,349	(43,774)	
Balance at 1 January 2002, as restated	於二零零二年一月一日之結餘 (經重列)	59,600	220,002	80,258	158,766	9,374	267,069	795,069	
Exchange adjustment on translation of the financial statements of overseas subsidiaries	換算海外附屬公司財務報表 產生之滙兌調整	-	-	-	-	661	-	661	
Net gains not recognised in the profit and loss account	未計入損益賬之收益淨額	59,600	220,002	80,258	158,766	10,035	267,069	795,730	
Realisation of reserves on partial release of investment properties	於撥回部份投資物業時 變現之儲備	-	-	-	(28,478)	-	-	(28,478)	
Effect of adoption of revised SSAP 12 "Income Taxes"	採納經修訂會計實務準則 第12號「所得稅」之影響	-	-	-	6,031	-	-	6,031	
Profit for the period	期間溢利	-	-	-	-	-	9,494	9,494	
Balance at 30 June 2002 (Unaudited)	於二零零二年六月三十日之結餘 (未經審核)	59,600	220,002	80,258	136,319	10,035	276,563	782,777	

**CONDENSED CONSOLIDATED
BALANCE SHEET**

簡明綜合資產負債表

		31 December	
		30 June	2002
		2003	二零零二年
		二零零三年	十二月
		六月三十日	三十一日
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
		HK\$'000	HK\$'000
		千港元	千港元
		Notes	(Restated)
		附註	(重列)
NON-CURRENT ASSETS	非流動資產		
Fixed assets	固定資產	7,354	7,738
Investment properties	投資物業	183,600	183,600
Interests in jointly- controlled entities	於共同控制個體之 權益	128,232	138,903
Deferred tax assets	遞延稅項資產	353	353
Trade receivables	貿易應收款項	9 11,917	11,917
Other receivable	其他應收款項	230,000	280,000
Pledged deposits	已抵押存款	2,048	2,200
		563,504	624,711
CURRENT ASSETS	流動資產		
Trade receivables	貿易應收款項	9 8,598	8,113
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款項	135,267	91,914
Cash and bank balances	現金及銀行結存	38,936	40,857
		182,801	140,884

**CONDENSED CONSOLIDATED
BALANCE SHEET (Con't)**

簡明綜合資產負債表(續)

			30 June 2003 二零零三年 六月三十日 (Unaudited) (未經審核)	31 December 2002 二零零二年 十二月 三十一日 (Audited) (經審核)
	Notes 附註		HK\$'000 千港元	HK\$'000 千港元
				(Restated) (重列)
CURRENT LIABILITIES	流動負債			
Trade payables	貿易應付款項	10	(36,847)	(37,664)
Tax payable	應付稅項		(8,434)	(8,670)
Other payables and accruals	其他應付款項及應計負債		(24,587)	(22,069)
Interest-bearing bank loans, secured	計息銀行貸款，有抵押		(10,974)	(10,974)
Deferred income	遞延收入		(45,136)	(22,568)
			(125,978)	(101,945)
NET CURRENT ASSETS	流動資產淨額		56,823	38,939
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減 流動負債		620,327	663,650
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank loans, secured	計息銀行貸款，有抵押		(35,137)	(40,152)
Deferred income	遞延收入		(103,820)	(126,388)
Deferred tax liabilities	遞延稅項負債		(14,497)	(14,497)
			(153,454)	(181,037)
			466,873	482,613

**CONDENSED CONSOLIDATED
BALANCE SHEET (Con't)**

簡明綜合資產負債表 (續)

		30 June 2003 二零零三年 六月三十日 (Unaudited) (未經審核)	31 December 2002 二零零二年 十二月 三十一日 (Audited) (經審核)
	<i>Notes 附註</i>	HK\$'000 千港元	HK\$'000 千港元
			(Restated) (重列)
CAPITAL AND RESERVES	資本及儲備		
Issued capital	已發行股本	59,600	59,600
Reserves	儲備	407,273	423,013
		466,873	482,613

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

		For the six months ended 30 June 2003 截至二零零三年 六月三十日止六個月 (Unaudited) (未經審核) HK\$'000 千港元	For the six months ended 30 June 2002 截至二零零二年 六月三十日止六個月 (Unaudited) (未經審核) HK\$'000 千港元
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	經營業務之現金 流入/(流出)淨額	2,966	(100,211)
NET CASH INFLOW FROM INVESTING ACTIVITIES	投資業務之現金 流入淨額	128	54,343
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	融資活動之現金 流入/(流出)淨額	(5,015)	24,261
DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金 等值項目減少	(1,921)	(21,607)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	期初之現金及 現金等值項目	40,857	55,174
Effect of foreign exchange rate changes, net	外幣匯率變動 之影響，淨值	-	38
CASH AND CASH EQUIVALENTS AT END OF PERIOD	期終之現金及 現金等值項目	38,936	33,605
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金 等值項目結餘 分析		
Cash and bank balances	現金及銀行結存	38,936	33,598
Fixed term deposits with original maturity within three months	三個月內到期之 定期存款	-	7
		38,936	33,605

1. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities in The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies and basis of preparation used in the preparation of these interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 December 2002, except the SSAP 12 (Revised) “Income taxes” has been adopted for the first time in the preparation of the Period’s condensed consolidated financial statements.

