



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

Interim Report 2006
中期報告



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Director

SIT Lai Hei

Independent Non-executive Directors

FUNG Tze Wa
KWONG Chun Wai, Michael
LI Qiang

QUALIFIED ACCOUNTANT

FONG Chi Wah

COMPANY SECRETARY

LAM Che Wah, Danny

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hongkong and Shanghai Banking
Corporation Limited
China Construction Bank (Asia) Limited
Citic Ka Wah Bank Limited
Industrial Bank Co., Ltd.
Xiamen International Bank

公司資料

董事會

執行董事

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

非執行董事

薛黎曦

獨立非執行董事

馮子華
鄭俊偉
李強

合資格會計師

方志華

公司秘書

林志華

核數師

安永會計師事務所

主要往來銀行

中國銀行(香港)有限公司
香港上海滙豐銀行有限公司
中國建設銀行(亞洲)有限公司
中信嘉華銀行有限公司
興業銀行
廈門國際銀行

SHARE REGISTRAR IN HONG KONG

Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

香港股份過戶登記處

秘書商業服務有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心26樓

REGISTERED OFFICE

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

註冊辦事處

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

PRINCIPAL OFFICE

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

主要辦事處

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

WEBSITE

<http://www.chinahaidian.com>

網站

<http://www.chinahaidian.com>

MANAGEMENT DISCUSSION AND ANALYSIS

Operating results

For the six months ended 30 June 2006, the Group recorded an unaudited consolidated turnover of approximately HK\$464,605,000 (2005: HK\$312,317,000), representing an increase of HK\$152,288,000 compared with the corresponding period last year. Loss for the period was approximately HK\$14,274,000, representing an improvement of HK\$12,501,000 from a loss of HK\$26,775,000 for the corresponding period last year.

Business review

(1) Property development business

During the first six months of 2006, Beijing Jing Guan Property Development Co. Ltd. ("Jing Guan"), a wholly-owned subsidiary of the Group, continued to achieve satisfactory operating results. In light of a series of austerity measures on the property industry introduced by the PRC government, Jing Guan accelerated the completion of the remaining projects and re-scheduled the new property projects. At the same time, aggressive efforts were also made to further regulate its management, scale up the development of its property project, the Sunpalace Garden, promote the sales of property units and to speed up the works on its Guangqumen redevelopment project in Beijing.

管理層之討論及分析

經營業績

截至二零零六年六月三十日止六個月，本集團錄得未經審核綜合營業額約464,605,000港元（二零零五年：312,317,000港元），較去年同期上升152,288,000港元。本期間虧損約14,274,000港元，較去年同期虧損26,775,000港元減少12,501,000港元。

業績回顧

(1) 房地產開發業務

於二零零六年首六個月，本集團之全資附屬公司北京京冠房地產開發有限公司（「京冠」）繼續取得了良好的經營業績。面對國家相繼出台的房地產調控政策，京冠一方面加快完成現有剩餘項目，另一方面對新項目及時做相應規劃調整。同時，亦進一步規範企業各項內部管理，努力加大北京太陽星城項目建設的開發力度，並積極推進樓盤銷售和加快北京廣渠門重建工程項目的進度。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business review (continued)

(1) Property development business (continued)

As at 30 June 2006, blocks no. 1, 2, 3, 5, 6 and 7 of the Sunpalace Garden were completed and delivered for occupancy. All units of block no. 9 (office) have been sold out. The block is still under construction whereas structural construction has been completed up to the fifth floor.

The Guangqumen redevelopment project has a total site area of 11.62 hectares, a construction area of 8.66 hectares and a gross floor area of 545,400 sq. m.. A total of 2,680 households have to be relocated for the project, of which 98% has been settled. It is expected that the relocation will be completed by the end of August 2006. Pre-construction preparations are in progress.

管理層之討論及分析(續)

業績回顧(續)

(1) 房地產開發業務(續)

截至二零零六年六月三十日，完成實現了太陽星城1、2、3、5、6及7號住宅樓的順利交房入住；此外，9號樓（寫字樓）已實現整體銷售，目前正在建設中，結構施工已到地上五層。

廣渠門重建工程項目總規劃用地11.62公頃，建設用地8.66公頃，總建築面積54.54萬平方米。該項目拆遷住戶為2,680戶，目前已完成拆遷總量的98%。預計於二零零六年八月底拆遷完畢，現正辦理工程前期手續。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business review (continued)

(2) Watches and timepieces business

Receipt from sales for EBOHR Luxuries International Company Limited (“EBOHR Luxuries”), a wholly-owned subsidiary of the Group, for the first six months of 2006 was in line with the corresponding period last year. However, profit margin has improved as a result of a general increase in retail prices due to higher brand value of its products. In particular, EBOHR Luxuries raised the prices and margins of its best selling items pursuant to its product diversification policy. On the other hand, costs of products were reduced due to successful negotiation with suppliers as well as bulk purchase discount. Hence, EBOHR Luxuries managed to record an increase in profit while the sales remained at the same level. Net profit of EBOHR Luxuries for the period under review increased approximately 17% over the corresponding period last year.

(3) Timber business

For the first six months of 2006, market conditions of the timber business remained difficult. Impacted by the PRC government's austerity measures, environmental requirements of the Shenzhen government, crude oil and raw material price hikes in the international markets and intensive competition, Seti Timber Industry (Shenzhen) Company Limited (“Seti-Timber”), a wholly-owned subsidiary of the Group, recorded an operating loss during the period under review.

管理層之討論及分析(續)

業績回顧(續)

(2) 鐘錶業務

本集團之全資附屬公司依波精品(深圳)有限公司(「依波精品」)在二零零六年首六個月之銷售回款額與去年同期基本持平,但由於產品品牌價值的提升及繼續堅持差異化的產品開發方向,公司提高了零售加價率及調升了暢銷產品的價格和毛利率,使產品的利潤空間更大;同時,由於與供應商在價格方面的談判以及訂貨方式的批量化,使得採購成本下降,因此,在銷售持平的情況下,公司在回顧期間仍能實現了利潤的增長,當中淨利潤金額比去年同期增加約17%。

(3) 木材業務

二零零六年首六個月木材業務繼續經歷嚴峻的經營環境;該業務持續受國家政府宏觀調控、深圳市政府環保方案的要求、國際原油價格及原材料價格持續高企及市場競爭激烈等因素所影響,令本集團之全資附屬公司森帝木業(深圳)有限公司(「森帝木業」)於回顧期內錄得經營虧損,表現未如理想。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business review (continued)

(4) Enamelled copper wires business

Fuzhou Dartong M&E Co., Ltd. (“Fuzhou Dartong”), a 49% owned joint venture of the Company, has commenced production of enamelled copper wires used in colour television panels, colour picture tubes, transducers and air conditioning compressors in September 2005.

The operating environment of Fuzhou Dartong deteriorated during the first half of 2006. The prices of its principal raw materials, especially those of copper, remained high. Fuzhou Dartong also faced keen competition from its peers in the industry.

To tackle the unfavourable business environment and competition, Fuzhou Dartong adopted the following measures:

- (1) Strengthened marketing efforts and risk management, and improved operating efficiency.
- (2) Tighten quality control, improved technology and reduced costs.
- (3) Better control the delivery time and improved the turnover of stocks by streamlining its logistic process.

管理層之討論及分析(續)

業績回顧(續)

(4) 漆包線業務

由本公司持有49%的合營企業—福州大通機電有限公司(「福州大通」)於二零零五年九月正式開始投入適用於電視彩色顯示屏幕及彩色顯像管，以及變頻機及空調壓縮機之漆包銅線之生產。

二零零六年上半年福州大通所處的經營環境面對了較大的變化，主要原材料，尤其是銅的價格一直高漲；同時，公司亦面對同業競爭激烈的市場環境。

為應付上述市場經營環境的變化及競爭，福州大通仍積極努力採取了以下改善措施：

- (1) 加強營銷管理，防範風險，提高經營績效。
- (2) 加強質量管理，提高技術改造，降低成本。
- (3) 加強物流管理，提高交貨準時率，加快庫存周轉。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business review (continued)

(5) Property investment

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

Financial position

(1) Liquidity, financial resources and capital structure

As at 30 June 2006, the Group had non-pledged cash and bank balances of approximately HK\$163,031,000. Based on the bank loans and other borrowings of HK\$520,679,000 and shareholders' equity of HK\$527,754,000, the Group's gearing ratio (being loans divided by shareholders' equity) was 99.0%.

