

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for valuation of investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's financial statements for the year ended 31st December, 2003.

1. 編製基準

簡明財務報表已根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄16之適用披露規定及香港會計師公會頒佈之會計實務準則（「會計實務準則」）第25號「中期財務報告」之規定編製。

2. 主要會計政策

簡明財務報表乃根據過往成本法編製，並就證券投資之估值作出調整。

所採納之會計政策與編製本集團於截至二零零三年十二月三十一日止年度之財務報表所採用者一致。

3. SEGMENT INFORMATION

Business segments

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

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

3. 分部資料

業務分部

本集團呈報首要分部資料之形式為按業務分類。

本集團按業務分部劃分之營業額及對經營業績之貢獻分析如下：

		Continuing operations 持續經營業務			Discontinuing operations 正終止經營業務		
		Investment in securities 投資證券	Manufacturing and trading of battery products 製造及買賣 電池產品	Sub-total 小計	Manufacturing and trading of pharmaceutical products 製造及買賣 藥品	Consolidated 綜合	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
					(Note a) (附註a)		
For the period ended	截至二零零四年						
30th June, 2004	六月三十日止期間						
TURNOVER	營業額						
External	對外	-	10,309	10,309	96,262	106,571	
RESULT	業績						
Segment result	分部業績	(20,815)	102	(20,713)	6,777	(13,936)	
Unallocated corporate expenses	未分攤企業支出						(19,659)
Allowance for receivables	應收賬款撥備						(56,000)
Exchange gain	滙兌收益						2,430
Interest income	利息收入						21,672
Dividend income	股息收入						1,185
Loss from operations	經營虧損						(64,308)

3. SEGMENT INFORMATION (continued)

Business segments (continued)

		Continuing operations 持續經營業務	Discontinuing operations 正終止經營業務		
		Investment in securities 投資證券	Manufacturing and trading of tire pharmaceutical products 製造及買賣 輪胎產品 藥品		Consolidated
		HKS'000 千港元	HKS'000 千港元 (Note b) (附註b)	HKS'000 千港元	HKS'000 千港元
For the period ended 30th June, 2003	截至二零零三年 六月三十日止期間				
TURNOVER	營業額				
External	對外	-	1,606,194	129,411	1,735,605
RESULT	業績				
Segment result	分部業績	(6,839)	79,001	(855)	71,307
Unallocated corporate expenses	未分攤企業支出				(13,374)
Exchange gain	匯兌收益				17,429
Interest income	利息收入				19,232
Dividend income	股息收入				1,635
Profit from operations	經營溢利				96,229

Notes:

- (a) Following the disposal of Tung Fong Hung Investment Limited and its subsidiaries which was engaged in the manufacturing and trading of pharmaceutical products in May 2004, the business segment of manufacturing and trading of pharmaceutical products was regarded as discontinuing operations during the period ended 30th June, 2004.
- (b) Following the disposal of interests in subsidiaries which were engaged in the business of manufacturing and trading of tire products in September 2003, the business segment of manufacturing and trading of tire products was regarded as discontinuing operations during the period ended 30th June, 2003.

附註：

- (a) 於二零零四年五月出售Tung Fong Hung Investment Limited及其從事製造及買賣藥品之附屬公司後，製造及買賣藥品之業務分部被視為於截至二零零四年六月三十日止期間之正終止經營業務。
- (b) 於二零零三年九月出售從事製造及買賣輪胎之附屬公司之權益後，製造及買賣輪胎之業務分部被視為於截至二零零三年六月三十日止期間之正終止經營業務。

3. 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:

		Turnover 營業額	
		Six months ended 30th June, 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
The PRC, other than Hong Kong	中國， 不包括香港	10,309	1,626,858
Hong Kong	香港	96,262	91,115
Overseas	海外	-	17,632
		<u>106,571</u>	<u>1,735,605</u>