1. 主要會計政策

此等未經審核簡明綜合中期財務報表乃按照香港會計師公會頒布之香港會計實務準則（「會計實務準則」）第25號「中期財務申報」及香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十六予以編製。

此等中期財務報表所採用之會計政策及編製基準與本集團截至二零零二年十二月三十一日止年度之經審核財務報表所採用的一致，除了在編製期間之簡明綜合財務報表時首次採用會計實務準則第12號（經修訂）「所得稅」。

1. SIGNIFICANT ACCOUNTING POLICIES (Con't)

SSAP 12 (Revised) "Income taxes" prescribes the basis for accounting for income taxes payable or recoverable, arising from the taxable profit or loss for the Period (current tax); and income taxes payable or recoverable in future periods, principally arising from taxable and deductible temporary differences and the carryforward of unused tax losses (deferred tax). The principal impact of the revision of this SSAP is that deferred tax assets and liabilities relating to the differences between capital allowances for tax purposes and depreciation for financial reporting purposes and other taxable and deductible temporary differences are generally fully provided for, whereas previously the deferred tax was recognised for timing differences only to the extent that it was probable that the deferred tax asset or liability would crystallise in the foreseeable future. In addition, deferred tax liabilities have been recognised on the revaluation of the Group's investment properties.

1. 主要會計政策 (續)

會計實務準則第12號(經修訂)「所得稅」規定來自期間(現行稅項)應課稅溢利或虧損之應付或可收回所得稅；及主要來自應課稅及可扣減暫時性差異及累積可用稅務虧損(遞延稅項)之應付或可收回所得稅。此項會計實務準則修訂之主要影響為以稅務為目的之資本沖減與以財務報表為目的之折舊之間的差異及其他應課稅及可扣減暫時性差異所產生之遞延稅項資產及負債作全數撥備，而過往遞延稅項只對因時差於可見將來可能引起之遞延稅項資產或負債而確認。此外，遞延稅項負債已於重估本集團投資物業時予以確認入賬。

1. SIGNIFICANT ACCOUNTING POLICIES (Con't)

The change in accounting policy has been applied retrospectively. As a result, the prior period adjustments with the opening balances of the investment properties revaluation reserve as at 1 January 2002 and 1 January 2003 restated by a reduction of HK\$47,123,000 and HK\$14,497,000, respectively and the retained profits as at 1 January 2002 and 1 January 2003 restated by an increase of HK\$3,349,000 and HK\$2,691,000, respectively.

2. TURNOVER

Turnover for the Period represents the gross rental income and the sale of online English learning courses, less any applicable turnover taxes.

Turnover for the six months ended 30 June, 2002 represented the aggregate of the gross amounts of proceeds from the sale and pre-sale of properties, adjusted to reflect the stage of construction, to the extent that they were not previously recognised, gross rental income and the sale of online English learning courses, after elimination of all significant intra-group transactions, less any applicable turnover taxes.

1. 主要會計政策 (續)

會計政策之變更已追溯應用。因此對截至二零零二年一月一日及二零零三年一月一日之前期間的投資物業重估儲備期初結餘調整，需分別重新列賬及減少47,123,000港元及14,497,000港元，對截至二零零二年一月一日及二零零三年一月一日之前期間的保留溢利期初結餘調整，需分別重新列賬及增加3,349,000港元及2,691,000港元。

2. 營業額

期間之營業額指租金收入總額及銷售網上英語學習課程收入總額減任何適用營業稅。

截至二零零二年六月三十日止六個月之營業額指經撇銷集團內公司間之一切重大交易後之銷售及預售物業所得款項總額、租金收入總額及銷售網上英語學習課程收入總額減任何適用營業稅。銷售及預售物業所得款項總額已為反映建築工程之竣工階段作出調整，以過往並未入賬確認之收入為限。

3. SEGMENT INFORMATION

The following table presents revenue and results information for the Group's business segments.

