



中策集團有限公司
China Strategic Holdings Limited

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



FORWARD
同心協力

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

中期財務資料審閱報告



TO THE BOARD OF DIRECTORS OF CHINA STRATEGIC HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 22, which comprises the condensed consolidated balance sheet of China Strategic Holdings Limited as of 30th June, 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

致中策集團有限公司董事會

(於香港註冊成立之有限公司)

引言

本核數師行已審閱載於第4至第22頁之中期財務資料，包括中策集團有限公司於二零零七年六月三十日之簡明綜合資產負債表及截至該日期止六個月之相關簡明綜合收益表、權益變動報表及現金流量報表，以及解釋附註。根據香港聯合交易所有限公司證券上市規則規定，中期財務資料報告須按照其有關條文及香港會計師公會頒佈之香港會計準則（「香港會計準則」）第34號「中期財務報告」編製。董事須負責按照香港會計準則第34號編製及呈報該等中期財務資料。本核數師行之責任在於根據受聘之協定條款審閱中期財務資料，就此達成結論，並僅向閣下全體匯報，而不作任何其他用途。本核數師行不就本報告之內容向任何其他人士承擔或負上任何責任。

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

中期財務資料審閱報告

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
13th September, 2007

審閱範圍

本核數師行根據香港會計師公會頒佈之香港審閱委聘準則第2410號「實體之獨立核數師審閱中期財務資料」進行審閱。中期財務資料之審閱包括詢問（主要對負責財務及會計事務之人士），以及採納分析及其他審閱程序。審閱之範圍遠較於根據香港審計準則進行之審核少，故本核數師行無法確保本核數師行已知悉可通過審核辨別之所有重要事項。因此，本核數師行並不作審核意見。

結論

基於本核數師行之審閱，本核數師行，在所有重大方面，並無注意到任何可引起本核數師行相信該等中期財務資料，並非按照香港會計準則第34號編製。

德勤•關黃陳方會計師行
執業會計師
香港
二零零七年九月十三日

CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合收益表

FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

截至二零零七年六月三十日止六個月

		Six months ended 30 June, 截至六月三十日止六個月		
		Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
			(unaudited) (未經審核)	(unaudited) (未經審核)
Continuing operations	持續經營業務			
Revenue	收入	3	25,317	16,326
Cost of sales	銷售成本		<u>(19,968)</u>	<u>(12,408)</u>
Gross profit	毛利		5,349	3,918
Other income	其他收入	4	47,635	24,894
Distribution costs	分銷成本		(1,675)	(966)
Administrative expenses	行政支出		(11,172)	(15,145)
Impairment loss recognised in respect of goodwill	已確認商譽減值虧損	12	(25,807)	(4,561)
Other expenses	其他支出	5	(190)	(13,914)
Finance costs	融資成本		(3,768)	(7,114)
Gain on disposal of interest in an associate	出售一間聯營公司 權益之收益		—	17,180
Loss on dilution of interest in an associate	攤薄一間聯營公司 權益之虧損		—	(65,762)
Share of results of associates	所佔聯營公司之業績		—	16,681
Profit (loss) before taxation	稅前溢利(虧損)		10,372	(44,789)
Taxation	稅項	6	<u>(860)</u>	<u>3</u>
Profit (loss) for the period from continuing operations	持續經營業務 所得期間溢利(虧損)		9,512	(44,786)
Discontinued operation	已終止經營業務			
Profit (loss) for the period from discontinued operation	已終止經營業務 所得期間溢利(虧損)	7	—	(9,818)
Profit (loss) for the period	期間溢利(虧損)	8	<u>9,512</u>	<u>(54,604)</u>
Attributable to:	應佔：			
Equity holders of the parent	母公司股權持有人		9,512	(33,801)
Minority interests	少數股東權益		—	(20,803)
			<u>9,512</u>	<u>(54,604)</u>
Dividend	股息	9	—	1,179,307
			HK cents 港仙	HK cents 港仙
Earnings (loss) per share	每股盈利(虧損)	10		
From continuing and discontinued operations:	持續及已終止經營 業務所得：			
— Basic	— 基本		<u>2.2</u>	<u>(7.7)</u>
— Diluted	— 攤薄		<u>N/A不適用</u>	<u>N/A不適用</u>
From continuing operations:	持續經營業務所得：			
— Basic	— 基本		<u>2.2</u>	<u>(5.5)</u>
— Diluted	— 攤薄		<u>N/A不適用</u>	<u>N/A不適用</u>

CONDENSED CONSOLIDATED BALANCE SHEET

簡明綜合資產負債表

AT 30TH JUNE, 2007

於二零零七年六月三十日

		Notes 附註	30.6.2007 二零零七年 六月三十日 HK\$'000 千港元	31.12.2006 二零零六年 十二月三十一日 HK\$'000 千港元
			(unaudited) (未經審核)	(audited) (經審核)
Non-Current Assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	63,446	46,982
Prepaid lease payments	預支租約付款		27,419	27,425
Goodwill	商譽	12	—	25,807
Interest in an associate	於聯營公司之權益		—	—
Club debentures	會所債券		825	825
Available-for-sale investments	可供出售投資		18,691	60,127
			110,381	161,166
Current Assets	流動資產			
Inventories	存貨		20,697	18,954
Trade receivables	應收貿易賬款	13	7,914	7,825
Prepaid lease payments	預支租約付款		632	626
Amount due from an associate	應收一間聯營公司款項		7,089	6,514
Loans and interest receivables	應收貸款及利息		26,690	25,761
Other receivables, deposits and prepayments	其他應收款項、按金及預付款項		4,643	4,888
Tax reserve certificates paid	已付儲稅券		—	5,916
Available-for-sale investments	可供出售投資		32,666	17,770
Investments held for trading	持作買賣之投資		2,820	8,115
Pledged bank deposits	已抵押銀行存款		1,094	1,078
Bank balances and cash	銀行結餘及現金		56,119	8,992
			160,364	106,439
Current Liabilities	流動負債			
Trade payables, other payables and accrued charges	應付貿易賬款、其他應付款項及應計費用	14	19,803	23,685
Obligations under finance leases	融資租賃之債項		26	—
Amount due to an associate	應付一間聯營公司款項		5,795	—
Amounts due to related companies	應付關連公司款項	15	26,354	4,128
Loan payables	應付貸款		60,986	58,568
Income tax payable	應付所得稅		—	6,916
Bank overdrafts	銀行透支		—	23
Bank borrowings	銀行借款		13,723	12,889
			126,687	106,209
Net Current Assets	流動資產淨值		33,677	230
			144,058	161,396
Capital and Reserves	資本及儲備			
Share capital	股本		44,080	44,080
Reserves	儲備		99,644	106,751
Equity attributable to equity holders of the parent	母公司股權持有人應佔權益		143,724	150,831
Minority interests	少數股東權益		262	262
Total Equity	總權益		143,986	151,093
Non-Current Liabilities	非流動負債			
Obligations under finance leases	融資租賃之債項		72	—
Amount due to an associate	應付一間聯營公司款項		—	4,993
Amount due to a related company	應付一間關連公司款項		—	5,310
			72	10,303
			144,058	161,396