3. 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)：

4. OTHER OPERATING INCOME

		Six months ended 30th June, 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Interest income	利息收入	21,672	19,232
Exchange gain	滙兌收益	2,430	17,429
Gain on disposal of investments in securities	出售證券投資之收益	19,006	5,187
Dividend income from listed investments	上市投資之股息收入	1,185	1,635
Others	其他	633	3,558
		<u>44,926</u>	<u>47,041</u>

4. 其他經營收入

5. OTHER EXPENSES

5. 其他支出

		Six months ended 30th June, 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Unrealised holding loss on investments in securities	持有證券投資之未變現虧損	36,462	12,026
Allowance for bad and doubtful debts	呆壞賬撥備	9,460	—
Allowance for receivables	應收賬款撥備	56,000	—
Allowance for amounts due from associates	聯營公司欠款撥備	499	—
Amortisation of goodwill arising on acquisition of subsidiaries	攤銷收購附屬公司產生之商譽	155	814
Others	其他	163	3,366
		<u>102,739</u>	<u>16,206</u>

6. (LOSS) PROFIT FROM OPERATIONS

6. 經營(虧損)溢利

(Loss) profit from operations has been arrived at after charging:

經營(虧損)溢利已扣除下列各項：

		Six months ended 30th June, 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Depreciation and amortisation of property, plant and equipment	折舊及攤銷物業、廠房及設備	2,602	24,012

7. TAXATION

7. 稅項

		Six months ended 30th June, 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
The charge (credit) comprises:	稅項支出(回撥)包括：		
Hong Kong Profits Tax	香港利得稅	585	706
Taxation in other jurisdictions	其他司法權區之稅項	176	7,533
Deferred tax credit	遞延稅項抵免	-	(770)
		<u>761</u>	<u>7,469</u>
Taxation attributable to the Company and its subsidiaries	本公司及其附屬公司 應佔稅項		

Hong Kong Profits Tax was provided for at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits of the subsidiaries of the Group.

香港利得稅乃根據本集團附屬公司估計應課稅溢利按稅率17.5%(二零零三年：17.5%)作出撥備。

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

其他司法權區之稅項乃按個別司法權區之適用稅率計算。

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

於公佈日期或兩段期間，本集團概無任何重大未確認遞延稅項。

8. LOSS PER SHARE

8. 每股虧損

The calculation of the basic loss per share is based on the net loss for the period of approximately HK\$94,546,000 (approximately HK\$132,702,000 for the six months ended 30th June, 2003) and on the weighted average of 873,325,856 (829,468,413 for the six months ended 30th June, 2003) ordinary shares in issue during the period.

每股基本虧損乃根據期內之虧損淨額約94,546,000港元(截至二零零三年六月三十日止六個月：約132,702,000港元)及期內已發行普通股之加權平均數873,325,856股(截至二零零三年六月三十日止六個月：829,468,413股)計算。

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

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

9. PROPERTY, PLANT AND EQUIPMENT

During the period, property, plant and equipment with an aggregate net book value of approximately HK\$35 million were disposed of as a result of the disposal of subsidiaries.

The Group also acquired property, plant and equipment with an aggregate net book value of approximately HK\$30 million as a result of the acquisition of subsidiaries.

10. INTERESTS IN ASSOCIATES

In March 2004, Pacific Century Premium Development Limited ("PCPD", formerly known as Dong Fang Gas Holdings Limited whose shares are listed on the Stock Exchange), a then 43.06% owed associate of the Group, entered into agreements with PCCW Limited ("PCCW", a company whose shares are listed on the Stock Exchange) to acquire various property interests from PCCW for a consideration of approximately HK\$6,557 million which was satisfied by the issue of new shares and convertible notes by PCPD to PCCW or as it may direct. The above transaction was completed in May 2004 and the Group's interest in PCPD was decreased from 43.06% to 2.83% and PCPD ceased to be an associate of the Group.