3. 分類資料

下表為本集團按業務分類呈列之有關收入及業績之資料。

		Sale and pre-sale of properties For the six months ended 30 June, 銷售及預售物業 截至六月三十日止六個月		Property investment For the six months ended 30 June, 物業投資 截至六月三十日止六個月		Sale of online English learning courses For the six months ended 30 June, 銷售網上英語學習課程 截至六月三十日止六個月		Corporate For the six months ended 30 June, 公司 截至六月三十日止六個月		Consolidated For the six months ended 30 June, 綜合 截至六月三十日止六個月	
		2003 二零零三年 (Unaudited) (未經審核) HK\$'000 千港元	2002 二零零二年 (Unaudited) (未經審核) HK\$'000 千港元	2003 二零零三年 (Unaudited) (未經審核) HK\$'000 千港元	2002 二零零二年 (Unaudited) (未經審核) HK\$'000 千港元	2003 二零零三年 (Unaudited) (未經審核) HK\$'000 千港元	2002 二零零二年 (Unaudited) (未經審核) HK\$'000 千港元	2003 二零零三年 (Unaudited) (未經審核) HK\$'000 千港元	2002 二零零二年 (Unaudited) (未經審核) HK\$'000 千港元	2003 二零零三年 (Unaudited) (未經審核) HK\$'000 千港元	2002 二零零二年 (Unaudited) (未經審核) HK\$'000 千港元
Segment revenue:	分類收入：										
Sales to external customers	銷售予外界客戶	-	100,468	1,611	2,763	1,236	187	-	-	2,847	103,418
Segment results	分類業績	-	44,182	1,059	1,057	70	(79)	(4,881)	(1,136)	(3,752)	44,024
Interest income	利息收入									40	37
Profit/(loss) from operating activities	經營溢利/(虧損)									(3,712)	44,061
Finance costs	財務費用									(1,353)	(1,415)
Share of losses of jointly-controlled entities and amortisation of goodwill on acquisition of jointly-controlled entities	應佔共同控制實體虧損及收購共同控制實體之商譽攤銷									(10,675)	(10,890)
Profit/(loss) before tax	除稅前溢利/(虧損)									(15,740)	31,756
Tax	稅項									-	(2,862)
Profit/(loss) before minority interests	未計少數股東權益前溢利/(虧損)									(15,740)	28,894
Minority interests	少數股東權益									-	(19,400)
Net profit/(loss) from ordinary activities attributable to shareholders	股東應佔日常業務純利/(虧損淨額)									(15,740)	9,494

No geographical segment information is presented as over 90% of the Group's revenue are derived from customers based in the Mainland of the People's Republic of China ("Mainland China").

由於本集團之收入逾90%均來自中華人民共和國內陸(「中國大陸」)之客戶，因此並無呈列地區分類資料。

4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

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

4. 經營溢利／（虧損）

本集團之經營溢利／（虧損）乃經扣除／（計入）：

		For the six months ended 30 June 截至六月三十日止六個月	
		2003 二零零三年 (Unaudited) (未經審核) HK\$'000 千港元	2002 二零零二年 (Unaudited) (未經審核) HK\$'000 千港元
Cost of inventories sold	已售存貨成本	820	41,673
Depreciation	折舊	222	684
Amortisation of goodwill	商譽攤銷	10,675	10,675
Interest income	利息收入	(40)	(37)
Net rental income	租金收入淨額	(1,611)	(2,763)
Profit on sale and pre-sale of properties	物業銷售及預售溢利	-	(44,182)

5. FINANCE COSTS

5. 財務費用

		For the six months ended 30 June 截至六月三十日止六個月	
		2003 二零零三年 (Unaudited) (未經審核) HK\$'000 千港元	2002 二零零二年 (Unaudited) (未經審核) HK\$'000 千港元
Interest expense on bank loans wholly repayable within five years	須於五年內悉數償還之銀行貸款利息開支	1,353	5,310
Less: Interest capitalised on properties under development	減：撥作發展中物業資本之利息	-	(3,895)
		1,353	1,415

6. TAX

6. 稅項

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

		2003 二零零三年 (Unaudited) (未經審核) HK\$'000 千港元	2002 二零零二年 (Unaudited) (未經審核) HK\$'000 千港元
Provision for the period:	期內撥備：		
Hong Kong	香港	-	-
Elsewhere	其他地區	-	2,862
		-	2,862

No provision for Hong Kong profits tax has been made as the Group did not generate any taxable profits in Hong Kong during the Period (2002: Nil).

由於本集團於期間並無在香港產生任何應課稅溢利，故未就香港利得稅作出撥備（二零零二年：無）。

Mainland China tax has been calculated on the taxable income of subsidiaries operating in Mainland China at the applicable rates.

中國大陸稅項乃按於中國大陸營運之附屬公司之應課稅收入以適用稅率計算。

7. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2003 (2002: Nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net loss from ordinary activities attributable to shareholders for the Period of HK\$15,740,000 (2002: net profit of HK\$9,494,000) and the weighted average of 2,980,016,725 (2002: 2,980,016,725) ordinary shares in issue during the Period.

Diluted loss per share for the Period has not been disclosed as the potential ordinary shares outstanding during the Period had an anti-dilutive effect on the basic loss per share for the Period.

The calculation of diluted earnings per share for the six months ended 30 June 2002 was based on the net profit from ordinary activities attributable to shareholders for that period of HK\$9,494,000. The weighted average number of ordinary shares used in the calculation was the 2,980,016,725 ordinary shares in issue during that period, as used in the basic earnings per share calculation, and the weighted average of 66,472,651 ordinary shares assumed to have been issued at no consideration on deemed exercise of all share options during that period.