The Group's bank loans were all denominated in Renminbi. As at 30 June 2006, the Group's bank loans and other borrowings amounting to HK\$520,679,000.

管理層之討論及分析(續)

業績回顧(續)

(5) 物業投資

本集團擁有位於中國廣東省東莞市的工廠綜合大樓、深圳市羅湖區沿河南路錦花大廈底層中層及位於珠海市香華路一層辦公樓及三個鋪位之物業均仍然用作出租用途，於回顧期內繼續為本集團帶來穩定租金收入。

財務狀況

(1) 流動資金、財務資源及資本結構

於二零零六年六月三十日，本集團無抵押現金及銀行結存約為163,031,000港元。根據銀行借貸及其他借貸520,679,000港元及股東權益527,754,000港元計算，本集團之資本負債率（借貸除以股東權益）為99.0%。

本集團的銀行借貸均以人民幣計算。於二零零六年六月三十日，本集團之銀行借貸及其他借貸共520,679,000港元。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial position (continued)

(2) Charge on Assets

- (1) Bank loans of HK\$388,350,000 were granted to Jing Guan, which was secured by the land use rights of the East Part of E Area, Taiyanggong New District, Chaoyang District, Beijing, the PRC.
- (2) Bank loans of HK\$26,214,000 and other banking facilities of Seti Timber were secured by land and buildings in Nanshan District, Shenzhen, the PRC, owned by the Group with a net book value amounting to approximately HK\$110,833,000 as at 30 June 2006.

(3) Capital commitments

As at 30 June 2006, the Group had capital commitments of approximately HK\$1,472,396,000 mainly related to the construction costs payable in respect of the Group's property development projects in Beijing, the proposed acquisition of 21% equity interests in Beijing Haidian, and the purchase of an investment property. The capital commitments will be satisfied by funds generated from the sales of properties and the Group's available cash.

管理層之討論及分析(續)

財務狀況(續)

(2) 資產抵押

- (1) 銀行貸款388,350,000港元乃向京冠授出，以集團位於中國北京朝陽區太陽宮新區E區東部之土地使用權作抵押。
- (2) 森帝木業之26,214,000港元銀行貸款及其它銀行信貸以位於中國深圳市南山區於二零零六年六月三十日賬面淨值約110,833,000港元之土地及樓宇作抵押。

(3) 資本承擔

於二零零六年六月三十日，本集團之資本承擔約為1,472,396,000港元，主要涉及就本集團於北京市之物業發展項目所應付建築成本、建議收購北京海澱21%股本權益及購買投資物業應付之代價。該資本承擔將由出售物業所得之資金與本集團可動用之現金支付。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial position (continued)

(4) Contingent liabilities

During the period, the Group provided guarantees in favour of certain banks for mortgage loans granted by the banks to the buyers of the Group's properties under development to the extent of approximately HK\$318 million in aggregate. As at the balance sheet date, mortgage loans in aggregate of approximately HK\$252 million were utilised by the buyers of the Group's properties under development.

A bank has provided factoring facilities of RMB60 million equivalent to approximately HK\$58 million for the period from 31 May 2006 to 31 May 2007 to the jointly controlled entity. As at 30 June 2006, the outstanding balance of the factoring facilities was RMB29.9 million equivalent to approximately HK\$29 million. In the event, the debtors fail to pay the bank, the jointly controlled entity will have to repay RMB29,850,000 to the bank.

Placing of new shares

On 28 June 2006, the Company has successfully placed 247,200,000 new shares at HK\$0.2 per share and raised in aggregate HK\$49,440,000. The directors believe that considering the condition of the market at that time, the placement offered a great opportunity for the Group to raise capital and strengthen its financial position.

管理層之討論及分析(續)

財務狀況(續)

(4) 或然負債

期內，本集團就若干銀行向本集團發展中發業之買家授出之按揭貸款，向該等銀行作出擔保合共約318,000,000港元。於結算日，本集團發展中物業之買家已動用按揭貸款當中合共約252,000,000港元。

一家銀行就二零零六年五月三十一日至二零零七年五月三十一日提供60,000,000元人民幣(即58,000,000港元)的商業發票貼現額度予一家共同控制實體。於二零零六年六月三十日，該商業發票貼現額度結餘為29,900,000元人民幣(即29,000,000港元)。倘若債務人不能償還該款項，則該共同控制實體須償還29,850,000元人民幣予該銀行。

配售新股

於二零零六年六月二十八日，本公司成功配售247,200,000股每股面值0.2港元新股，籌集共49,440,000港元。董事相信計及當時之市況，配售為本集團提供增加資本及加強財務狀況之良機。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Placing of new shares (continued)

The net proceeds of the placement have been or would be used for the following purposes:

- (i) approximately HK\$14.4 million have been invested as the Company's outstanding capital contribution in Jiangsu Dartong Qingjian M&E Co. Ltd. as disclosed in the Company's announcement and circular dated 10 April 2006 and 2 May 2006 respectively;
- (ii) approximately HK\$28.8 million will be used to relocate the factory of Seti Timber in Shenzhen, PRC; and
- (iii) the remaining balance of approximately HK\$5.2 million will be retained as general working capital.

Very Substantial Disposal – Proposed Asset Transaction

As stated in the announcement of the Company dated 3 August 2006, Starlex Limited ("Starlex"), a wholly-owned subsidiary of the Company, and Citychamp Dartong Company Limited ("Citychamp Dartong") entered into the Revised Asset Transaction Agreement, which supersedes the Asset Transaction Agreement entered into by the parties on 19 July 2006 in its entirety. Details of the Asset Transaction Agreement are set out in the announcement of the Company dated 19 July 2006.

管理層之討論及分析(續)

配售新股(續)

所得款項淨額已經或將會撥作以下用途：

- (i) 約14,400,000港元已投資作本公司在江蘇大通清江機電有限公司之出資，已披露於本公司日期分別為二零零六年四月十日及二零零六年五月二日之通告及通函內；
- (ii) 約28,800,000港元將用作遷移森帝木業在中國深圳之工廠；及
- (iii) 餘下約5,200,000港元將保留作一般營業資金。

非常重大出售項目 – 建議資產交易

按本公司於二零零六年八月三日之通告所載，本公司全資附屬公司 Starlex Limited (「Starlex」) 與冠城大通股份有限公司 (「冠城大通」) 訂立經修訂資產交易協議，完全取代雙方於二零零六年七月十九日訂立之資產交易協議。資產交易協議詳情載於日期為二零零六年七月十九日之通告。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Very Substantial Disposal – Proposed Asset Transaction (continued)

According to the Revised Asset Transaction Agreement, Starlex has conditionally agreed to dispose of, and Citychamp Dartong has conditionally agreed to acquire, the entire issued share capital of Jing Guan, a wholly-owned subsidiary of Starlex at a consideration of RMB360,000,000 (equivalent to approximately HK\$350,000,000); and Citychamp Dartong has conditionally agreed to allot and issue 72,720,000 Consideration Shares and pay RMB36,000 (equivalent to approximately HK\$34,951) to Starlex as the consideration. The issue price of the Consideration Share was RMB4.95 (equivalent to approximately HK\$4.80) per Consideration Share.

Prospects

According to the National Bureau of Statistics of China, following a 10.3% growth in the first quarter of 2006, the PRC recorded a strong surge of 11.3% in the second quarter. Domestic and foreign trade achieved double-digit growth. Fixed assets investment grew by 30% while retail sales and exports increased 13.3% and 24% respectively. Substantial growth and inflation pressure may result in further increases in interest rates. On the other hand, more austerity measures may be introduced to cool down investments, tighten credit facilities and curb speculative activities in the real estate industry. It is expected that the general economy will slacken in the second half of 2006. While the economy grew by 9.9% in 2005, a 10% growth is expected for the year 2006.