9. 物業、廠房及設備

本集團於本期間由於出售附屬公司而出售賬面淨值合共約35,000,000港元之物業、廠房及設備。

收購附屬公司後，本集團亦收購總賬面淨值約30,000,000港元之物業、廠房及設備。

10. 於聯營公司之權益

於二零零四年三月，本集團當時擁有43.06%權益之聯營公司盈科大衍地產發展有限公司(「盈大地產」，前稱東方燃氣集團有限公司，其股份於聯交所上市)與電訊盈科有限公司(「電訊盈科」，其股份於聯交所上市)訂立協議，以約6,557,000,000港元之代價收購電訊盈科多項物業權益，該筆代價以盈大地產向電訊盈科發行新股及可換股票據或其另行指示之方式支付。以上交易已於二零零四年五月完成，而本集團於盈大地產之權益由43.06%減至2.83%，因此盈大地產不再屬於本集團之聯營公司。

11. RECEIVABLES

At 30th June, 2004, the amount included receivables of approximately HK\$106 million before allowance (31.12.2003: HK\$128 million) and HK\$118 million before allowance (31.12.2003: HK\$115 million) due from Danwei Limited ("Danwei") and Lucklong Venture Limited ("Lucklong") respectively. Ms. Chau Mei Wah, Rosanna ("Ms. Chau"), a director of the Company, is the former director of Danwei and Lucklong. Mr. Lau Ko Yuen, the former alternate director to Ms. Chau, is a director of substantial shareholder of the Company and a director of Danwei and Lucklong. Shares of certain property holding companies held by Danwei and Lucklong were pledged to the Group as securities to the loans.

Other than the above amounts of approximately HK\$224 million (31.12.2003: HK\$243 million) which were secured, the remaining balances of receivables were unsecured. All receivables bear interest at prevailing market rates.

During the period, allowance for receivables of HK\$56 million (30.6.2003: Nil) has been recognised in the condensed consolidated income statement.

12. INVESTMENTS IN SECURITIES

During the period, the Group acquired certain investments at a consideration of approximately HK\$9 million and disposed of certain investments with a carrying value of approximately HK\$45 million. An amount of HK\$125 million was transferred from interests in associates as a result of dilution of interests in associates as explained in note 10. In addition, an unrealised loss on investment in securities of approximately HK\$36 million (six months ended 30.6.2003: HK\$12 million) has been recognised in the condensed consolidated income statement during the period.

11. 應收賬款

於二零零四年六月三十日，應收款項包括應收 Danwei Limited (「Danwei」) 款項 (未計撥備) 約106,000,000港元 (二零零三年十二月三十一日：約128,000,000港元) 及應收 Lucklong Venture Limited (「Lucklong」) 款項 (未計撥備) 約118,000,000港元 (二零零三年十二月三十一日：約115,000,000港元)。本公司董事周美華女士 (「周女士」) 乃 Danwei 及 Lucklong 之前任董事。周女士之前前任董事劉高原先生乃本公司主要股東之董事，亦為 Danwei 及 Lucklong 之董事。Danwei 及 Lucklong 持有之若干物業控股公司之股份已抵押予本集團，作為上述貸款之抵押品。

扣除上文所述約224,000,000港元 (二零零三年十二月三十一日：約243,000,000港元) 之數額已有抵押外，其餘應收款項結餘並無抵押。所有應收款項均按當時市場利率計算。

本集團於期內之應收款項折扣為56,000,000港元 (二零零三年六月三十日：無)，並已於簡明綜合收益表確認。

12. 證券投資

本集團期內以約9,000,000港元之代價收購若干投資，並出售賬面值約45,000,000港元之若干投資。基於附註10所述之聯營公司權益攤薄，一筆125,000,000港元之款項已自聯營公司撥出。此外，一筆約36,000,000港元證券投資之未實現虧損 (截至二零零三年六月三十日止六個月：12,000,000港元)，已於期內在簡明綜合收益表確認。

13. DEPOSIT PAID FOR ACQUISITION OF A PROPERTY

In June 2004, a wholly-owned subsidiary of China Enterprises Limited (a non wholly-owned subsidiary of the Company whose shares are traded on the Over the Counter Bulletin Board of the United States of America) entered into a conditional agreement with third party to acquire a property located in Shanghai, PRC for a consideration of RMB450,000,000 in which RMB50,000,000 was paid as deposit. The transaction was not yet completed at the date of this report.