7. 中期股息

董事不建議派付截至二零零三年六月三十日止六個月之中期股息(二零零二年：無)。

8. 每股盈利／(虧損)

每股基本盈利／(虧損)乃根據期間股東應佔日常業務虧損淨額15,740,000港元(二零零二年：純利9,494,000港元)及期間已發行普通股之加權平均數2,980,016,725股(二零零二年：2,980,016,725股)計算。

由於期間可能發行之普通股對期間之每股基本虧損有反攤薄影響，故並無呈列期間之每股攤薄虧損。

截至二零零二年六月三十日止六個月之每股攤薄盈利乃根據股東應佔該期間之日常業務純利9,494,000港元而計算。計算上述每股攤薄盈利時所使用之普通股加權平均數為期內已發行普通股數目2,980,016,725股(與計算每股基本盈利所使用者相同)，加上假設於期內視為行使所有購股權而無償發行普通股之加權平均數66,472,651股。

9. TRADE RECEIVABLES

The aged analysis of the Group's trade receivables at the balance sheet date is as follows:

9. 貿易應收款項

本集團貿易應收款項於結算日之賬齡分析如下：

		30 June 2003 二零零三年 六月三十日 (Unaudited) (未經審核)		31 December 2002 二零零二年 十二月三十一日 (Audited) (經審核)	
		HK\$'000	Percentage	HK\$'000	Percentage
		千港元	百分比	千港元	百分比
Within 6 months	6個月內	641	3	4,132	21
More than 6 months but within 1 year	超過6個月但不超過1年內	3,985	20	9	-
More than 1 year but within 2 years	超過1年但不超過2年內	-	-	-	-
More than 2 years but within 3 years	超過2年但不超過3年內	-	-	-	-
Over 3 years	超過3年	-	-	-	-
Not due at balance sheet date	於結算日仍未到期	15,889	77	15,889	79
		20,515	100	20,030	100
Portion classified as current assets	列為流動資產之部份	(8,598)		(8,113)	
Non-current assets	非流動資產	11,917		11,917	

9. TRADE RECEIVABLES (Con't)

The Group generally grants a credit term of four to six months to the customers.

The Group's trade receivables are aged based on the due date of instalments as stipulated in the sales contracts.

The legal titles of the properties sold are retained by the Group until the contracted amounts and related expenses of the property have been fully settled.

10. TRADE PAYABLES

The aged analysis of the Group's trade payables at the balance sheet date is as follows:

Within 6 months	6個月內
More than 6 months but within 1 year	超過6個月但不超過1年內
More than 1 year but within 2 years	超過1年但不超過2年內
More than 2 years but within 3 years	超過2年但不超過3年內
Over 3 years	超過3年

The Group's trade payables are aged based on the date of the goods received or services rendered.

9. 貿易應收款項 (續)

本集團一般授予買家4至6個月信貸期。

本集團貿易應收款項之賬齡根據銷售協議所列分期付款到期日計算。

已出售物業之法定業權仍歸本集團所有，直至收購價及有關物業之開支已全數償還為止。

10. 貿易應付款項

本集團之貿易應付款項之賬齡分析如下：

30 June 2003 二零零三年 六月三十日 (Unaudited) (未經審核)		31 December 2002 二零零二年 十二月三十一日 (Audited) (經審核)	
HK\$'000	Percentage	HK\$'000	Percentage
千港元	百分比	千港元	百分比
215	1	664	2
556	2	83	-
83	-	8,670	23
8,670	23	21	-
27,323	74	28,226	75
36,847	100	37,664	100

本集團貿易應付款項之賬齡分析根據收取貨物或服務提供日起計算。

11. CONTINGENT LIABILITIES

At the balance sheet date, the Group's contingent liabilities not provided for in the financial statements were as follows:

11. 或然負債

於結算日，本集團並未於財務報表作出撥備之或然負債如下：

		30 June	31 December
		2003	2002
		二零零三年	二零零二年
		六月三十日	十二月三十一日
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
		HK\$'000	HK\$'000
		千港元	千港元
Guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties	就銀行向本集團物業若干買家批出之按揭貸款所作之擔保	22,006	22,006

12. PLEDGE OF ASSETS

The Group's bank loans were supported by certain of the Group's investment properties and a corporate guarantee executed by the Company.

12. 資產抵押

本集團銀行貸款乃以本集團若干投資物業及由本公司簽立之公司擔保作為支持。

13. COMMITMENTS

13. 承擔

(a) Capital commitments

(a) 資本承擔

		Group 本集團	
		30 June 2003 二零零三年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2002 二零零二年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Capital commitments in respect of property development projects: Contracted, but not provided for	有關物業發展 項目之資本 承擔： 已訂約但未 撥備	35,902	35,902
Capital commitment in respect of capital contribution to a subsidiary: Contracted, but not provided for	向一間附屬 公司注資之 資本承擔： 已訂約但未撥備	1,500	1,500
		37,402	37,402

13. COMMITMENTS (Con't)

13. 承擔 (續)

(b) Commitments under operating leases

(b) 經營租約承擔

(i) As lessor

(i) 作為出租人

The Group leases certain of its investment properties under operating lease arrangements with leases negotiated for a term of two years.