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動報表

FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

截至二零零七年六月三十日止六個月

		Attributable to equity holders of the parent 母公司股權持有人應佔										
		Share capital	Share premium	Special capital reserve	Capital redemption reserve	Investment revaluation reserve	Exchange reserve	Other non-distributable reserves	(Deficit) retained profit	Total	Minority interests	Total
		股本	股份溢價	特別資本儲備	資本贖回儲備	投資重估儲備	匯兌儲備	其他不可分派儲備	保留溢利	總額	權益	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
				(note a) (附註a)				(note b) (附註b)				
At 1st January, 2006 (audited)	於二零零六年一月一日(經審核)	88,160	1,900,916	414,881	233	(2,553)	(10,730)	38,126	(1,103,719)	1,325,314	330,255	1,655,569
Exchange adjustment	匯兌調整	—	—	—	—	—	3,084	—	—	3,084	2,739	5,823
Gains on fair value of available-for-sale investments	可供出售投資之公平值收益	—	—	—	—	19,226	—	—	—	19,226	128	19,354
Share of reserves movement of associates	所佔聯營公司儲備變動淨額	—	—	—	—	—	—	1,495	—	1,495	—	1,495
Share of other non-distributable reserves by minority shareholders	少數股東所佔其他不可分派儲備	—	—	—	—	—	—	(669)	—	(669)	669	—
Net income recognised directly in equity	直接於權益確認之收入淨額	—	—	—	—	19,226	3,084	826	—	23,136	3,536	26,672
Reserves realised upon disposal of an associate	出售一間聯營公司時變現之儲備	—	—	—	—	—	(405)	1,044	—	639	—	639
Loss for the period	期間虧損	—	—	—	—	—	—	—	(33,801)	(33,801)	(20,803)	(54,604)
Total recognised income (expense) for the period	期間已確認收入(開支)總額	—	—	—	—	19,226	2,679	1,870	(33,801)	(10,026)	(17,267)	(27,293)
Capital reorganisation	資本重組	(44,080)	(1,900,916)	1,944,996	—	—	—	—	—	—	—	—
Transfer of accumulated deficit of the Company	轉撥本公司之累計虧蝕	—	—	(1,212,806)	—	—	—	—	1,212,806	—	—	—
Dividend in specie (note 9)	以實物代息(附註9)	—	—	(1,145,804)	—	(2,380)	6,930	(38,053)	—	(1,179,307)	(312,661)	(1,491,968)
At 30th June, 2006 (unaudited)	於二零零六年六月三十日(未經審核)	44,080	—	1,267	233	14,293	(1,121)	1,943	75,286	135,981	327	136,308

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

簡明綜合權益變動報表 (續)

FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

截至二零零七年六月三十日止六個月

		Attributable to equity holders of the parent 母公司股權持有人應佔										
		Share capital	Share premium	Special capital reserve	Capital redemption reserve	Investment revaluation reserve	Exchange reserve	Other non-distributable reserves	(Deficit) retained profit	Total	Minority interests	Total
		股本	股份溢價	特別資本儲備	資本贖回儲備	投資重估儲備	匯兌儲備	其他不可分派儲備	(虧絀) 保留溢利	總額	少數股東權益	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
				(note a) (附註a)				(note b) (附註b)				
At 1st January, 2007 (audited)	於二零零七年一月一日 (經審核)	44,080	—	1,267	233	32,992	(354)	1,943	70,670	150,831	262	151,093
Exchange adjustment	匯兌調整	—	—	—	—	—	1,771	—	—	1,771	—	1,771
Gains on fair value of available-for-sale investments	可供出售投資之公平值收益	—	—	—	—	17,063	—	—	—	17,063	—	17,063
Net income recognised directly in equity	直接於權益確認之收入淨額	—	—	—	—	17,063	1,771	—	—	18,834	—	18,834
Realised upon disposal of available-for-sale investments	出售可供出售投資之變現	—	—	—	—	(35,453)	—	—	—	(35,453)	—	(35,453)
Profit for the period	期間溢利	—	—	—	—	—	—	—	9,512	9,512	—	9,512
Total recognised income (expense) for the period	期間已確認收入(開支)	—	—	—	—	(18,390)	1,771	—	9,512	(7,107)	—	(7,107)
At 30th June, 2007 (unaudited)	於二零零七年六月三十日 (未經審核)	44,080	—	1,267	233	14,602	1,417	1,943	80,182	143,724	262	143,986

Notes:

附註：

- (a) The special capital reserve of the Group at 1st January, 2006 represented the amount arising from the capital reduction carried out by the Company during the year ended 31st December, 2001. During the period ended 30th June, 2006, the amount was reduced as a result of the group reorganisation and capital reorganisation carried out by the Company.
- (a) 本集團於二零零六年一月一日之特別資本儲備代表本公司於截至二零零一年十二月三十一日止年度削減股本產生之金額。於截至二零零六年六月三十日止期間，該金額由於本公司實行集團重組及資本重組而減小。
- (b) The other non-distributable reserves of the Group include (i) the share premium of associates; (ii) the convertible bond reserve of associate regarding the convertible bond issued by the associate and (iii) the investment properties reserve of associates.
- (b) 本集團其他不可分派儲備包括(i)聯營公司股份溢價；(ii)聯營公司已發行可換股債券之聯營公司可換股債券儲備及(iii)聯營公司投資物業儲備。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