14. OTHER ASSET

The amount represents cost incurred in connection with a land development project in the PRC. The project is a land development of 珠海中策產業園 (formerly known as 珠海市龍山智業產業園) located in Long Shan Development Area, Doumen District, Zhuhai City and is to be jointly developed with 珠海市龍山工業區管理委員會. The Group is entitled to have 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.

13. 收購一項物業所付訂金

於二零零四年六月，一間由China Enterprises Limited(並非由本公司全資擁有之附屬公司，其股份於美國場外交易議價板買賣)之全資擁有附屬公司與第三方訂立有條件協議，以人民幣450,000,000元之代價收購位於中國上海之一項物業，其中人民幣50,000,000元為按金。該項交易於本報告日期仍未完成。

14. 其他資產

此數額指國內土地發展項目產生之成本。該項目為珠海中策產業園(前稱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。

15. TRADE DEBTORS

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

15. 應收貿易賬款

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

		30.6.2004	31.12.2003
		二零零四年	二零零三年
		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	6,668	12,011
91 – 180 days	91至180日	636	762
Over 180 days	180日以上	247	945
		7,551	13,718

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

During the period, a wholly-owned subsidiary of MRI Holdings Limited (a non wholly-owned subsidiary of the Company whose shares are traded in the Australia Stock Exchange) paid approximately HK\$45 million refundable deposit for a potential investment project.

16. 其他應收款項、按金及預付款項

MRI Holdings Limited(一間本公司非全資擁有之附屬公司，其股份於澳洲證券交易所買賣)之全資擁有附屬公司於本期間就一項潛在投資計劃支付約45,000,000港元之可退回按金。

17. CREDITORS, OTHER PAYABLES AND ACCRUED CHARGES

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

17. 應付賬款、其他應付款項及應計費用

於結算日，貿易應付賬款之賬齡分析如下：

		30.6.2004	31.12.2003
		二零零四年	二零零三年
		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	3,606	39,468
91 – 180 days	91至180日	4,664	1,413
Over 180 days	180日以上	1,245	813
Creditors	應付賬款	9,515	41,694
Other payables and accrued charges	其他應付款項及應計費用	37,069	43,252
		46,584	84,946

18. PAYABLES

Included in payables due within one year was an amount of HK\$179 million due to Nation Cheer Investment Limited ("Nation Cheer"), which is a wholly-owned subsidiary of a substantial shareholder of the Company. The amount due to Nation Cheer at 31st December, 2003 of HK\$193 million was included in payables due after one year and classified as payables due within one year at 30th June, 2004 since the terms of payable due to Nation Cheer was changed to repayable on demand. All payables are unsecured, bear interest at prevailing market rate and are repayable on demand.

18. 應付款項

一年內到期之應付款項包括應付志恒投資有限公司(「志恒」)之款項179,000,000港元，志恒乃本公司一名主要股東之全資擁有附屬公司。於二零零三年十二月三十一日，應付志恒之款項為193,000,000港元，已包括入一年後到期之應付款項內，由於應付志恒之款項條款改為須於要求時償還，故此款項已被分類為二零零四年六月三十日止一年內到期之應付款項。所有應付款項均為無抵押、按市場利率計息及須於要求時償還。

19. SHARE CAPITAL

19. 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 31st December, 2003 and 30th June, 2004	每股面值0.10港元之普通股 於二零零三年十二月 三十一日及二零零四年 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 31st December, 2003	每股面值0.10港元之普通股 於二零零三年十二月 三十一日	856,595,087	85,660
Issue of shares	發行新股	25,000,000	2,500
At 30th June, 2004	於二零零四年六月三十日	881,595,087	88,160

During the period ended 30th June, 2004, 25,000,000 ordinary shares of HK\$0.10 each were issued at a price of HK\$0.1776 per share as a result of exercise of share options. The shares issued during the period rank pari passu with the then existing shares in all respect.