本集團根據經營租賃安排出租其若干投資物業，經磋商之租約年期為兩年。

At 30 June 2003, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

於二零零三年六月三十日，本集團根據不可撤銷之經營租約與其租客訂立之未來最低租約應收款項及到期日如下：

		Group 本集團	
		30 June 2003 二零零三年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2002 二零零二年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Within one year	於一年內	622	2,261

13. COMMITMENTS (Con't)

(b) Commitments under operating leases (Con'd't)

(ii) As lessee

The Group leases its office properties in Hong Kong under operating lease arrangements with leases negotiated for a term of two years.

At 30 June 2003, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

13. 承擔 (續)

(b) 經營租約承擔 (續)

(ii) 作為承租人

本集團根據經營租約安排租用其若干香港辦公室物業，所議定之租期為兩年。

於二零零三年六月三十日，本集團根據不可撤銷之經營租約與其租客訂立未來最低應付租金款項及到期日如下：

		Group 本集團	
		30 June 2003 二零零三年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2002 二零零二年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Within one year	於一年內	713	973
In the second to fifth years, Inclusive	於第二至第五年 (包括首尾兩年)	594	-
		1,307	973

14. CONNECTED AND RELATED PARTY TRANSACTION

On 31 December 2002, Ho Tsam Hung, a director of the Company, entered into an agreement with the Company to indemnify the Company from any losses arising from certain other receivables totalling approximately HK\$17,164,000. The amount of HK\$14,713,000 of the said other receivables has been included in the consolidated balance sheet as at 30 June 2003. The indemnity covers the period from 1 January 2003 to 31 December 2003.

15. COMPARATIVE AMOUNTS

As explained in note 1 to this interim financial statements, due to the adoption of the revised SSAP 12 during the Period, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirement. Accordingly, certain comparative amounts have been reclassified to conform with the Period's presentation.

14. 關連及關連人士交易

於二零零二年十二月三十一日，本公司董事何湛雄先生與本公司訂立協議，就若干其他應收款項所產生之虧損向本公司作出合共約17,164,000港元之賠償保證。上述其他應收款項金額14,713,000港元已載入二零零三年六月三十日之綜合資產負債表內。保證期由二零零三年一月一日起至二零零三年十二月三十一日止。

15. 比較數字

如中期財務報表附註1所闡述，由於期間採用會計實務準則第12號（經修訂），財務報表之會計處理及若干項目及結餘呈報已作修訂以符合新規定。因此，若干比較數字已重新歸類以符合期間之呈報方式。

REVIEW OF RESULTS

The Directors are pleased to report that the Group recorded a turnover of HK\$2,847,000 (2002: HK\$103,418,000) for the Period, representing a decrease of 97% compared with the corresponding period in 2002. Net loss from ordinary activities attributable to shareholders is HK\$15,740,000 (2002: net profit of HK\$9,494,000).

BUSINESS REVIEW

The Group's turnover for the Period mainly comprises the rental income generated from the commercial podiums located in Chongqing, the People's Republic of China (the "PRC") and the sale of online English learning courses to individual and corporate customers in the PRC.

The decline in turnover was mainly attributable to the disposal of the Group's businesses in property development and investment in Haizhu Peninsula Garden in Guangzhou in the year ended 31 December 2002. Subsequent to the disposal, the Group has been mainly engaged in property investment in the PRC and sale of online English learning courses during the Period.

Property investment

During the Period, the commercial units in Gang Yu Square in Chongqing, the PRC, were leased out and the occupancy rate was highly satisfactory. It is expected that the rental income will increase and continue to generate a steady stream of income to the Group.

業績回顧

董事會欣然宣佈，本集團於期間錄得營業額 2,847,000 港元（二零零二年：103,418,000 港元），與二零零二年同期比較下降 97%。股東應佔日常業務虧損淨額為 15,740,000 港元（二零零二年：純利 9,494,000 港元）。

業務回顧

本集團於期間之營業額主要包括位於中華人民共和國（「中國」）重慶之商場所帶來之租金收入，以及向中國個別及公司客戶銷售網上英語學習課程之收入。

營業額下降主要由於截至二零零二年十二月三十一日止年度出售本集團於廣州海珠半島花園之房地產發展及投資業務所致。於出售事項後，本集團於期間主要於中國從事房地產投資及銷售網上英語學習課程。

房地產投資

於期間內，中國重慶港渝廣場之商業單位已租出，出租率非常理想。租金收入預期將會增加，並會持續為本集團帶來穩定之收入來源。

BUSINESS REVIEW (Con't)

Provision of online English learning services

The Group is engaged in the sale of online English learning courses, developed by GlobalEnglish Corporation in the United States of America, to individual and corporate customers in the region of the PRC including Hong Kong and Macau.

During the Period, the Group had successfully entered into contracts with several large-scale corporate customers and sub-distributors in the PRC. The Group had also started to develop the market of schools and colleges in Hong Kong and it is anticipated that the sale of online English learning courses will continue to increase and generate encouraging revenue for the Group in the future.

Provision of exclusive technology consultancy services

The Group had started to be engaged in the provision of exclusive technology consultancy services for the operation of the phone banking payment services in Guangdong Province excluding Shenzhen in 2001. The Group has continually negotiated the service contracts with companies in Guangdong Province to serve as their phone banking service providers in order to enhance the popularity and coverage of services in the coming period.