簡明綜合現金流量報表

FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

截至二零零七年六月三十日止六個月

		Six months ended 30 June, 截至六月三十日止六個月	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		(unaudited) (未經審核)	(unaudited) (未經審核)
Net cash (used in) generated by operating activities	經營業務(所用)產生現金淨額	(3,816)	7,815
Net cash generated by (used in) investing activities:	投資業務產生(所用)現金淨額：		
Proceeds from disposal of available-for-sale investments	出售可供出售投資所得款項	47,727	—
Purchase of property, plant and equipment	購置物業、廠房及設備	(15,601)	(14,129)
Cash outflow through dividend in specie	透過以實物代息之現金流出	—	(94,092)
Purchase of available-for-sale investments	購入可供出售投資	—	(25,742)
Other investing cash flows	其他投資現金流量	2,785	(20)
		34,911	(133,983)
Net cash generated by financing activities:	融資活動產生現金淨額：		
Advances from related companies	關連公司墊款	16,073	5,784
Advance from an associate	一間聯營公司墊款	802	4,145
Interest paid	已付利息	(2,925)	(567)
Other financing cash flows	其他融資現金流量	2,987	(60)
		16,937	9,302
Net increase (decrease) in cash and cash equivalents	現金及現金等額增加(減少)淨額	48,032	(116,866)
Cash and cash equivalents at 1st January	於一月一日之現金及現金等額	8,969	108,601
Effect of foreign exchange rate changes	匯率變動之影響	212	3,829
Cash and cash equivalents at 30th June, represented by	於六月三十日之現金及現金等額，按以下項目呈列	57,213	(4,436)
Bank balances and cash	銀行結餘及現金	57,213	2,972
Bank overdrafts	銀行透支	—	(7,408)
		57,213	(4,436)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

截至二零零七年六月三十日止六個月

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31st December, 2006.

In the current interim period, the Group has applied, for the first time, a new standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1st January, 2007.

The adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied all the new standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

1. 編製基準

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

2. 主要會計政策

簡明綜合財務報表乃根據過往成本法編製，惟若干金融工具則按公平值計量（如適用）。

簡明綜合財務報表所採納之會計政策與編製本集團截至二零零六年十二月三十一日止年度之年度財務報表所採納者一致。

於本中期期間，本集團首次採納由香港會計師公會頒佈之新準則、修訂及詮釋（「新香港財務報告準則」），並於本集團自二零零七年一月一日開始之財政年度生效。

採納新香港財務報告準則並無對本集團於本會計期間或以往會計期間之業績或財務狀況構成任何重大影響。因此，並無確認以往期間之調整。

本集團並未提前應用所有已頒佈但尚未生效之新準則或詮釋。本公司董事預期，應用該等準則或詮釋將對本集團之業績及財政狀況並無重大影響。

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3. SEGMENT INFORMATION

During the period ended 30th June, 2006, the Company carried out a group reorganisation which resulted in discontinuance of sand mining business.

Business segments

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

3. 分部資料

於截至二零零六年六月三十日止期間，本公司進行集團重組，採砂業務因而終止。

業務分部

本集團按業務分部劃分之收入及經營業績之貢獻分析如下：

		Investments in securities and advance 證券投資 及墊款 HK\$'000 千港元	Battery products 電池產品 HK\$'000 千港元	Others Consolidated 其他 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Six months ended 30th June, 2007 截至二零零七年六月三十日止六個月					
REVENUE	收入				
External sales	對外銷售	—	25,317	—	25,317
RESULT	業績				
Segment result	分部業績	45,735	(27,061)	1,029	19,703
Unallocated corporate expenses	未分攤企業支出				(5,563)
Finance costs	融資成本				(3,768)
Profit before taxation	稅前溢利				10,372
Taxation	稅項				(860)
Profit for the period	期間溢利				9,512

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3. SEGMENT INFORMATION (cont'd)

3. 分部資料 (續)

Business segments (cont'd)

業務分部 (續)

	Continuing operations				Discontinued operation	Consolidated
	持續經營業務				已終止經營業務	
	Investments in securities and advance	Battery products	Others	Sub-total	Sand mining	
	證券投資及墊款	電池產品	其他	小計	採砂	綜合
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元

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

REVENUE	收入						
External sales	對外銷售	—	16,326	—	16,326	2,726	19,052
RESULT	業績						
Segment result	分部業績	5,612	(1,498)	(1,548)	2,566	(9,818)	(7,252)
Unallocated corporate expenses	未分攤企業支出				(8,340)	—	(8,340)
Gain on disposal of interest in an associate	出售一間聯營公司權益之收益	—	—	17,180	17,180	—	17,180
Loss on dilution of interest in an associate	攤薄一間聯營公司權益之虧損	—	—	(65,762)	(65,762)	—	(65,762)
Share of results of associates	所佔聯營公司之業績	—	—	16,681	16,681	—	16,681
Finance costs	融資成本				(7,114)	—	(7,114)
Loss before taxation	稅前虧損				(44,789)	(9,818)	(54,607)
Taxation	稅項				3	—	3
Loss for the period	期間虧損				(44,786)	(9,818)	(54,604)

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4. OTHER INCOME

		Continuing operations 持續經營業務		Discontinued operation 已終止經營業務		Consolidated 綜合	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Interest income	利息收入	1,884	22,819	—	—	1,884	22,819
Dividend income from available-for-sale investments	可供出售投資之股息收入	606	687	—	—	606	687
Exchange gain	匯兌收益	558	388	—	—	558	388
Changes in fair value on investments held for trading	持作買賣之投資之公平值變動	1,911	23	—	—	1,911	23
Gain on disposal of available-for-sale investments	出售可供出售投資之收益	39,577	—	—	—	39,577	—
Gain on disposal of investments held for trading	出售持作買賣之投資之收益	2,474	—	—	—	2,474	—
Others	其他	625	977	—	97	625	1,074
		47,635	24,894	—	97	47,635	24,991

4. 其他收入

5. OTHER EXPENSES

		Continuing operations 持續經營業務		Discontinued operation 已終止經營業務		Consolidated 綜合	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Allowances for loans and interest receivables	應收貸款及利息撥備	190	6,282	—	—	190	6,282
Allowances for other receivables	其他應收款項撥備	—	5,372	—	—	—	5,372
Impairment loss on available-for-sale investments	可供出售投資之減值虧損	—	2,260	—	—	—	2,260
		190	13,914	—	—	190	13,914

5. 其他支出

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6. TAXATION

6. 稅項

	Continuing operations 持續經營業務		Discontinued operation 已終止經營業務		Consolidated 綜合	
	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
The charge (credit) comprises:	稅項支出(抵免) 包括:					
Hong Kong Profits Tax	香港利得稅					
— Underprovision in prior periods	860	—	—	—	860	—
Taxation in other jurisdiction	其他司法轄區之稅項					
— Current period	—	(3)	—	—	—	(3)
	860	(3)	—	—	860	(3)
Taxation attributable to the Company and its subsidiaries	860	(3)	—	—	860	(3)

The tax charge for the period represents the underprovision of taxation for the years of assessment of 1998/1999, 2002/2003 and 2003/2004, in which the related tax assessments were finally agreed with the Inland Revenue Department.

No provision for taxation has been made as the Group has incurred tax losses for both periods.