管理層之討論及分析(續)

非常重大出售項目－建議資產交易(續)

根據經修訂資產交易協議，Starlex已同意有條件出售而冠城大通同意有條件收購Starlex之全資附屬公司京冠之全部已發行股本，收購代價為360,000,000元人民幣（相等於約350,000,000港元）；冠城大通已同意向Starlex有條件配發及發行72,720,000股代價股份，並支付36,000元人民幣（相等於約34,951港元）。代價股份之發行價為每股代價股份4.95元人民幣（相等於約4.80港元）。

展望

根據中國全國統計局資料，自二零零六年自第一季增長10.3%後，中國於第二季錄得11.3%之強勁增長。本土及對外貿易方面均錄得雙位數字增長，固定資產投資增長達30%，而零售業銷售及出口則分別錄得13.3%和24%增長。強勁之增長及通脹壓力上升或令息率再往上攀升。另一方面，或會推出更多宏調措施以壓抑過度投資、收緊信貸增長及減低房地產市場之投機活動。預期整體經濟將於二零零六年下半年放緩。二零零五年之經濟增長為9.9%，二零零六年之經濟增長預料達到10%增幅。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Prospects (continued)

As the demand for Beijing properties is not only limited from within the Beijing City, coupled with the boost from favourable factors such as the 2008 Olympic Games, the market demand continued to grow. As such, it is believed that the Beijing property market will maintain steady growth in the rest of the year 2006.

In the second half of 2006, Jing Guan will focus on the following two operations: (i) completing the construction and delivery of block 9 of Sunpalace Garden and leasing and selling most of the shops and carpark spaces; and (ii) accelerating the development of the Guangqumen redevelopment project to ensure the prompt completion of the planning, demolition and relocation work and to well pace the progress of the project to gain sales revenue from such project.

For the watches and timepieces business, EBOHR Luxuries will implement various measures in the second half of 2006 to boost sales, which mainly include the following:

- (1) Organising a series of promotion activities;
- (2) Launching new products for retailing and wholesaling to improve the market competitiveness of EBOHR watches;
- (3) Strengthening its frontline sales teams for better retail sales management and brand image; and
- (4) Increasing the scale of television marketing, internet shopping and mail orders.

管理層之討論及分析(續)

展望(續)

由於北京房地產市場的需求遠遠不局限於在北京市，同時有二零零八年奧運會等利好因素帶動下，市場需求仍然在持續增長，因此穩中有升相信仍是二零零六年下半年北京房地產市場的主流方向。

於二零零六年下半年，京冠有兩大重點開發任務：一是盡快完成現有水星園項目最後一個樓棟—9號樓的工程竣工和交付入住；完成大部分商舖、車位的租售。二是加快新項目廣渠門項目的開發進度，保證前期規劃和拆遷工作的如期完成，合理推進計劃工期的執行，使這新項目盡快獲得銷售收入。

在鐘錶業務而言，依波精品於二零零六年下半年將採取多元化措施以提高依波表終端銷售，其中主要包括：

- (1) 展開一連串促銷活動；
- (2) 為零售及批發推出新產品，以提高依波表之市場競爭能力；
- (3) 加強一線銷售隊伍，以加強零售管理水平和品牌形象；及
- (4) 提升電視直銷、網上購物、郵購之銷售規模。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Prospects (continued)

In addition, EBOHR Luxuries will devote to carry out various measures to develop the market and expand the sales network and the agent and distribution business for its "FILA" watches. In addition, EBOHR Luxuries has introduced the PLM synergetic design platform and technology management system, which is expected to be implemented by the end of 2006. The system will greatly strengthen the design and research and development capabilities of EBOHR watches so as to lead the industry.

On 6 April 2006, the Company entered into a joint venture agreement with Citychamp Dartong and 江蘇清江電機股份有限公司 (Jiangsu Qingjiang Electrical Holdings Company Limited) in respect of establishing a joint venture company – 江蘇大通機電有限公司 (Jiangsu Dartong M&E Qingjian Co., Ltd.) ("Jiangsu Dartong"). Jiangsu Dartong is still actively engaged in the production and sales of electrical wires and cables, general machineries, mechanical and electrical appliances, and mechanical equipments, including the sales and marketing of special enamelled copper wires products in the PRC. The Group believes that the establishment of Jiangsu Dartong forms a solid foundation for the implementation of its long term diversification strategy and the enhancement of its competitiveness.

管理層之討論及分析(續)

展望(續)

此外，依波精品將致力實施多項措施以開拓斐樂表(FILA)之市場，並拓展其銷售網絡、代銷和經銷業務。再者，依波精品已引進PLM協同設計平台及技術管理系統，預料於二零零六年底實施。該系統將大幅增強依波表之設計及研發能力，從而領先同行。

於二零零六年四月六日，本公司與冠城大通及江蘇清江電機股份有限公司就成立合營公司江蘇大通機電有限公司(「江蘇大通」)訂立合營方協議。江蘇大通現正仍積極在國內參與經營電線電纜、普通機械、電機及電工器材之製造及銷售(包括製造及推廣特種漆包線等產品)。本集團深信參資江蘇大通為實施其長遠多元化策略及加強其競爭實力提供穩固根基。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Prospects (continued)

For Fuzhou Dartong, it intends to adopt the following measures in the second half of 2006 to support the future development of its production of enameled copper wires business.

1. Improving human resources management to raise the morale of staff;
2. Incentives for staff to increase sales amount; and
3. Streamlining of the organisational structure to facilitate efficient performance appraisal.

In the second half of 2006, the Group will focus in the existing property development business through its shareholding in the Citychamp Group and its directly-held interest of the watches and timepieces production business. For the timber business, the priority is to adjust the production mix and product price, select the production base and deploy human resources. In addition, the Group will capitalise business opportunities arising from enormous demand for enamelled copper wires in the PRC and continue to identify other potential opportunities, so as to diversify the Group's businesses, expand the Group's revenue source, and generate satisfactory returns for the shareholders.

管理層之討論及分析(續)

展望(續)

就福州大通而言，公司有意於二零零六年下半年採納下列措施，以配合其漆包線製造業務之未來發展。

1. 加強人事管理，提升員工士氣；
2. 採取獎勵計劃，擴大銷售額；及
3. 改善組織架構，促進有效工作考核。

於二零零六年下半年，本集團將通過持有冠城集團股份致力於現有地產開發業務及其直接持有之鐘錶生產業務。至於木材業務方面，則著重調整生產組合及產品價格、揀選生產基地及人力資源調配。此外，本集團將利用中國對漆包線之龐大需求，並不斷尋覓其他潛在商機，使本集團業務更具多元化，從而擴闊本集團收益來源，為股東帶來理想回報。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Prospects (continued)

In addition, the management believes that the completion of the above-mentioned Asset Transaction between Starlex and Citychamp Dartong is important for and beneficial to the future business development of the Group, especially in the property development and investment business. The main reason is that with the fast economic growth in the PRC and the PRC's accession to the World Trade Organisation, the outlook of the property market in the PRC is considered to be promising. As mentioned in the Company's annual report for the year ended 31 December 2005, the main direction for the development of the Group in the next two to three years is to seek for mainland property development opportunities. The Citychamp Group has a proven track record and management expertise in property development in the PRC. Upon the said completion, the Group will have an indirect investment in high quality property projects in the PRC through its shareholding interest in the Citychamp Group without the financial requirement to provide funding for their development.

Given the promising prospect of the property development business in the PRC, the management considers that the investment in the Citychamp Group will enable the Group to capture and participate in the growth of this business without substantial funding requirements. Therefore, the Asset Transaction represents an attractive investment opportunity for the Group.

管理層之討論及分析(續)

展望(續)

此外，管理層相信完成上述Starlex與冠城大通間之資產交易對本集團未來業務發展相當重要，並對其有利，尤其是在物業發展及投資業務方面。主要原因是隨著中國經濟急速發展以及中國加入世貿組織，中國物業市場前景會相當蓬勃。按截至二零零五年十二月三十一日止年度之本公司年報所述，本集團在未來兩至三年發展之主要方向為覓求國內物業發展商機。冠城集團在中國物業發展範疇擁有實質業績紀錄及管理專才。在上述資產交易完成後，本集團將透過持有冠城集團股份而間接擁有中國優質的房地產物業項目，而毋須為有關的發展提供資金。

基於中國物業發展業務前景理想，管理層認為投資冠城集團有助本集團掌握及參與有關業務的機會，而毋須投入大量資金。因此，資產交易為本集團之投資良機。

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2006, the Group had approximately 1,510 full-time staff in Hong Kong and the PRC. The remuneration packages offered to the employees are determined and reviewed on an arm's length basis with reference to the market condition and individual performance. The Group also provides other benefits to its employees, including year end double pay, medical insurance and retirement benefits, and incentive bonus are offered with reference to the Group's operating results and employees' individual performance. All employees of the Group in Hong Kong have joined the provident fund schemes.