業務回顧 (續)

提供網上英語學習課程

本集團現時向包括香港及澳門等中國地區之個人及公司客戶銷售由美國GlobalEnglish Corporation所開發之網上英語學習課程。

於期間內，本集團已成功與若干中國大型公司客戶及分銷商簽署合約。本集團亦開始開發香港學校及學院之市場，並預期網上英語學習課程之銷量將會不斷上升，可於日後為本集團帶來滿意之收益。

提供獨家技術諮詢服務

於二零零一年，本集團已開始為深圳以外之廣東省電話銀行付款結賬服務提供獨家技術諮詢服務。本集團亦不斷與廣東省之公司磋商訂立服務合約事宜，以作為該等公司之電話銀行服務供應商，務求提高知名度及於來年擴大服務範圍。

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally financed its businesses with internally generated cash flows and banking facilities. Cash and bank balances for the Group as at 30 June 2003 amounted to HK\$38,936,000 (31 December 2002: HK\$40,857,000) and pledged deposits of HK\$2,048,000 (31 December 2002: HK\$2,200,000) while interest-bearing bank loans for the Group amounted to HK\$46,111,000 (31 December 2002: HK\$51,126,000) of which 24%, 14%, 33% and 29% respectively are repayable within one year or on demand, in the second year, in the third to fifth years, inclusive, and beyond five years. No bank loans (31 December 2002: Nil) is charged at fixed interest rates as at 30 June 2003.

Liquidity and Financial Resources

The Group's gearing ratio as at 30 June 2003 was 0.17 (31 December 2002: 0.18 (restated)), calculated based on the Group's total liabilities, excluding deferred income, of HK\$130,476,000 (31 December 2002: HK\$134,026,000 (restated)) over total assets of HK\$746,305,000 (31 December 2002: HK\$765,595,000 (restated)).

財務回顧

流動資金及財務資源

本集團一般以內部產生之流動現金及銀行信貸作為其運作所需資金。於二零零三年六月三十日，本集團之現金及銀行結存達38,936,000港元(二零零二年十二月三十一日：40,857,000港元)，及已抵押存款2,048,000港元(二零零二年十二月三十一日：2,200,000港元)，而計息之銀行貸款為46,111,000港元(二零零二年十二月三十一日：51,126,000港元)，其中24%、14%、33%及29%分別於一年內或按要求、第二年、第三至五年(包括首尾兩年)內及五年後償還。於二零零三年六月三十日並無銀行貸款按固定息率計息(二零零二年十二月三十一日：無)。

流動資金及財務資源

本集團於二零零三年六月三十日之資本負債比率為0.17(二零零二年十二月三十一日：0.18(重列))，乃按本集團債務總額(不包括遞延收入)130,476,000港元(二零零二年十二月三十一日：134,026,000港元(重列))除以資產總值746,305,000港元(二零零二年十二月三十一日：765,595,000港元(重列))計算。

FINANCIAL REVIEW (Con't)

Currency Structure

The Group had limited exposure to foreign exchange rate fluctuations as most of its transactions, including borrowings, were mainly conducted in Hong Kong dollars or Renminbi and the exchange rates of these currencies were relatively stable throughout the Period.

Pledge of Assets

The Group had utilized bank loan facilities amounting to approximately HK\$46,111,000 (31 December 2002: HK\$51,126,000) as at 30 June 2003. The bank loans were supported by certain of the Group's investment properties and a corporate guarantee executed by the Company.

Contingent Liabilities

As at 30 June 2003, guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties amounted to HK\$22,006,000 (31 December 2002: HK\$22,006,000).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

During the Period, the Group has no material acquisitions and disposals of subsidiaries and associated companies.

財務回顧 (續)

貨幣結構

由於本集團絕大部份交易(包括借款)主要以港元及人民幣進行,而該等貨幣匯率在本期間內相對穩定,故本集團於期間內所面對之外幣匯率波動不大。

資產抵押

於二零零三年六月三十日,本集團經已使用約46,111,000港元之銀行信貸額(二零零二年十二月三十一日:51,126,000港元)。銀行貸款以本集團若干投資物業及由本公司簽立之公司擔保作為支持。

或然負債

於二零零三年六月三十日,就銀行向本集團物業若干買家批出之按揭貸款而作出之擔保達22,006,000港元(二零零二年十二月三十一日:22,006,000港元)。

重大附屬公司及聯營公司收購及出售

於期間內,本集團並無重大附屬公司及聯營公司收購及出售。

FINANCIAL REVIEW (Con't)

Employee and Remuneration Policy

The Group employed approximately 21 full time staff in Hong Kong and Chongqing, the PRC, as at 30 June 2003. Employees are remunerated according to the nature of their job and market trend, with built-in merit components incorporated in the annual increment to reward and motivate individual performance. In Chongqing, the PRC the Group provides staff welfare and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, other staff benefits include medical schemes, mandatory provident fund schemes and employee share option scheme.