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC"), certain PRC subsidiaries of the Company are exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years.

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

期間內稅項支出為有關評稅最終與稅務局一致之1998/1999、2002/2003及2003/2004年度稅項撥備不足。

鑒於本集團於兩個期間產生稅項虧損，故並無作出稅項撥備。

根據有關中華人民共和國(「中國」)法律及法規，本公司若干中國附屬公司由首個獲利年度起獲豁免中國所得稅兩年，其後三年則獲稅項減半。

於報告日期或兩段期間，本集團概無任何重大未確認遞延稅項。

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7. DISCONTINUED OPERATION

On 19th May, 2006, the Group distributed its entire interests in 東莞市江海貿易有限公司 ("東莞江海") and 廣州耀陽實業有限公司 ("廣州耀陽") as dividend in specie as a result of the group reorganisation. Details of the group reorganisation are set out in the circular dated 10th September, 2005. 東莞江海 and 廣州耀陽 are engaged in the business of sand mining and the segment of sand mining was regarded as discontinued operation during the six months ended 30th June, 2006.

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

		HK\$'000 千港元
Revenue	收益	2,726
Cost of sales	銷售成本	(2,519)
Gross profit	毛利	207
Other income	其他收入	97
Administrative expenses	行政支出	(5,561)
Impairment loss recognised in respect of goodwill	已確認商譽減值虧損	(4,561)
Loss for the period	期間虧損	(9,818)
Attributable to:	應佔：	
Equity holders of the parent	母公司股權持有人	(9,480)
Minority interests	少數股東權益	(338)
		(9,818)

東莞江海 and 廣州耀陽 did not make any significant contribution to the cash flows of the Group during the six months ended 30th June, 2006.

7. 已終止經營業務

於二零零六年五月十九日，因本集團進行集團重組而導致本集團以實物方式分派東莞市江海貿易有限公司 ("東莞江海") 及廣州耀陽實業有限公司 ("廣州耀陽") 全部權益之股息。集團重組之詳情乃載於日期為二零零五年九月十日之通函。東莞江海及廣州耀陽乃從事採砂業務，而相關業務分部於截至二零零六年六月三十日止六個月被視為已終止經營業務。

於二零零六年一月一日至二零零六年五月十八日期間，採砂分部之業績如下：

於截至二零零六年六月三十日止六個月，東莞江海及廣州耀陽並無對本集團之現金流量作出任何重大貢獻。

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8. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging the following items:

8. 期間溢利(虧損)

期間溢利(虧損)已扣除以下列各項目：

	Continuing operations 持續經營業務		Discontinued operation 已終止經營業務		Consolidated 綜合	
	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Amortisation of prepaid lease payments	151	296	—	—	151	296
Depreciation of property, plant and equipment	1,116	1,047	—	4,452	1,116	5,499
Impairment loss recognised in respect of goodwill	25,807	—	—	4,561	25,807	4,561

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9. DIVIDEND

The amount represented the assets and liabilities distributed as dividend in specie as a result of group reorganisation carried out by the Company in May 2006.

Details of the assets and liabilities distributed as dividend in specie are as follows:

9. 股息

相關金額指本公司於二零零六年五月進行集團重組而以實物方式作為股息分派之資產及負債。

以實物方式作為股息派發之資產及負債金額詳情如下：

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

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10. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

		Six months ended 30 June, 截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Earnings (loss):	盈利(虧損)：		
Earnings (loss) for the purpose of basic earnings (loss) per share (earnings (loss) for the period attributable to the equity holders of the parent)	就計算每股基本盈利(虧損)之期間內 母公司股權持有人 應佔盈利(虧損)	9,512	(33,801)
		Six months ended 30 June, 截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
Number of shares:	股份數目：		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	就計算每股基本盈利(虧損)而言之普通股 加權平均數	440,797,543	440,797,543

10. 每股盈利(虧損)

來自持續經營及已終止經營業務

期內，母公司股權持有人應佔每股基本盈利(虧損)乃按以下數據計算：

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10. EARNINGS (LOSS) PER SHARE (cont'd)

From continuing operations

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

		Six months ended 30 June,	
		截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Earnings (loss):	盈利(虧損)：		
Earnings (loss) for the period attributable to the equity holders of the parent	母公司股權持有人應佔期內盈利(虧損)	9,512	(33,801)
Less: Loss for the period from discontinued operation attributable to the equity holders of the parent	減：母公司股權持有人應佔來自已終止業務之期間內之虧損	—	9,480
Earnings (loss) for the purpose of basic earnings (loss) per share from continuing operations	就計算來自持續經營業務之每股基本盈利(虧損)而言之盈利(虧損)	9,512	(24,321)

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

From discontinued operation

For the six months ended 30th June, 2006, basic loss per share for discontinued operation was HK\$0.02 per share, based on the loss for the period from the discontinued operation attributable to the equity holders of the parent of HK\$9,480,000 and the denominators detailed above for basic loss per share.

10. 每股盈利(虧損)(續)

來自持續經營業務

期內，母公司股權持有人應佔來自持續經營業務之每股基本盈利(虧損)乃按以下數據計算：

		Six months ended 30 June,	
		截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Earnings (loss):	盈利(虧損)：		
Earnings (loss) for the period attributable to the equity holders of the parent	母公司股權持有人應佔期內盈利(虧損)	9,512	(33,801)
Less: Loss for the period from discontinued operation attributable to the equity holders of the parent	減：母公司股權持有人應佔來自已終止業務之期間內之虧損	—	9,480
Earnings (loss) for the purpose of basic earnings (loss) per share from continuing operations	就計算來自持續經營業務之每股基本盈利(虧損)而言之盈利(虧損)	9,512	(24,321)

由於概無已發行攤薄潛在普通股，故此並無呈列兩段期間之每股攤薄盈利(虧損)。

來自已終止經營業務

截至二零零六年六月三十日止六個月，已終止經營業務之每股基本虧損為0.02港元，乃根據母公司股權持有人應佔來自已終止經營業務之期間內虧損9,480,000港元及上文詳述每股基本虧損之分母計算。

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11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred an expenditure of approximately HK\$15,601,000 on property, plant and equipment.

12. GOODWILL

The recoverable amount of the goodwill relating to a cash generating unit of battery products has been determined based on a value in use calculation. That calculation uses cash flow projections for a period of 10 years, including financial budget approved by the management covering a 5-year period, with a 5% growth rate for the first five years and constant growth rate for the remaining years, and discount rate of 10%. During the period, the Group recognised an impairment loss of approximately HK\$25,807,000 in relation to the goodwill arising on acquisition of the segment of battery products. In the opinion of the directors, other assets of such cash generating unit are not impaired.