截至二零零四年六月三十日期內，行使購股權導致每股面值0.10港元之25,000,000股普通股以每股0.1776港元發行。該等於期內發行之股份在各方面與當時各現有股份地位相等。

20. COMMITMENTS

At 30th June, 2004, the Group has commitment of approximately HK\$377 million which is contracted for but not provided in the interim financial report in respect of acquisition of a property located in Shanghai, PRC (31.12.2003: Nil).

21. CONTINGENT LIABILITIES

At 30th June, 2004, the Group had contingent liabilities in respect of guarantees in favour of banks for facilities granted to outsiders of approximately HK\$59.3 million (31.12.2003: HK\$0.8 million).

At 31st December, 2003, the Group also had contingent liabilities in respect of guarantees in favour of banks for facilities granted to an associate of approximately HK\$32.3 million.

22. PLEDGE OF ASSETS

At 30th June, 2004, investment in securities with a carrying value of approximately HK\$94,673,000 (31.12.2003: approximately HK\$140,438,000) were pledged to secure margin credit facilities and banking facilities granted to the Group.

At 31st December, 2003, shares in an associate with net assets value attributable to the Group of approximately HK\$83,622,000 were also pledged to secure credit facilities granted to the associates of the Group.

20. 承擔

於二零零四年六月三十日，本集團於中期財務報告中就收購位於中國上海之物業而已作出訂約但未撥備之承擔約為377,000,000港元(二零零三年十二月三十一日：零)。

21. 或然負債

於二零零四年六月三十日，本集團因就外界人士所獲信貸約59,300,000港元(二零零三年十二月三十一日：800,000港元)，向銀行提供擔保而衍生之或然負債。

於二零零三年十二月三十一日，本集團亦就聯營公司所獲信貸約32,300,000港元向銀行提供擔保而衍生之或然負債。

22. 資產抵押

於二零零四年六月三十日，賬面值約為94,673,000港元(二零零三年十二月三十一日：約為140,438,000港元)之投資證券已予抵押，作為批予本集團之孖展戶口信貸及銀行信貸之擔保。

於二零零三年十二月三十一日，本集團攤佔聯營公司資產淨值約為83,622,000港元之股份已予抵押，作為批予本集團聯營公司信貸之擔保。

23. RELATED PARTY TRANSACTIONS

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

23. 關連人士交易

本集團於本期間曾與關連人士進行下列重大交易：

Name of company 公司名稱	Notes 附註	Nature of transactions 交易性質	Six months ended 30th June, 截至六月三十日止六個月	
			2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Lucklong	(i)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	2,984	2,967
Danwei	(i)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	3,081	3,314
Hanny Magnetics Limited ("Hanny Magnetics")	(ii)	Loan interest expenses paid and payable by the Group 本集團已付及應付之貸款利息開支	-	1,953
Nation Cheer 志恒	(ii)	Loan interest expenses paid and payable by the Group 本集團已付及應付之貸款利息開支	6,234	4,085
China Velocity Group Limited ("China Velocity") 中國高速(集團)有限公司 〔中國高速〕	(iii)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	-	1,685
Apex Quality Group Limited ("Apex")	(iii)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	2,690	-
Chief Atlantic Profits Limited	(iv)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	303	-
Wing On Travel (Holdings) Limited ("Wing On") 永安旅遊(控股)有限公司〔永安〕	(iii)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	3,722	-
Mass Success International Ltd.	(v)	Rental expenses paid and payable by the Group 本集團已付及應付之租金支出	288	-
PCPD 盈科大衍地產發展有限公司 〔盈大地產〕	(vi)	Management fee received and receivable by the Group 本集團已收及應收之管理收入	200	-

23. RELATED PARTY TRANSACTIONS (continued)

Notes:

- (i) Danwei and Lucklong are companies of which a director of a substantial shareholder of the Company, is also a director of Danwei and Lucklong.
- (ii) Hanny Magnetics and Nation Cheer are wholly-owned subsidiaries of a substantial shareholder of the Company.
- (iii) China Velocity, Apex and Wing On are associates of the Group.
- (iv) Chief Atlantic Profits Limited is a wholly-owned subsidiary of a former associate of the Group.
- (v) Mass Success International Ltd. is an associate of a substantial shareholder of the Company.
- (vi) PCPD is a former associate of the Group.