FOREIGN EXCHANGE RISK

Majority of the Group's sales, purchases are denominated in RMB. Since the Group's bank borrowings are also denominated in RMB and the Group has retained surplus funds in the currency, such foreign exchange exposure is immaterial and could be effectively monitored.

INTERIM DIVIDEND

The Board has resolved not to distribute an interim dividend for the six months ended 30 June 2006 (2005: nil).

僱員及薪酬政策

本集團於二零零六年六月三十日擁有約1,510名香港及中國內地全職員工。僱員之薪酬乃本著公平原則，參考市場情況及根據個別表現制定及檢討。本集團並為員工提供其他福利，包括：年終雙糧、醫療保險及退休福利，並視集團的經營業績及員工個人的工作表現給僱員發放獎金花紅。本集團在香港之全體僱員亦均已加入公積金計劃。

外匯風險

本集團之主要買賣以人民幣結算。由於本集團之銀行貸款為人民幣，本集團盈餘資金亦為人民幣，有關外匯風險為屬微不足道，並可有效監控。

中期股息

董事會決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）。

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

As at 30 June 2006, the interests or short positions of the directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

董事及主要行政人員於股份及相關股份之權益及淡倉

於二零零六年六月三十日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條規定存置之登記冊所記錄，董事及主要行政人員於本公司或其相聯法團（定義見證券及期貨條例第XV部）之股本及相關股份中擁有或已根據上市發行人董事進行證券交易的標準守則（「標準守則」）知會本公司及香港聯合交易所有限公司（「聯交所」）之權益或淡倉如下：

本公司普通股之好倉：

Name of director		Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
董事姓名		身份及權益性質	所持普通股數目	佔本公司已發行股本百分比
Hon Kwok Lung	韓國龍	Through a controlled corporation 透過受控制公司	625,393,515 (note) (附註)	34.90
Lam Suk Ying	林淑英	Through a controlled corporation 透過受控制公司	625,393,515 (note) (附註)	34.90

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

Note:

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

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

Save as disclosed above, as at 30 June 2006, no person had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事及主要行政人員於股份及相關股份之權益及淡倉（續）

附註：

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

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

除上文披露者外，於二零零六年六月三十日，概無任何人士於本公司或其任何相聯法團之股份及相關股份中擁有須根據證券及期貨條例第352條記錄之任何權益或淡倉，或須根據標準守則知會本公司及聯交所之任何權益或淡倉。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2006, the following persons hold interests of 5% or more of the issued share capital of the Company, as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long position:

Name of shareholder	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital 佔本公司 已發行股本 百分比
股東名稱	身份及 權益性質	所持普通股 數目	
Sincere View	信景 Directly beneficially owned 直接實益擁有	625,393,515	34.90

Save as disclosed above, as at 30 June 2006, no other person, other than those set out in the section headed "Directors' And Chief Executive's Interests And Short Positions in Shares And Underlying Shares" above, had registered an interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

主要股東於股份及相關股份之權益

於二零零六年六月三十日，按照本公司根據證券及期貨條例第336條存置之權益登記冊所記錄，下列人士持有本公司已發行股本5%或以上權益：

好倉：

除上文披露者外，於二零零六年六月三十日，除其權益載於上文「董事及主要行政人員於股份及相關股份之權益及淡倉」一節之人士外，概無任何人士於本公司股份及相關股份中擁有須根據證券及期貨條例第336條予以記錄之權益或淡倉。

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with all the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2006, except with the details disclosed below:

Code E.1.2

Code E.1.2 stipulates that the chairman of the board of directors should attend the annual general meeting of the Company. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 25 May 2006 because of a business trip outside Hong Kong.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2006.

企業管治常規守則

董事認為，除下文詳盡披露者外，本公司於截至二零零六年六月三十日止六個月期間一直遵守聯交所證券上市規則（「上、規則」）附錄14所載之《企業管治常規守則》之所有守則條文。

守則第E.1.2

守則第E.1.2訂明董事會主席須出席本公司股東週年大會。由於出差香港境外，董事會主席無法出席本公司於二零零六年五月二十五日舉行之股東週年大會。

董事進行證券交易的標準守則

本公司已採納標準守則作為本公司董事買賣本公司證券之操守準則。按向本公司董事作出之特定查詢，董事在截至二零零六年六月三十日止六個月均一直遵照標準守則所載列的規定準則。

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

The audit committee comprises the three existing independent non-executive directors of the Company. The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2006.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

薪酬委員會

本公司於二零零五年八月二十三日根據上市規則成立薪酬委員會（「薪酬委員會」）。本公司董事會就薪酬委員會所採納之職權範圍與企業管治常規守則之規定一致。現有之薪酬委員會成員包括三名獨立非執行董事馮子華先生（委員會主席）、鄭俊偉博士、李強先生及董事會主席韓國龍先生及行政總裁商建光先生。

審核委員會

審核委員會由本公司現時三名獨立非執行董事組成。本公司審核委員會已審閱本集團採納的會計原則及慣例及討論內部監控及財務報告事宜，包括審閱截至二零零六年六月三十日止六個月之未經審核中期財務報表。

購回、出售或贖回股份

本公司或其任何附屬公司於回顧期間內概無購買、出售或贖回本公司任何上市股份。

APPRECIATION

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

By order of the Board

Hon Kwok Lung

Chairman

Hong Kong, 25 August 2006

致意

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

承董事會命

主席

韓國龍

香港，二零零六年八月二十五日

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2006

簡明綜合損益表

截至二零零六年六月三十日止六個月

		For the six months ended 30 June 截至六月三十日止六個月		
		2006 二零零六年 (Unaudited) (未經審核) HK\$'000 港幣千元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 港幣千元	
	Notes 附註			
REVENUE	收入	3	464,605	312,317
Cost of sales	銷售成本		(403,320)	(271,668)
Gross profit	毛利		61,285	40,649
Other income	其他收入	3	4,242	4,831
Selling and distribution costs	銷售及分銷成本		(25,858)	(27,920)
Administrative expenses	行政費用		(41,023)	(30,062)
Other operating income/(expenses), net	其他經營收入/(費用)淨額		7,895	(1,688)
Finance costs	財務費用	4	(2,450)	(1,216)
PROFIT/(LOSS) BEFORE INCOME TAX	除所得稅前溢利/(虧損)	5	4,091	(15,406)
Income tax	所得稅	6	(18,365)	(11,369)
LOSS FOR THE PERIOD	本期間虧損		(14,274)	(26,775)
Attributable to:	以下人士應佔:			
Equity holders of the Company	本公司權益持有人		(14,147)	(26,775)
Minority interests	少數股東權益		(127)	-
			(14,274)	(26,775)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	本公司普通權益持有人應佔每股虧損			
Basic	基本	8	HK(0.91) cent 港仙	HK(1.73) cents港仙
Diluted	攤薄		N/A 不適用	N/A不適用

Certain comparative amounts have been reclassified to confirm with the current period's presentation.

若干比較金額已重新分類，以符合本期之呈列方式。

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2006

簡明綜合資產負債表

二零零六年六月三十日

		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核)	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核)
	Notes 附註	HK\$'000 港幣千元	HK\$'000 港幣千元
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	9 205,184	213,587
Investment properties	投資物業	10 70,054	66,689
Prepaid land lease payments	預付土地租賃款項	9 46,748	48,029
Properties under development	發展中物業	11 661,849	291,046
Prepayments and deposits	預付款項及按金	84,643	48,128
Deferred tax assets	遞延稅項資產	1,031	1,021
Total non-current assets	非流動資產總值	1,069,509	668,500
CURRENT ASSETS	流動資產		
Properties for sale	待售物業	11 103,732	70,330
Properties under development	發展中物業	11 19,742	194,133
Inventories	存貨	12 116,232	105,922
Trade and bills receivables	應收賬款及票據	13 22,377	25,288
Prepaid land lease payments	預付土地租賃款項	9 3,654	3,619
Prepayments, deposits and other receivables	預付款項、按金及其他應收款	57,138	37,212
Securities measured at fair value through profit or loss	按公平值計入溢利或虧損之證券	35,555	44,210
Due from minority equity holders	應收少數股東權益持有人款項	832	7,480
Due from related companies	應收有關連公司款項	43,825	-
Pledged deposits	已抵押存款	14 11,289	18,653
Cash and cash equivalents	現金及現金等價物	14 163,031	370,909
Total current assets	流動資產總值	577,407	877,756
CURRENT LIABILITIES	流動負債		
Trade payables	應付賬款	15 117,766	108,760
Deposits received from customers	已收客戶按金	156,655	255,163
Other payables and accruals	其他應付款及應計費用	118,892	98,135
Tax payable	應付稅項	24,262	12,007
Interest-bearing bank and other borrowings	計息銀行及其他借貸	16 520,679	96,154
Due to related companies	應付有關連公司款項	-	134
Total current liabilities	流動負債總額	938,254	570,353