13. TRADE RECEIVABLES

Trade receivables 應收貿易賬款
Less: Accumulated impairment 減：累計減值

30.6.2007 31.12.2006
二零零七年 二零零六年
六月三十日 十二月三十一日
HK\$'000 HK\$'000
千港元 千港元

8,895	8,806
(981)	(981)
7,914	7,825

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

0 — 90 days 0至90日
91 — 180 days 91至180日
Over 180 days 180日以上

30.6.2007 31.12.2006
二零零七年 二零零六年
六月三十日 十二月三十一日
HK\$'000 HK\$'000
千港元 千港元

6,999	7,067
915	620
—	138
7,914	7,825

11. 物業、廠房及設備

於期內，本集團因物業、廠房及設備產生約15,601,000港元之支出。

12. 商譽

與電池產品相關之現金產生單位之可收回的商譽金額已根據使用計算價值而釐定。該等計算使用為期10年的現金流量預測，包括經管理層批准、為期5年之財務預算，首5年增長率為5%，餘下年份仍保持持續增長，以及折讓率為10%。於期內，本集團已就與收購電池產品分部所產生之商譽確認減值虧損約25,807,000港元。董事認為，該等現金產生單位之其他資產並未出現減值。

13. 應收貿易賬款

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

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截至二零零七年六月三十日止六個月

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

At 30th June, 2007, included in trade payables, other payables and accrued charges are trade payables of approximately HK\$5,702,000 (31.12.2006: HK\$5,501,000) with the following aged analysis at the balance sheet date:

		30.6.2007 二零零七年 六月三十日 HK\$'000 千港元	31.12.2006 二零零六年 十二月三十一日 HK\$'000 千港元
0 — 90 days	0至90日	4,034	3,836
91 — 180 days	91至180日	912	1,025
Over 180 days	180日以上	756	640
		5,702	5,501

15. AMOUNTS DUE TO RELATED COMPANIES

During the period, the Group obtained a new loan from a related company amounting to approximately HK\$15,000,000, which is unsecured, bears interest at market rate of 7.75% per annum, and repayable on demand.

16. COMMITMENTS

At the balance sheet date, the Group had the following commitments:

14. 應付貿易賬款、其他應付款項及應計費用

於二零零七年六月三十日，載於應付貿易賬款、其他應付款項及應計費用包括應付貿易賬款約為5,702,000港元(二零零六年十二月三十一日：5,501,000港元)，於結算日之賬齡分析如下：

15. 應付關連公司款項

於期內，本集團由一間關連公司獲得一筆約為15,000,000港元之新貸款，該貸款為無抵押，並按7.75厘之市場年利率計息，且須於要求時支付。

16. 承擔

於結算日，本集團之承擔如下：

		30.6.2007 二零零七年 六月三十日 HK\$'000 千港元	31.12.2006 二零零六年 十二月三十一日 HK\$'000 千港元
Contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	就收購物業、廠房及設備已訂約惟未在財務報表中作出撥備	27,340	14,562
Authorised but not contracted for in respect of acquisition of property, plant and equipment	就收購物業、廠房及設備已授權惟未訂約	20,000	20,000
		47,340	34,562

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截至二零零七年六月三十日止六個月

17. PLEDGE OF ASSETS

- (a) At 30th June, 2007, bank deposits of approximately HK\$1,094,000 (31.12.2006: HK\$1,078,000) were pledged to banks to secure credit facilities granted to the Group.
- (b) At 30th June, 2007, available-for-sale investments and investments held for trading with a carrying value of approximately HK\$36,043,000 (31.12.2006: HK\$64,476,000) and HK\$675,000 (31.12.2006: HK\$309,000) respectively were pledged to secure margin account credit facilities and banking facilities granted to the Group. As at 30th June, 2007 and 31st December, 2006, no margin loan facility was utilised by the Group.
- (c) At 30th June, 2007, prepaid lease payment with a carrying value of approximately HK\$8,902,000 (31.12.2006: HK\$8,678,000) was pledged to secure short-term bank loan granted to the Group.

17. 資產抵押

- (a) 於二零零七年六月三十日，銀行存款約1,094,000港元（二零零六年十二月三十一日：1,078,000港元）已抵押予銀行，作為本集團獲授信貸額之擔保。
- (b) 於二零零七年六月三十日，已分別將賬面值約為36,043,000港元（二零零六年十二月三十一日：64,476,000港元）及675,000港元（二零零六年十二月三十一日：309,000港元）之可供出售投資及持作買賣投資，已作為本集團獲授之保證金賬戶信貸額及銀行信貸額之擔保。於二零零七年六月三十日及二零零六年十二月三十一日，本集團並無動用保證金備用貸款。
- (c) 於二零零七年六月三十日，賬面值約為8,902,000港元（二零零六年十二月三十一日：8,678,000港元）之預支租約付款已抵押，作為本集團獲授短期銀行貸款。

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截至二零零七年六月三十日止六個月

18. RELATED PARTY TRANSACTIONS

During the period, the Group obtained a new loan of HK\$15,000,000 from a related company. The related company is an associate of the Company's substantial shareholders.

19. POST BALANCE SHEET EVENT

On 23rd August, 2007, the Company entered into share placing agreements with the placing agent (i) for the placement of 88,000,000 new shares of the Company at HK\$0.1 each at placing price of HK\$0.33 per share on a fully underwritten basis; and (ii) for the placement of a further maximum 1,500,000,000 new shares of the Company at HK\$0.1 each at placing price of HK\$0.33 per share on a best effort basis.

On 23rd August, 2007, the Company entered into convertible notes placing agreement with the placing agent for the placement of a maximum aggregate principal amount of HK\$1,320,000,000 on a best effort basis. The convertible notes will be non-interest bearing and with maturity date of 31st December, 2010. The conversion price, subject to the adjustment, shall be HK\$0.33 per share from the date of issue of the convertible notes up to 31st December, 2008, HK\$0.36 per share from 1st January, 2009 to 31st December, 2009, and HK\$0.39 per share from 1st January, 2010 to the maturity date. The placements are expected to raise maximum net proceeds of approximately HK\$1,796,800,000.

Details of these placements were disclosed on the announcement dated 30th August, 2007 and the transaction was not yet completed at the date of this report.