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

23. 關連人士交易 (續)

註：

- (i) Danwei及Lucklong之董事為本公司主要股東之董事。
- (ii) Hanny Magnetics及志恒均為本公司主要股東之全資附屬公司。
- (iii) 中國高速、Apex及永安為本集團之聯營公司。
- (iv) Chief Atlantic Profits Limited為本集團前聯營公司之全資附屬公司。
- (v) Mass Success International Ltd.為本公司主要股東之聯營公司。
- (vi) 盈大地產為本集團之前聯營公司。

上述交易根據有關各方同意之條款進行。

**24. ACQUISITION AND DISPOSAL OF
SUBSIDIARIES**

(i) Discontinuing Operations

On 19th March, 2004, the Company and Cheung Tai Hong (B.V.I.) Limited ("CTH"), a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of Cheung Tai Hong Holdings Limited ("CTHH"), a company whose shares are listed on the Stock Exchange, entered into a conditional agreement pursuant to which CTH agreed to acquire from the Group the entire equity interest in Tung Fong Hung Investment Limited ("TFH") for a consideration of HK\$42 million by the issue of the promissory note of HK\$6.5 million and as to HK\$35.5 million in cash. TFH and its subsidiaries were engaged in the business of manufacturing and trading of chinese and western pharmaceutical products. The disposal was completed on 6th May, 2004, and the operation of pharmaceutical products was regarded as discontinuing operation during the period ended 30th June, 2004.

The results of the operations of pharmaceutical products for the period ended 30th June, 2004 up to the date of disposal were as follows:

24. 收購及出售附屬公司

(i) 正終止經營業務

於二零零四年三月十九日，本公司與 Cheung Tai Hong (B.V.I.) Limited (「CTH」)，一間於英屬處女群島註冊成立之公司兼為其股份於聯交所上市公司祥泰行集團有限公司(「祥泰行」)之全資附屬公司)訂立一項有條件協議，據此，CTH同意向本集團收購Tung Fong Hung Investment Limited(「東方紅」)全部股本權益，代價為42,000,000港元，其中6,500,000港元以承兌票據支付，35,500,000港元以現金支付。東方紅及其附屬公司從事中西醫藥產品之製造及買賣業務。是次出售於二零零四年五月六日完成，而醫藥產品之業務於截至二零零四年六月三十日止期間被視為正終止經營之業務。

於截至二零零四年六月三十日止期間及直至出售日期，醫藥產品之經營業績如下：

		HK\$'000 千港元
Turnover	營業額	<u>96,262</u>
Profit for the period	期內溢利	<u>3,853</u>

**24. ACQUISITION AND DISPOSAL OF
SUBSIDIARIES (continued)**

(i) Discontinuing Operations (continued)

The assets and liabilities of TFH and its subsidiaries at the date of disposal were as follows:

		HK\$'000 千港元
Assets	資產	141,765
Liabilities	負債	<u>(103,681)</u>
		<u>38,084</u>

(ii) Acquisition

On 30th March, 2004, the Group acquired 80% of the issued share capital and its shareholder loans of Talent Cosmos Limited for a cash consideration of HK\$30 million. Talent Cosmos Limited and its subsidiaries were engaged in the manufacturing and trading of battery products. This transaction has been accounted for using the purchase method of accounting.

The assets and liabilities acquired at the date of acquisition are as follows:

		HK\$'000 千港元
Assets	資產	55,620
Liabilities	負債	<u>(45,136)</u>
		10,484
Minority interests	少數股東權益	<u>(2,444)</u>
		<u>8,040</u>

24. 收購及出售附屬公司 (續)

(i) 正終止經營業務 (續)

東方紅及其附屬公司於出售日期之資產及負債如下：

(ii) 收購

於二零零四年三月三十日，本集團收購才宇有限公司80%已發行股本及股東貸款，現金代價為30,000,000港元。才宇有限公司與其附屬公司從事電池製造及貿易業務。該項交易以會計購買方法入賬。

於收購日期之資產及負債如下：