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

30 June 2006

簡明綜合資產負債表(續)

二零零六年六月三十日

		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) Notes 附註	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
NET CURRENT (LIABILITIES)/ ASSETS	流動(負債)/資產淨值	(360,847)	307,403
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	708,662	975,903
NON-CURRENT LIABILITIES	非流動負債		
Interest-bearing bank and other borrowings	計息銀行及其他借貸	16	317,308
Deferred tax liabilities	遞延稅項負債	1,274	794
Deferred income	遞延收入	179,634	177,906
Total non-current liabilities	非流動負債總額	180,908	496,008
Net assets	資產淨值	527,754	479,895
EQUITY	股本		
Equity attributable to equity holders of the Company	本公司權益持有人 應佔權益		
Issued capital	已發行股本	17	154,483
Reserves	儲備	18	304,535
		494,964	459,018
Minority interests	少數股東權益	32,790	20,877
Total equity	權益總額	527,754	479,895

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006

簡明綜合權益變動表

截至二零零六年六月三十日止六個月

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (Unaudited) (未經審核) Notes 附註	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 港幣千元
Total equity at beginning of period:	期初之權益總額:		
As previously reported as equity	早前呈報為權益	459,018	498,893
As previously reported separately as minority interests	早前個別呈報為少數股東權益	20,877	2,121
		479,895	501,014
Opening adjustment	期初調整	-	(2,925)
As restated	重列	479,895	498,089
Changes in equity during the period:	本期權益變動:		
Exchange realignments	匯兌調整	1,668	(22)
Issue of new shares	發行新股	48,446	-
Increase in paid up capital of a subsidiary	一家附屬公司之實繳股本之增加	12,019	-
Changes in fair values of available-for-sale investments	可出售投資公平值之變動	-	10,016
Loss for the period	本期間虧損	(14,274)	(26,775)
Total equity at end of period	期末之權益總額	527,754	481,308

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2006

簡明綜合現金流量表

截至二零零六年六月三十日止六個月

		For the six months ended 30 June	
		2006	2005
		二零零六年	二零零五年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		港幣千元	港幣千元
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	經營業務之現金(流出)／流入淨額	(350,061)	131,484
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	投資業務之現金流出淨額	(26,897)	(15,730)
NET CASH INFLOW FROM FINANCING ACTIVITIES	融資活動之現金流入淨額	163,669	9,613
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物之(減少)／增加淨額	(213,289)	125,367
Cash and cash equivalents at beginning of period	於期初之現金及現金等價物	370,909	183,057
Effect of foreign exchange rate changes, net	匯率變動影響淨額	5,411	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	於期末之現金及現金等價物	163,031	308,424
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物結餘之分析		
Cash and bank balances	現金及銀行結存	116,968	83,109
Non-pledged time deposits with original maturity of less than three months when acquired	取得時原訂到期日為三個月內之無抵押定期存款	46,063	225,315
		163,031	308,424

Certain comparative amounts have been reclassified to conform with the current period's presentation.

若干比較金額已重新分類，以符合本期之呈列方式。

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2006

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and appendix 16 of Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2005.

Going Concern

The financial statements have been prepared on a going concern basis though the Group had net current liabilities of HK\$360,847,000 (2005: net current assets of HK\$307,403,000) as at 30 June 2006. The Group has taken and will continue the following measures to ensure the Group will have adequate cash flows for the operations of the Group:

- (i) to impose tight cost controls;
- (ii) to raise funds as and when necessary; and
- (iii) to obtain necessary funding from bankers.

The directors are of the opinion that, in view of the measures taken to date, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements.

未經審核簡明綜合中期財務報表附註

二零零六年六月三十日

1. 編製基準及會計政策

未經審核簡明綜合中期財務報表已根據香港會計準則（「香港會計準則」）第34號「中期財務報告」及香港聯合交易所有限公司證券上市規則附錄16編製。編製中期財務報表採納之會計政策及編製基準與截至二零零五年十二月三十一日止年度之年度財務報表所用者貫徹一致。

持續經營

財務報表乃按持續經營基準編製，於二零零六年六月三十日，本集團之流動負債淨額為360,847,000港元（二零零五年：流動資產淨額為307,403,000港元）。本集團已採取並將繼續採取以下措施確保本集團擁有充足經營現金流量：

- (i) 施行緊縮成本控制；
- (ii) 於必要時增加資金；及
- (iii) 向往來銀行取得所需資金。

董事認為，對於一直至今所採納之措施，本集團將擁有充足現金來源以滿足未來營運資本及其他財務規定。

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Going Concern (continued)

In addition, the directors do not foresee any circumstances that the banks will not continue their bank loan facilities for the Group. Accordingly, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the next twelve months from 30 June 2006 without a significant curtailment of operations and are satisfied that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments relating to the carrying amounts and reclassifications of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. SEGMENT INFORMATION

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

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

- (a) property development;
- (b) manufacture and distribution of watches and timepieces;
- (c) manufacture and distribution of timber products;
- (d) manufacture and distribution of enamelled copper wires;

1. 編製基準及會計政策 (續)

持續經營 (續)

此外，董事預測不會出現任何銀行將終止向本集團提供貸款之情況。因此，董事對本集團能夠自二零零六年六月三十日起未來十二個月期間承擔本身之財務責任而不存在重大營運縮減，以及按持續經營基準妥善編製財務報表感到滿意。財務報表不包括與賬面值及資產和負債分類（當本集團無法持續經營時或會成為必需）有關之任何調整。

2. 分類資料

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

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

- (a) 物業發展；
- (b) 製造及分銷鐘錶及時計產品；
- (c) 製造及分銷木材產品；
- (d) 製造及分銷漆包銅線；

2. SEGMENT INFORMATION (continued)

- (e) property investment; and
- (f) corporate and others, comprising corporate income and expense items and other businesses.

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

(a) Business segments

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

2. 分類資料 (續)

- (e) 物業投資；及
- (f) 公司及其他，包括公司收支項目及其他業務。

於釐定本集團之地區分類時，收入乃按客戶所在地計入有關分類。

(a) 業務分類

下表呈列本集團按業務分類之收益及溢利／（虧損）。

	Property development 物業發展		Watches and timepieces 鐘錶及時計產品		Timber products 木材產品		Enamelled copper wires 漆包銅線		Property investment 物業投資		Corporate and others 公司及其他		Consolidated 綜合	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	截至六月三十日止六個月	截至六月三十日止六個月	截至六月三十日止六個月	截至六月三十日止六個月	截至六月三十日止六個月	截至六月三十日止六個月	截至六月三十日止六個月	截至六月三十日止六個月	截至六月三十日止六個月	截至六月三十日止六個月	截至六月三十日止六個月	截至六月三十日止六個月	截至六月三十日止六個月	截至六月三十日止六個月
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Segment revenue: 分類收入:														
Sales to external customers 向外界客戶銷售	262,559	158,487	56,537	56,006	65,080	95,438	75,982	-	4,447	1,939	-	447	464,605	312,317
Other income 其他收入	778	1,519	1,268	197	738	2,114	213	6	-	-	1,239	1,001	4,242	4,831
Total 總計	263,337	160,006	57,805	56,203	65,818	97,552	76,195	-	4,453	1,939	1,239	1,448	468,847	317,148
Segment results 分類業績	27,889	15,197	7,821	5,005	(26,843)	(19,682)	1,913	-	3,462	97	(7,701)	(14,807)	6,541	(14,190)
Finance costs 財務費用													(2,450)	(1,216)
Profit/(loss) before income tax 除所得稅前溢利／（虧損）													4,091	(15,406)
Income tax 所得稅													(18,365)	(11,369)
Loss for the period 本期間虧損													(14,274)	(26,775)

2. SEGMENT INFORMATION (continued)

(b) Geographical segments

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

2. 分類資料 (續)

(b) 地區分類

下表呈列本集團按地區分類之收入。

	Hong Kong 香港		Mainland China 中國大陸		Consolidated 綜合	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2006	2005	2006	2005	2006	2005
	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Segment revenue:	分類收益:					
Sales to external customers	向外界客戶銷售					
	<u>20,302</u>	<u>23,658</u>	<u>444,303</u>	<u>288,659</u>	<u>464,605</u>	<u>312,317</u>

3. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, mainly represents the net invoiced value of goods sold, after allowances for returns and trade discounts, an appropriate proportion of revenue from sales of properties under development and rental income received and receivable.