PROSPECTS

With the outbreak of Severe Acute Respiratory Syndrome in Hong Kong and the PRC in the Period, the Group has postponed its investment plans and decisions in the Period. In respect of the recent signs of up-turn of the economy generally and with a capacity of free up capital in the Group, the Group is now reviewing new business opportunities in the PRC, such as property development and technology-related sectors, with aims to maximize shareholders' return and lead to encouraging results to the Group in the long run.

The Group is optimistic with the continual economic growth in the PRC and the Group will continue its diversification with a view to broaden its business scope and increase sources of revenue.

財務回顧 (續)

僱員及薪酬政策

於二零零三年六月三十日，本集團在香港及中國重慶共僱用約21名全職僱員。本集團根據員工之工作性質及市場趨勢釐定酬金，每年加薪亦考慮個別員工之優異表現，以獎勵及激勵員工爭取表現。就中國重慶而言，本集團按現行勞工法例為員工提供福利及花紅，而在香港則提供醫療計劃、強制性公積金計劃及僱員購股權計劃等其他福利。

展望

鑒於中港兩地爆發嚴重呼吸系統綜合症，本集團已押後期間之投資計劃及決定。隨著近期之經濟普遍有回升跡象及本集團所套現的資金，本集團現正在中國物色新商機，如房地產發展及技術相關業務，以為股東謀求最豐厚之回報及長遠而言為本集團締造更令人鼓舞之業績。

本集團對中國日後之經濟增長感到樂觀，本集團將會繼續分散業務，以擴闊其業務範疇及增加收入來源。

DIRECTORS'/CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2003, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by 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 (the "Model Code"), were as follows:

Long position in shares of the Company

董事／行政總裁所擁有之本公司及各聯繫公司股份權益

於二零零三年六月三十日，根據由本公司設置之登記冊所記錄之本公司董事及行政總裁於本公司或其任何聯繫公司(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份或債券中之權益或淡倉，或根據上市公司董事進行證券交易標準守則(「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」)之權益或淡倉如下：

於本公司股份之長倉

Name of Director	董事姓名	Number of shares held and nature of interest	
		Corporate	Percentage of the issued share capital
		所持股份數目及權益性質	佔已發行股本百分比
Ho Tsam Hung	何湛雄	270,000,000 (Note 1) (附註1)	9.06%
Ho Pak Hung	何伯雄	270,000,000 (Note 2) (附註2)	9.06%
Ho Kam Hung	何鑑雄	270,000,000 (Note 3) (附註3)	9.06%

DIRECTORS'/CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Con't)

董事／行政總裁所擁有之本公司及各聯繫公司股份權益(續)

Notes:

附註：

- (1) 270,000,000 shares are beneficially held by Ho Tsam Hung through Morgan Estate Assets Limited.
 - (2) 270,000,000 shares are beneficially held by Ho Pak Hung through On Tai Profits Limited.
 - (3) 270,000,000 shares are beneficially held by Ho Kam Hung through Morcambe Corporation.
- (1) 270,000,000股由何湛雄透過Morgan Estate Assets Limited實益持有。
 - (2) 270,000,000股由何伯雄透過On Tai Profits Limited實益持有。
 - (3) 270,000,000股由何鑑雄透過Morcambe Corporation實益持有。

SHARES IN ASSOCIATED CORPORATIONS OF THE COMPANY

本公司聯繫公司股份

At 30 June 2003, the following Directors of the Company had interests in the non-voting deferred shares in certain of the Company's subsidiaries:

於二零零三年六月三十日，下列董事所擁有之本公司若干附屬公司無投票權遞延股之權益如下：

Long position in shares of the associated corporations

於聯繫公司股份之長倉

- (a) Interests in the non-voting deferred shares of Smart Hero (Holdings) Limited
- (a) 所擁有之超霸控股有限公司無投票權遞延股份權益

Name of Director	董事姓名	Number of shares held and nature of interest	Percentage of the issued share capital 佔已發行股本百分比
		Personal 所持股份數目及 權益性質 個人	
Ho Tsam Hung	何湛雄	91	30.13%
Ho Pak Hung	何伯雄	91	30.13%
Ho Kam Hung	何鑑雄	91	30.13%

**DIRECTORS'/CHIEF EXECUTIVE'S
INTERESTS IN THE SHARES OF THE
COMPANY AND ITS ASSOCIATED
CORPORATIONS (Con't)**

董事／行政總裁所擁有之本公司及各
聯繫公司股份權益(續)

**SHARES IN ASSOCIATED CORPORATIONS
OF THE COMPANY (Con't)**

本公司聯繫公司股份(續)

(b) Interests in the non-voting deferred shares of China Land Realty Investment Limited

(b) 所擁有之中華置業地產投資有限公司無投票權遞延股份權益

Name of Director	董事姓名	Number of shares held and nature of interest	
		Personal 所持股份數目及 權益性質	Percentage of the issued share capital 佔已發行股本百分比
Ho Tsam Hung	何湛雄	91 個人	30.13%
Ho Pak Hung	何伯雄	91	30.13%
Ho Kam Hung	何鑑雄	91	30.13%

Save as disclosed above, as at 30 June 2003, to the knowledge of the Company, none of the directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，據本公司所知，於二零零三年六月三十日，根據證券及期貨條例第352條規定設置之登記冊所記錄，概無任何本公司董事或行政總裁於本公司或其任何聯繫公司(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有或被視為擁有任何權益或淡倉，或根據標準守則須知會本公司及聯交所之權益或淡倉。

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the headings "Directors'/chief executive's interests in the shares of the Company and its associated corporations" above and "Share option scheme" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors or their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company's share option scheme which was adopted on 19 September 1997 (the "Old Scheme") was terminated and replaced by a new share option scheme (the "New Scheme") on 11 June 2002. No share option was granted under the New Scheme since the adoption date on 11 June 2002.