18. 關連人士交易

於期內，本集團從一間關連公司獲得一筆15,000,000港元之新貸款。該關連公司為本公司主要股東之一間聯營公司。

19. 結算日後事項

於二零零七年八月二十三日，本公司與配售代理人訂立股份配售協議，就(i)以每股0.33港元之配售價配售88,000,000股每股0.1港元之本公司新股(按全面包銷基準配售)；及(ii)以每股0.33港元之進一步配售價配售不超過1,500,000,000股每股0.1港元之本公司新股(按盡力基準配售)。

於二零零七年八月二十三日，本公司與配售代理人訂立可換股票據配售協議，配售最高本金總額為1,320,000,000港元(按盡力基準配售)。該等可換股票據不附帶利息，並於二零一零年十二月三十一日到期。轉換價(可予調整)由可換股票據發行日期至二零零八年十二月三十一日止為每股0.33港元，由二零零九年一月一日至二零零九年十二月三十一日止為每股0.36港元，以及由二零一零年一月一日至到期日止為每股0.39港元。該等配售預期可募集到最高約1,796,800,000港元之所得款項淨額。

上述配售之詳情已於二零零七年八月三十日之公告作出披露。於本報告日期，該等交易尚未完成。

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ANALYSIS OF THE GROUP'S PERFORMANCE

The revenue of the Group for the six months ended 30th June, 2007 totaled HK\$25.3 million, representing significant increase of 55.21% from HK\$16.3 million for the same period in 2006. The revenue for the period was generated from the manufacturing and trading of batteries products. With the blessings of a strong Mainland economy, demand for batteries products posted strong growth leading to significant increase in the revenue of the Group. Heading into the second half of 2007, the Group will continue to implement cost efficiency policy and strengthen sales by additional advertising campaigns.

The unaudited consolidated profit attributable to equity holders of the parent for the six months ended 30th June, 2007 amounted to HK\$9.5 million as compared to the loss of approximately HK\$33.8 million for the same period in 2006. The notable turnaround in performance was noted in the increase in other income resulted from the gain on disposal of investments in securities, a lower allowance for loans and interest receivables and there was no loss on dilution of interest in an associate in the current period.

LIQUIDITY AND FINANCIAL RESOURCES

During the first half of fiscal 2007, the Group financed its operations mainly through cash generated from its business activities and banking facilities provided by its principal bankers as well as proceeds from disposal of securities. As at 30th June, 2007, the Group had working capital calculated by current assets less current liabilities of approximately HK\$33.7 million and the current ratio increased to 1.27, compared with working capital of approximately HK\$0.2 million and current ratio of 1.00 as at 31st December, 2006.

In the first half of fiscal 2007, the net cash used in operating activities was approximately HK\$3.8 million compared with HK\$7.8 million generated by operating activities in the same period of 2006. The net cash generated by investing activities and financing activities in the first half of fiscal 2007 was approximately HK\$34.9 million and HK\$16.9 million respectively compared with approximately HK\$134.0 million of net cash used in investing activities and HK\$9.3 million of net cash generated by financing activities in the same period of 2006.

本集團業績分析

本集團截至二零零七年六月三十日止六個月之收入共25,300,000港元，較二零零六年同期之16,300,000港元大幅上升55.21%。期內收入主要來自電池產品之製造及買賣業務。受惠於中國經濟強勁增長，電池產品需求量大幅上升，令本集團收入顯著增長。進入二零零七年下半年，本集團將繼續實施有成本效益之政策並透過進一步廣告推廣提升銷量。

截至二零零七年六月三十日止六個月，母公司股權持有人應佔未經審核綜合溢利為9,500,000港元，相較二零零六年同期之虧損約33,800,000港元。此顯著成績乃由於本期間出售證券投資取得收益、應收貸款及利息撥備減少以及並無錄得於一間聯營公司權益攤薄虧損，導致其他收入增加所致。

流動資金及財務資源

於二零零七年財政年度上半年，本集團主要通過業務活動所得現金、主要往來銀行提供之銀行信貸以及出售證券所得款項作為營運資金。於二零零七年六月三十日，本集團按流動資產減流動負債計算之營運資金約為33,700,000港元，而流動比率增加至1.27，相較於二零零六年十二月三十一日之營運資金則約為200,000港元，流動比率為1.00。

於二零零七年財政年度上半年，經營業務所用之現金淨額約為3,800,000港元，而二零零六年同期經營業務所產生之現金淨額則約為7,800,000港元。於二零零七年財政年度上半年，投資業務及融資活動所產生之現金淨額分別約為34,900,000港元及16,900,000港元；相較二零零六年同期投資業務所用之現金淨額約為134,000,000港元，融資活動所產生之現金淨額約為9,300,000港元。

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The Group's bank borrowings slightly increased from approximately HK\$12.9 million as at 31st December, 2006 to approximately HK\$13.7 million as at 30th June, 2007, representing an increase of 6.2%. There were no long-term bank loans and other borrowings as at 30th June, 2007 and 31st December, 2006. Gearing ratio which is expressed as a ratio of total long-term bank loans and other borrowings to the shareholders' funds remains nil as at 30th June, 2007 and 31st December, 2006. As at 30th June, 2007, the Group's total bank borrowings of approximately HK\$13.7 million were mainly denominated in Hong Kong dollars and Renminbi, the maturity profile were all within one year, and bear interest at fixed rates. Non-Hong Kong dollars denominated loans are directly related to the Group's businesses in the countries of the currencies concerned.

Capital expenditure aggregated to approximately HK\$15.6 million for the six months ended 30th June, 2007 and was used primarily for purchasing of property, plant and equipment. The Group's capital expenditures are expected to be funded primarily by either internal resources, external borrowings or raising of fund or a combination of both as required.

Cash and bank balances (including pledged bank deposits) amounted to approximately HK\$57.2 million as at 30th June, 2007, and is mainly denominated in Hong Kong dollars. During the six months ended 30th June, 2007, the Group did not experience significant exposure to exchange rate and interest rate fluctuations. As a result, the Group did not enter into any material foreign exchange contracts, currency swaps or other financial derivatives.