An analysis of revenue and other income is as follows:

Revenue	收入
Sale of goods	貨品銷售
Sale of properties under development	發展中物業銷售
Gross rental income	租金收入總額
Other income	其他收入
Interest income	利息收入
PRC value-added tax refund	中國增值稅退稅
Dividend income from listed investments	上市投資之股息收入
Others	其他

Certain comparative amounts have been reclassified to conform with the current period's presentation.

3. 收入及其他收入

收入·亦即本集團營業額·主要指扣除退貨及貿易折扣後之售出貨品發票淨值·出售發展中物業所得收入之適當部份·以及已收及應收租金收入。

收入及其他收入分析如下：

For the six months ended 30 June		
截至六月三十日止六個月		
	2006	2005
	二零零六年	二零零五年
	(Unaudited)	(Unaudited)
	(未經審核)	(未經審核)
	HK\$'000	HK\$'000
	港幣千元	港幣千元
	197,599	150,670
	262,559	158,487
	4,447	3,160
	464,605	312,317
	1,572	2,052
	-	864
	20	170
	2,650	1,745
	4,242	4,831
	468,847	317,148

若干比較金額已重新分類·以符合本期之呈列方式。

4. FINANCE COSTS

4. 財務費用

For the six months
ended 30 June

截至六月三十日止六個月

2006

2005

二零零六年

二零零五年

(Unaudited)

(Unaudited)

(未經審核)

(未經審核)

HK\$'000

HK\$'000

港幣千元

港幣千元

Interests on bank and other
loans wholly repayable
within five years

須於五年內悉數
償還銀行及其他
貸款之利息

2,450

1,216

5. PROFIT/(LOSS) BEFORE INCOME TAX

5. 除所得稅前溢利／(虧損)

The Group's profit/(loss) before tax was arrived at
after charging/(crediting) the following:

本集團除所得稅前溢利／(虧損)已
扣除／(計入)下列各項：

For the six months
ended 30 June

截至六月三十日止六個月

2006

2005

二零零六年

二零零五年

(Unaudited)

(Unaudited)

(未經審核)

(未經審核)

HK\$'000

HK\$'000

港幣千元

港幣千元

Depreciation
Amortisation of prepaid land
lease payments

折舊
預付土地租賃款項
攤銷

11,774

10,065

Gain on disposal of
fixed assets

出售固定資產
收入

1,810

1,380

Provision for inventories

存貨撥備

(11)

(1,563)

Changes in fair value of
investment properties

投資物業公平值
變動

258

7,534

3,069

—

6. INCOME TAX

Provision for Hong Kong profits tax has been made on the estimated assessable profits generated by the Group in Hong Kong during the period at the rate of 17.5% (2005: Nil). The subsidiaries established in the PRC are subject to income taxes at tax rates ranging from 15% to 33%.

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

6. 所得稅

本集團已為期內在香港產生之估計應課稅溢利按稅率17.5%（二零零五年：無）作出撥備。在中國成立之附屬公司須按15%至33%之稅率繳納所得稅。

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

For the six months ended 30 June

截至六月三十日止六個月

	2006	2005
	二零零六年	二零零五年
	(Unaudited)	(Unaudited)
	(未經審核)	(未經審核)
	HK\$'000	HK\$'000
	港幣千元	港幣千元
Current – Hong Kong profit tax	182	–
Current – PRC corporate income tax	15,840	11,369
Underprovision of income tax in the prior periods	1,875	–
Deferred tax charge	468	–
	18,365	11,369

7. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2006 (2005: Nil).

7. 股息

董事並不建議就截至二零零六年六月三十日止六個月派付任何中期股息（二零零五年：無）。

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share is based on the unaudited net loss attributable to the equity holders of the Company for the period of HK\$14,147,000 (2005: HK\$26,775,000), and the weighted average number of ordinary shares of 1,548,928,000 (2005: 1,544,831,000) in issue during the period.

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

9. PROPERTY, PLANT AND EQUIPMENT AND PREPAID LAND LEASE PAYMENTS

At the balance sheet date, the Group's buildings and prepaid land lease payments with carrying values of HK\$110,833,000 in aggregate situated in Mainland China were pledged to secure certain banking facilities granted to the Group (note 16).

At the balance sheet date, the Group has not yet obtained the title certificates for certain of its leasehold land and buildings situated in Shenzhen, Guangdong Province, Mainland China with a net book value of approximately HK\$23,591,000. As confirmed by the Group's legal advisors and the Company's directors, the Group has obtained the right to use the land and buildings legally and can obtain the relevant title certificates through making applications to the relevant government authorities.

8. 母公司普通權益持有人應佔每股虧損

每股基本虧損乃按照本期間本公司權益持有人應佔未經審核虧損淨額14,147,000港元（二零零五年：26,775,000港元）及本期間已發行之加權平均普通股1,548,928,000股（二零零五年：1,544,831,000股）計算。

由於期內並無出現攤薄事件，故並無披露每股攤薄虧損。

9. 物業、廠房及設備以及預付土地租賃款項

於結算日，本集團位於中國大陸賬面值合共110,833,000港元之租賃樓宇及預付土地租賃款項已就本集團所獲授若干銀行融資作抵押（附註16）。

於結算日，本集團尚未取得其位於中國大陸廣東省深圳若干租賃土地及樓宇之擁有權證，該等土地及樓宇之賬面淨值約為23,591,000港元。本集團之法律顧問及本公司董事已確認，本集團已取得合法使用該等土地及樓宇之權利，並可透過向有關政府機構提出申請以取得相關擁有權證。

10. INVESTMENT PROPERTIES

The Group's investment properties as at 30 June 2006 were revalued using the basis date as at 30 June 2006 and 31 May 2006 respectively by Chung, Chan & Associates ("CCA") and Greater China Appraisal Limited, independent professionally qualified valuers, at HK\$70,054,000 in aggregate on an open market, existing use basis. A revaluation surplus of HK\$3,069,000 resulting from the above revaluation has been credited to the income statement (note 5).

At 30 June 2006, the Group had certain investment properties located in Dongguan, Guangdong Province of the PRC and in Beijing, the PRC with aggregate carrying value of HK\$54,382,000 (31 December 2005: 51,113,000). The Group has not yet obtained the relevant title certificate for these properties. As confirmed by the Group's legal advisors, the Group is the rightful and equitable owner of these properties.

At 30 June 2006, certain of the Group's investment properties with a value of HK\$30,582,000 (31 December 2005: HK\$27,613,000) were pledged to secure banking facilities granted to the Group (Note 16).

11. PROPERTIES UNDER DEVELOPMENT AND PROPERTIES FOR SALE

10. 投資物業

本集團於二零零六年六月三十日之投資物業由獨立專業合資格估值師衡量行及漢華評值有限公司分別以二零零六年六月三十日及二零零六年五月三十一日之基準重新估值。根據現行用途在公開市場所得的估值合共約為70,054,000港元。上述重估增值3,069,000港元已計入收益表(附註5)。

於二零零六年六月三十日，本集團位於中國廣東省東莞市及北京擁有若干投資物業，賬面總值合共54,382,000港元(二零零五年十二月三十一日：51,113,000港元)。本集團尚未取得該等物業之擁有權證。本集團法律顧問確認，本集團為東莞物業之合法權益擁有人。

於二零零六年六月三十日，本集團價值30,582,000港元(二零零五年十二月三十一日：27,613,000港元)之若干投資物業已抵押，以為本集團取得銀行信貸(附註16)。

11. 發展中物業及待售物業

		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
Cost*	成本*	785,323	555,509
Transferred to properties for sales	轉撥至待售物業	(103,732)	(70,330)
Portion classified as current assets	列作流動資產之部分	(19,742)	(194,133)
Non-current assets	非流動資產	661,849	291,046

* Included interest capitalised amounted to HK\$2,254,000 (31 December 2005: HK\$6,873,000).