The principal purpose of the New Scheme is to provide eligible participants with the opportunity to acquire proprietary interests in the Company and as an incentive to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

董事購買股份之權利

除上文「董事／行政總裁所擁有之本公司及各聯繫公司股份權益」及下文「購股權計劃」所披露者外，於本期間內任何時間，概無將可藉購入本公司或任何其他法人團體之股份或債券而獲得利益之權利授予任何董事、彼等各自之配偶或18歲以下子女，而彼等亦概無行使該等權利。本公司或其附屬公司亦無參與訂立任何安排，使董事、彼等各自之配偶或18歲以下子女可自任何其他法人團體獲得該等權利。

購股權計劃

本公司於一九九七年九月十九日採納之購股權計劃（「舊計劃」）已於二零零二年六月十一日終止，並由新購股權計劃（「新計劃」）取代。自於二零零二年六月十一日採納新計劃後，概無根據新計劃授出購股權。

新計劃主要旨在給予合資格參與者獲得本公司權益之機會，並作為致力提高本公司及其股份之價值之誘因，使本公司及全體股東得益。

SHARE OPTION SCHEME (Con't)

購股權計劃 (續)

The options granted under the Old Scheme will remain in full force and effect, details of the options granted under the Old Scheme are as follows:

根據舊計劃授出之購股權仍具十足效力及作用，根據舊計劃授出之購股權詳情如下：

Name or category of participant 參與者 名稱及類別		Options outstanding at beginning and end of period 期初及期末尚未行使之購股權數目	Exercise period of share options 購股權 行使期間	Exercise price of share options 購股權 行使價 HK\$ 港元
Directors	董事			
Ho Tsam Hung	何湛雄	27,500,000	1 December 2001 to 1 December 2004 二零零一年十二月一日至 二零零四年十二月一日	0.1395
Ho Pak Hung	何伯雄	27,500,000	1 December 2001 to 1 December 2004 二零零一年十二月一日至 二零零四年十二月一日	0.1395
Ho Kam Hung	何鑑雄	27,500,000	1 December 2001 to 1 December 2004 二零零一年十二月一日至 二零零四年十二月一日	0.1395
		82,500,000		
Other employees in aggregate	其他僱員(合共)	8,000,000	1 December 2001 to 1 December 2004 二零零一年十二月一日至 二零零四年十二月一日	0.1395
		90,500,000		

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, as far as is known to any Director or chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had interests or short positions in the shares and underlying share as recorded in the register required to be kept under section 336 of the SFO:

Long position in shares of the Company

Name 名稱	Number of Shares held 所持股份數目	Percentage of the issued share capital 佔已發行股本百分比
High Rank Enterprises Limited	1,140,000,000	38.25%

Save as disclosed above, as at 30 June 2003, the Directors are not aware of any other person who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

主要股東

於二零零三年六月三十日，據本公司任何董事或行政總裁所知，以下人士(本公司之董事或行政總裁除外)擁有登記於根據證券及期貨條例第336條之規定存置之登記冊之股份及相關股份中之權益或淡倉如下：

於本公司股份之長倉

除上文所披露者外，於二零零三年六月三十日，董事並不知悉有任何人士擁有登記於根據證券及期貨條例第336條之規定存置之登記冊之本公司股份及相關股份中之權益或淡倉。

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the Period. The Company appointed two independent non-executive directors of the Company as members of the Audit Committee. It was established on 11 May 1999 to assist the Board of Directors in fulfilling its duties by reviewing and supervising the Company's financial reporting process and internal controls.

REVIEW BY AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Group have been reviewed by the Audit Committee of the Company.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

On behalf of the Board
Ho Tsam Hung
Chairman

Hong Kong, 23 September 2003

最佳應用守則

董事會認為，本公司於期內一直遵守上市規則附錄14所載之最佳應用守則。本公司已委任兩位獨立非執行董事出任審核委員會成員。審核委員會乃於一九九九年五月十一日成立，負責協助董事會檢討及監管本公司之財務申報過程及內部控制。

由審核委員會審閱

本集團之未經審核簡明綜合中期財務報表已由本公司之審核委員會審閱。

買賣或贖回本公司上市證券

期內，本公司或其任何附屬公司概無買賣或贖回任何本公司之上市證券。

董事會代表
主席
何湛雄

香港，二零零三年九月二十三日