SIGNIFICANT INVESTMENT

Super Energy Group Limited

Super Energy Group Limited ('Super Energy') is principally engaged in the production and sales of batteries and battery-related accessories. Its major products are the primary battery and the re-chargeable battery. Super Energy is also actively engaged in new product development by introducing the latest technology into its products. Over the past years, Super Energy has managed research and development delicately towards creating advanced manufacturing technologies in order to enhance the quality of the batteries. The excellent research and development capabilities and stringent quality control have also enabled it to become an original equipment manufacturer with solid and reputable track record. Super

本集團之銀行貸款由二零零六年十二月三十一日之約12,900,000港元小幅增至二零零七年六月三十日之約13,700,000港元，增幅為6.2%。於二零零七年六月三十日及二零零六年十二月三十一日，並無長期銀行貸款及其他借貸。資本負債比率（即長期銀行貸款及其他借貸總額除以股東資金總額）於二零零七年六月三十日及二零零六年十二月三十一日維持於零。於二零零七年六月三十日，本集團之銀行借貸總額約13,700,000港元，主要以港元及人民幣計算，還款期全部為於一年以內，並以固定息率計息。以非港元計值之貸款與本集團於該等貨幣有關國家之業務直接相關。

於截至二零零七年六月三十日止六個月期間，資本支出合計約為15,600,000港元，主要用於購買物業、廠房及設備。本集團之資本支出預期將繼續主要通過內部資源、外部借貸或於需要時結合兩者而撥付。

於二零零七年六月三十日，現金及銀行結餘（包括已抵押銀行存款）約達57,200,000港元，並主要以港元計值。於截至二零零七年六月三十日止六個月，本集團並無遇到重大匯率及利率波動風險。因此，本集團概無訂立任何重大外匯合約、貨幣掉期或其他金融衍生工具。

重要投資

超量集團有限公司

超量集團有限公司（「超量」）主要從事電池和相關配件之產銷。其主要產品為原電池及可充電電池。超量亦為產品引入最新技術，積極從事新產品開發。在過去數年，超量致力於開創先進生產製造技術之研究及開發，以提升電池質素。憑藉卓越之研發能力及嚴謹之品質管理，亦令其得以成為穩健及信譽良好之原創設備製造商。超

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Energy provides full range of batteries free of mercury and cadmium and proud to present its invention of “No Mercury Button Cell Battery” and “Lithium-Ion Battery” that represent high quality, high capacity and advanced technology.

Adhered to its sound operations strategy of “Enhancing Quality of Management”, all Super Energy’s batteries have been manufactured in compliance with the standards of International Organisation for Standardisation 9001 since 2004.

The new factory which occupies the area of over 110,000 square meters is close to completion. The new factory will be equipped with advanced machineries based on the best combination of Japanese and European technologies and facilities. Direct and onsite supervision from our technical experts will ensure the highest quality and efficiency are achieved.

In the first half of 2007, the economy of Mainland China remained robust and healthy, leading to a strong growth in the demand for the battery products in China. For the remainder of fiscal year of 2007, we aspire to achieving further growth in revenue by additional advertising campaigns and plan to rapidly expand new production to meet with the increasing customer demand. The management strives to support further growth by devoting additional resources to operational efficiencies, customer satisfaction, capacity planning, and employee development. Operational performance is one of our highest priorities, as it is the delivery of superior products and quality service that customers expect from our Group.

PROSPECTS

With the policy objective of maintaining a stable growth in China, the PRC government has taken stabilisation measures aiming to moderate investment growth since 2004. Besides raising the deposit reserve requirement ratio of banks and rectifying the land market, the People’s Bank of China (“PBOC”) also raised the lending and deposit rates on 29th October, 2004. However, China’s economy remains strong and in the first half of 2007, real GDP grew by a remarkable 11.5%. (Source: <http://www.ec.cn/article/biznews/headlines>).

量可提供整個不含水銀及鎘的電池系列，並榮譽推出自行開發且集高質素、高容量與先進技術於一身之「環保鈕扣電池」及「鋰離子電池」。

超量堅持「提升管理質素」的有效經營策略，自二零零四年起，所有超量電池之生產均已符合國際標準化組織9001之標準。

佔地超過110,000平方米的新廠房接近竣工。新廠房將全面配備先進機器，並結合日本及歐洲之卓越技術及設施。在本集團技術專家直接及實地監督下，將確保達致最高品質及效率。

二零零七年上半年，內地經濟保持強勁健康發展，將為中國的電池帶來強勁需求。二零零七年財政年度尚餘時間內，本集團熱切期望藉著增加廣告活動及計劃迅速擴大新產品以滿足客戶不斷增長的需要，令收入達致增長。管理層將於經營效率、滿足客戶、生產力計劃及僱員發展上投放更多資源，以支持進一步增長。由於客戶期待本集團能提供優秀的產品及優質的服務，故經營表現為本集團最優先考慮事項之一。

展望

為保持中國經濟穩定增長之政策目標，中國政府自二零零四年起已採取穩定措施以控制投資增長。除了提高銀行存款準備金率及調控房地產市場外，中國人民銀行亦於二零零四年十月二十九日上調借貸及存款利率。然而，中國經濟保持高速增長，於二零零七年上半年，實際國內生產總值增長率達到11.5%。(資料來源：<http://www.ec.cn/article/biznews/headlines>)。

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On 29th June, 2007, Hong Kong government announced the Supplement IV to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). Under the Supplement, the Mainland will introduce 40 liberalisation measures in 28 services areas, including 11 new services areas, benefiting an extensive range of Hong Kong businesses. (Source: Hong Kong Trade Development Council, Census & Statistics Department of the Hong Kong SAR Government). The Group foresees enormous opportunities will continue to arise from China's rapidly growing economy, high growth rate of capital investments from both foreign and domestic fundings and a resultant upsurge in consumer spending. With a solid foundation in Hong Kong while maintaining an undeterred focus on the PRC market, we believe the Group is in a better position to leverage on its extensive experiences and valuable networks in the Hong Kong and the PRC market to capture those opportunities and thereby achieving further growth and success.

On 23rd August, 2007, the Company entered into the placing agreements with the placing agent, pursuant to which, the placing agent agreed to place (i) 88,000,000 shares at HK\$0.33 per share (the "First Share Placing") on a fully underwritten basis; (ii) 1,500,000,000 shares at HK\$0.33 per share (the "Second Share Placing") on a best effort basis; and (iii) a maximum aggregate principal amount of HK\$1,320,000,000 (the "Convertible Notes Placing Agreement") on a best effort basis. The various placements, which if completed, are expected to raise maximum net proceeds of approximately HK\$1,796.80 million. This will further strengthen the Group's capital and shareholders base thereby enabling it to better capture any potential opportunities once and when they arise.

Albeit the favourable economic outlooks, the Group also acknowledges the economic challenges ahead that might come from the domestic and international level. The Group will therefore maintain a prudent and vigilant attitude when assessing any potential investment or acquisition opportunities. Also as part of our risk management philosophy, the Group will aim to gradually diversify its businesses and investments so as to maintain a more balanced and healthy portfolio.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 30th June, 2007, the Group employed approximately 557 staff. Remuneration packages comprised of salary and year end bonus based on individual merits.

No share options were granted or exercised during the six months ended 30th June, 2007.