* 包括撥充資本之利息2,254,000港元(二零零五年十二月三十一日：6,873,000港元)。

11. PROPERTIES UNDER DEVELOPMENT AND PROPERTIES FOR SALE (continued)

Properties under development are situated in Beijing, Mainland China. The plot of land (the "Land") where the Group's properties under development were erected were pledged to a bank for a bank loan of approximately HK\$320 million as at 30 June 2006 (31 December 2005: HK\$317 million), which is repayable in January 2007.

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

12. INVENTORIES

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

11. 發展中物業及待售物業(續)

發展中物業位於中國北京。本集團於其上建設發展中物業之土地(「土地」)已就於二零零六年六月三十日為數約320,000,000港元之銀行貸款向一家銀行抵押。該筆貸款須於二零零七年一月償還。

就本集團發展中物業向買家收取而其溢利未予確認之訂金於結算日列作流動負債。

12. 存貨

	30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
	48,636	16,746
	11,360	9,384
	56,236	79,792
	116,232	105,922

13. TRADE AND BILLS RECEIVABLE

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers except for customers of the Group's property development business whose settlements are made in accordance with the sales contract entered into between the Group and the customers. Each customer has a maximum credit limit. Trade debtors with balances that are more than three months overdue are required to settle all outstanding balances before any further credit is granted.

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

1 to 3 months	1至3個月
4 to 6 months	4至6個月
7 to 12 months	7至12個月

The carrying amounts of trade and bills receivables approximate their fair value.

13. 應收賬款及票據

除若干客戶一般需要預先付款外，本集團與其客戶訂立之買賣條款主要按所訂信貸期繳款，而信貸期一般為期一個月，除本集團物業發展業務客戶（根據與本集團簽訂的銷售合約付款）外，主要客戶可獲延長至最多三個月。每名客戶設有信貸上限。逾期三個月以上之應收賬款結餘，須於獲授出任何進一步信貸前清還所有未償還餘額。

應收賬款於結算日按發票日期及扣除撥備後之賬齡分析如下：

30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
22,358	24,827
19	—
—	461
22,377	25,288

應收賬款及票據之賬面值與其公平值相若。

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

14. 現金及現金等價物及已抵押存款

		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
Time deposits with banks	在銀行之定期存款	46,063	50,123
Cash and bank balances	現金及銀行結存	128,257	339,439
		174,320	389,562
Less: Deposits pledged for banking facilities	減：就短期銀行信貸抵押之存款	(11,289)	(18,653)
		163,031	370,909

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$129,413,000 (31 December 2005: HK\$358,421,000). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於結算日，本集團以人民幣（「人民幣」）為單位之現金及銀行結存合共約為129,413,000港元（二零零五年十二月三十一日：358,421,000港元）。人民幣不得自由兌換為其他貨幣，然而，根據中國外匯管理及結匯、售匯及付匯管理規定，本集團可在獲授權進行外匯業務之銀行將人民幣兌換為其他貨幣。

15. TRADE PAYABLES

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

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

15. 應付賬款

應付賬款於結算日按發票日期之賬齡分析如下:

30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
109,535	97,763
1,277	2,811
518	935
6,436	7,251
117,766	108,760

The carrying amount of the trade payables approximate their fair value.

應付賬款之賬面值與其公平值相若。

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

Bank loans repayable:	須於以下年期償還 之銀行貸款:
Within one year	一年內
In the second year	第二年

Other loan repayable within one year	須於一年內償還之 其他貸款
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Portion classified as current liabilities	列作流動負債之部分
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Long term portion	長期部分
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16. 計息銀行及其他借貸

30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
447,864	96,154
-	317,308
447,864	413,462
72,815	-
520,679	413,462
(520,679)	(96,154)
-	317,308

16. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The Group's other borrowings as at 30 June 2006 is unsecured and bore interest at 6.336% per annum and repayable within one year.

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

- (i) a legal charge over the Group's prepaid land lease payments and buildings situated in Mainland China (note 9);
- (ii) a legal charge over the Land (note 11);
- (iii) a legal charge over certain of the Group's investment properties (note 10); and
- (iv) a legal charge over certain properties of an independent third party.

16. 計息銀行及其他借貸(續)

本集團截至二零零六年六月三十日之其他借款為無抵押，該等貸款按年息率6.336厘計息，須於一年內償還。

於結算日，本集團之銀行貸款以下列各項作抵押：

- (i) 本集團若干中國大陸之預付土地租賃款項及租賃樓宇之法定押記(附註9)；
- (ii) 土地法定押記(附註11)；
- (iii) 本集團若干投資物業之法定押記(附註10)；及
- (iv) 獨立第三方若干物業之法定押記。

17. SHARE CAPITAL

17. 股本

	30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
Authorised:	法定：	
2,000,000,000 ordinary shares of HK\$0.10 each	2,000,000,000股每股 面值0.10港元之普通股	200,000
		<u>200,000</u>
Issued and fully paid:	已發行及繳足：	
1,792,031,000 (31 December 2005: 1,544,831,000) ordinary shares of HK\$0.10 each	1,792,031,000股 (二零零五年 十二月三十一日： 1,544,831,000股) 每股面值0.10港元 之普通股	179,203
		<u>154,483</u>

On 28 June 2006, the Company successfully placed 247,200,000 new shares of HK\$0.10 each at a price of HK\$0.2 per share.

於二零零六年六月二十八日，本公司成功以每股0.2港元配售247,200,000股每股面值0.10港元之新股。

18. RESERVES

18. 儲備

		Share premium account	Goodwill arising on consolidation	Statutory reserves	Investment revaluation reserve	Exchange fluctuation reserves	Retained profits/ (Accumulated losses)	Total
	綜合賬目 時所產生 之商譽	股份溢價賬		法定儲備	投資 重估儲備	外匯 波動儲備	保留溢利/ (累積虧損)	總額
		(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
At 1 January 2005	於二零零五年一月一日							
As previously reported	如前呈報	677,882	(15,300)	10,620	-	478	(329,270)	344,410
Opening adjustment:	期初調整:							
HKAS 39 – Available-for-sale investment	香港會計準則第39號 — 可出售投資	-	-	-	-	-	(2,925)	(2,925)
As restated, after opening adjustment	期初調整後重列	677,882	(15,300)	10,620	-	478	(332,195)	341,485
HKAS 39 – Revaluation of available-for-sale investments	香港會計準則第39號 — 重估可出售投資	-	-	-	10,016	-	-	10,016
Exchange realignment	匯兌調整	-	-	-	-	(22)	-	(22)
Loss for the period	期內虧損	-	-	-	-	-	(26,775)	(26,775)
At 30 June 2005	於二零零五年六月三十日	677,882	(15,300)	10,620	10,016	456	(358,970)	324,704
At 1 January 2006	於二零零六年一月一日	-	(15,300)	14,747	-	6,803	298,285	304,535
Exchange realignment	匯兌調整	-	-	-	-	1,647	-	1,647
Issue of new shares	發行新股份	23,726	-	-	-	-	-	23,726
Loss for the period	期內虧損	-	-	-	-	-	(14,147)	(14,147)
Transfer to statutory reserve	轉撥至法定儲備基金	-	-	4,395	-	-	(4,395)	-
At 30 June 2006	於二零零六年六月三十日	23,726	(15,300)	19,142	-	8,450	279,743	315,761

18. RESERVES (continued)

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

19. CONTINGENT LIABILITIES

During the period, the Group provided guarantees in favour of certain banks for mortgage loans granted by the banks to the buyers of the Group's properties under development and properties for sale to the extent of approximately HK\$318 million in aggregate. As at the balance sheet date, mortgage loans in aggregate of approximately HK\$252 million were utilised by the buyers of the Group's properties under development.

A bank has provided factoring facilities of RMB60 million (equivalent to approximately HK\$58 million) for the period from 31 May 2006 to 31 May 2007 to the jointly controlled entity. As at 30 June 2006, the outstanding balance of the factoring facilities was RMB29.9 million (equivalent to approximately HK\$29 million.) In the event the debtors fail to pay the bank, the jointly controlled entity will have to repay RMB29,850,000 to the bank.

18. 儲備 (續)

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

19. 或然負債

期內，本集團就若干銀行向本集團發展中物業及待售物業之買家授出之按揭貸款，向該等銀行作出擔保合共約318,000,000港元。於結算日，本集團發展中物業之買家已動用按揭貸款當中合共約252,000,000港元。

一家銀行就二零零六年五月三十一日至二零零七年五月三十一日提供60,000,000元人民幣（相等於約58,000,000港元）的商業發票貼現額度予一家共同控制實體。於二零零六年六月三十日，該商業發票貼現額度結餘為29,900,000元人民幣（即29,000,000港元）。倘若債務人不能償還該款項，則該共同控制實體須償還29,850,000元人民幣予該銀行。

20. COMMITMENTS

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

20. 承擔

於結算日，本集團有下列承擔：

	30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
Authorised, but not contracted for:		
Acquisition of an associate	-	24,038
Construction works in respect of properties under development	1,195,293	1,745,145
	1,195,293	1,769,183
Contracted but not provided for:		
Acquisition of an associate	91,509	89,896
Construction works in respect of properties under development	106,828	75,523
Purchases of items of property, plant and equipment	-	10,332
Purchase of an investment property	78,766	88,581
	277,103	264,332
	1,472,396	2,033,515

21. RELATED PARTY TRANSACTIONS

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

21. 有關連人士交易

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

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
Notes		HK\$'000	HK\$'000
附註		港幣千元	港幣千元
	Commission fees paid	(i) -	3,295
	Sales to the Joint Venturer	(ii) 75,982	-
	Purchases from the joint venturer	(iii) 399	-
	Rental expenses paid to minority equity holders	(iv) 462	-
	Rental income received	(v) 457	447
	Rental income from leasing of investment properties	(vi) 1,321	-
		1,321	-

Notes:

- (i) The commission fees for the last period were paid to a real estate agent, in which a director of the Company had an equity interest, for services provided in respect of the sale of the Group's properties under developments. The directors considered that the commission rate was comparable to commission rate charged by other real estate agents.
- (ii) Sales to the joint venturer (the "Joint Venturer") of the Group's jointly-controlled entity, in which a director of the Company is also a director, were made at the selling prices the Joint Venturer charged its customers.
- (iii) Purchases from the Joint Venturer of the Group's jointly-controlled entity, in which a director of the Company is also a director, were made at the prevailing market price.

附註：

- (i) 過去期間的佣金費用乃就銷售本集團發展中物業所提供服務向一家本公司一名董事持有股本權益之房地產代理而支付。董事認為，有關佣金比率與其他房地產代理收取者相若。
- (ii) 本公司一名董事亦為其董事之本集團共同控制實體之合營方（「合營方」）所作銷售，乃按合營方向其客戶收取之售價進行。
- (iii) 向本公司一名董事亦為其董事之本集團共同控制實體之合營方（「合營方」）所作採購乃按當時市價進行。

21. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

- (iv) The rentals were charged at HK\$76,923 for the period. The directors considered that the rental charged was comparable to the rentals of similar properties.
 - (v) The rentals from companies in which a director of the Company is also directors were charged at HK\$76,000 per month on average during the period. The directors considered the rental charge was comparable to market rates.
 - (vi) The directors consider that the monthly rentals were charged by the Group with reference to the prevailing market prices. During the period, the Group received rental income of HK\$1,321,000 from the Joint Venturer for leasing of investment properties held by the Group.
- (b) Other transactions with related parties:
- (i) During the period, the jointly-controlled entity of the Group leased its factory premises and the piece of land where the factory premises was erected from the Joint Venturer free of charge.
 - (ii) On 25 January 2006, a subsidiary of the Company executed a guarantee for a term of two years commencing from 25 January 2006 in favour of the Joint Venturer for a loan of approximately of RMB18 million (HK\$17.5 million) granted to the Joint Venturer by a bank. Such loan was not utilised by the Joint Venturer as at 31 December 2005 and has been fully drawn down by the Joint Venturer as at 30 June 2006.

21. 有關連人士交易 (續)

附註：(續)

- (iv) 本期間之租金為76,923港元。董事認為，所收取租金與同類物業租金相若。
 - (v) 期內，來自本公司一名董事亦為其董事之公司之租金平均為每月76,000港元。董事認為，所收取租金與市場租值相若。
 - (vi) 董事認為本集團參照當前市價收取月租。期內，本集團向合營方就租用本集團持有之投資物業收取1,321,000港元租金收益。
- (b) 與有關連人士的其他交易：
- (i) 期內，本集團共同控制實體無償向合營方租賃其廠房物業及廠房物業所在土地。
 - (ii) 於二零零六年一月二十五日，本公司之一間附屬公司就銀行授予合營方約18,000,000元人民幣(17,500,000港元)銀行貸款為合營方簽立擔保，自二零零六年一月二十五日起為期兩年。截至二零零五年十二月三十一日，合營方並無動用有關銀行貸款，但已於二零零六年六月三十日全數提取貸款。

21. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties:

(i) As disclosed in the consolidated balance sheet, the Group had outstanding advances receivable from a company, in which a director of the Company had equity interests of HK\$43,825,000, as at 30 June 2006 (31 December 2005 payable of HK\$134,000). The advances are unsecured, interest free and have no fixed terms of repayment.

(ii) As disclosed in the consolidated balance sheet, the Group had outstanding receivables from the minority equity holders of a subsidiary of HK\$832,000 as at the balance sheet date (31 December 2005: HK\$7,480,000). The advances are unsecured, interest-free and settled subsequently to the balance sheet date.

(d) Compensation of key management personnel of the Group:

21. 有關連人士交易 (續)

(c) 與有關連人士的未償付結餘:

(i) 誠如綜合資產負債表所披露，於二零零六年六月三十日，本集團應收本公司一名董事擁有其權益之一家公司未償還墊款為43,825,000港元（二零零五年十二月三十一日應付：134,000港元）。有關墊款為無抵押、免息及無指定還款期。

(ii) 誠如綜合資產負債表所披露，於結算日，本集團應收一家附屬公司之少數股東之未償還應收款項為832,000港元（二零零五年十二月三十一日：7,480,000港元）。有關墊款為無抵押、免息及已於結算日後清還。

(d) 本集團主要管理人員之補償:

		For the six months ended 30 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
		港幣千元	港幣千元
Short term employee benefits	短期僱員福利	3,773	3,976
Post-employment benefits	離職後福利	42	50
Total compensation paid to key management personnel	已付主要管理人員 補償總額	3,815	4,026

22. POST BALANCE SHEET EVENTS

The Group has the following significant post balance sheet event:

Starlex Company Limited (“Starlex”), a wholly-owned subsidiary of the Company, and Citychamp Dartong Company Limited (“Citycamp Dartong”), a company listed on the Stock Exchange in Shanghai, entered into an asset transaction agreement on 19 July 2006 and an additional transaction agreement on 3 August 2006. Pursuant to the agreements:

- (a) Starlex has conditionally agreed to dispose of, and Citychamp has conditionally agreed to acquire, the entire issued share capital of Beijing Jing Guan Property Company Limited at a consideration of RMB360 million (equivalent to approximately HK\$350 million); and
- (b) Citychamp has conditionally agreed to allot and issue 73 million shares of Citychamp to Starlex at an issue price of RMB4.95 (equivalent to approximately HK\$4.80) within 60 business days upon completion of the agreement; Citychamp has also conditionally agreed to pay the balance of RMB36,000 (equivalent to approximately HK\$34,951) within 20 business days upon completion of the agreement.

23. APPROVAL OF THE INTERIM FINANCIAL REPORT

The condensed interim financial statements were approved and authorised for issue by the board of directors on 25 August 2006.

22. 結算日後事項

本集團於結算日後進行以下重大事項：

本公司之全資附屬公司 Starlex Company Limited (「Starlex」) 與在上海證券交易所上市之冠城大通股份有限公司 (「冠城大通」) 於二零零六年七月十九日訂立資產交易協議，並於二零零六年八月三日訂立額外交易協議。根據該等協議：

- (a) Starlex 同意有條件出售且冠城同意有條件收購北京京冠房地產開發有限公司全部已發行股本，收購代價為 360,000,000 元人民幣 (相等於約 350,000,000 港元)；及
- (b) 冠城同意於協議完成後 60 個營業日內向 Starlex 以 4.95 元人民幣 (相等於約 4.80 港元) 發行價有條件配發及發行 73,000,000 股冠城股份；冠城亦同意於協議完成後 20 個營業日內有條件支付餘額 36,000 元人民幣 (相等於約 34,951 港元)。

23. 通過中期財務報告

董事會已於二零零六年八月二十五日通過及授權刊發簡明中期財務報表。