於二零零七年六月二十九日，香港政府宣佈與中國內地簽訂《內地與香港關於建立更緊密經貿關係的安排》第四階段安排協議；根據協議，內地將在28個服務領域推行40項開放措施，包括11個新加入的服務領域，將令香港商界普遍受惠。(資料來源：香港貿易發展局及香港特別行政區政府統計處)本集團預見到中國經濟持續高速發展，境內外基金資本投資大幅增長，國內消費品需求不斷增長，將會繼續產生巨大的機遇。憑藉我們在香港的鞏固根基，以及對中國市場的持續關注，本集團能夠更好地依靠我們在香港及中國市場的豐富經驗及網絡，把握該等機遇並獲得更大的成功及發展。

於二零零七年八月二十三日，本公司與配售代理人訂立三份配售協議，據此，配售代理人同意配售(i)88,000,000股為按每股0.33港元(「第一次股份配售」)(按全面包銷基準配售)；(ii)1,500,000,000股為按每股0.33港元(「第二次股份配售」)(按盡力基準配售)；及(iii)本金總額最多為1,320,000,000港元(「可換股票據配售協議」)(按盡力基準配售)，倘上述配售完成，預期或會使所得款項淨額增加最多約1,796,800,000港元。此舉將進一步加強本集團資本及股東基礎，從而令本集團於有潛力的機遇出現時更好地加以把握。

儘管經濟前景十分有利，本集團亦已認識到經濟可能面臨來自國內外的各種挑戰。因此，在評估任何潛在投資或收購機遇時，本集團將採取謹慎及警惕的態度。同時，作為風險管理思想的一部份，本集團將逐步令業務及投資多元化，以保持更均衡及穩健的投資組合。

僱員數目、薪酬政策及購股權計劃

於二零零七年六月三十日，本集團約有557名僱員。薪酬包括薪金及按個別表現計算之年終花紅。

於截至二零零七年六月三十日止六個月內，並無購股權獲授出或行使。

Other Information 其他資料

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2007 (2006: Nil).

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

DIRECTORS' INTERESTS

As at 30th June, 2007, the interests and short positions of the directors of the Company (the "Directors") in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Shares and Underlying Shares (in respect of equity derivatives)

Name of Director 董事姓名	Long position/ Short position 好倉／淡倉	Nature of interest 權益性質	Number of Shares 股份數目 (Note1) (附註1)	Approximate percentage of shareholding 概約持股百分比
Mr. Gao Yang (Note 2) Gao Yang先生(附註2)	Long position 好倉	Corporate 法團	205,782,321	46.69%

Notes:

1. Share(s) of HK\$0.10 each in the capital of the Company.
2. Mr. Gao Yang was deemed to be interested in 205,782,321 shares in the Company through the interest in Nation Field Limited which is a company beneficially owned by Mr. Gao Yang.

中期股息

董事會建議不派發截至二零零七年六月三十日止六個月之中期股息(二零零六年：無)。

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

董事權益

於二零零七年六月三十日，本公司董事(「董事」)於本公司或其任何相關法團(按證券及期貨條例(「證券及期貨條例」)第XV部之涵義)之股份、債券或相關股份擁有之權益及淡倉，或根據上市公司董事進行證券交易之標準守則須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉如下：

股份及相關股份(就股本衍生工具)

附註：

1. 本公司股本中每股面值0.10港元之股份。
2. Gao Yang先生透過於Nation Field Limited(Gao Yang先生實益擁有之公司)之權益而被視作於本公司205,782,321股股份中擁有權益。

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Save as disclosed above, as at 30th June, 2007, none of the Company's directors or chief executive of the Company or their associates had any interest of short position whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company of 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 Transaction by Directors of Listed Companies.

SHARE OPTIONS

In June, 2002, the Company adopted a new share option scheme in order to comply with the new requirements of Chapter 17 of the Listing Rules effective from 1st September, 2001.

No share option was granted or exercised for the six months ended 30th June, 2007.

SUBSTANTIAL SHAREHOLDERS

According to the list of substantial shareholders extracted from the website of the Stock Exchange (www.hkex.com.hk), the following companies or persons had as at 30th June, 2007 an interest or short position in the shares and the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO and which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

除上文披露者外，於二零零七年六月三十日，本公司之董事或行政總裁或彼等各自之聯繫人士於本公司或其任何相關法團之股份或相關股份及債券中，概無擁有（不論實益或非實益）根據證券及期貨條例第352條須予記錄或根據上市公司董事進行證券交易之標準守則須知會本公司及聯交所之任何權益或淡倉。

購股權

二零零二年六月，本公司採納一項新購股權計劃，以符合二零零一年九月一日起生效之上市規則第17章之新規定。

截至二零零七年六月三十日止六個月，本公司概無授出或行使任何購股權。

主要股東

於二零零七年六月三十日，按照摘錄自聯交所網站(www.hkex.com.hk)之主要股東名單，下列公司或人士於本公司股份及相關股份中擁有記錄於根據證券及期貨條例第336條須予存置之登記冊及根據證券及期貨條例第XV部第2及第3分部之條文須向本公司披露之權益或淡倉。

Name 姓名/名稱	Capacity 身份	Notes 附註	Number of shares 股份數目	Percentage of issued share capital 已發行股本百分比
Nation Field Limited	Beneficial owner 實益擁有人	1	205,782,321	46.69%
Mr. Gao Yang Gao Yang先生	Interest held by controlled corporation 受控制法團持有之權益	1	205,782,321	46.69%
Calisan Developments Limited	Beneficial owner 實益擁有人	2	61,909,897	14.04%
Great Decision Limited	Interest held by controlled corporation 受控制法團持有之權益	2	61,909,897	14.04%

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Name 姓名/名稱	Capacity 身份	Notes 附註	Number of shares 股份數目	Percentage of issued share capital 已發行股本百分比
PYI Treasury Group Limited	Interest held by controlled corporation 受控制法團持有之權益	2	61,909,897	14.04%
PYI Corporation Limited 保華集團有限公司	Interest held by controlled corporation 受控制法團持有之權益	2	61,909,897	14.04%
	Security interest 質押權益		20,250,000	4.59%
Well Orient Limited 威倫有限公司	Beneficial owner 實益持有人	3	61,909,897	14.04%
Powervote Technology Limited	Interest held by controlled corporation 受控制法團持有之權益	3	61,909,897	14.04%
Hanny Magnetics (B.V.I.) Limited	Interest held by controlled corporation 受控制法團持有之權益	3	61,909,897	14.04%
Hanny Holdings Limited 錦興集團有限公司	Interest held by controlled corporation 受控制法團持有之權益	3	61,909,897	14.04%
	Security interest 質押權益		20,250,000	4.59%
Famex Investment Limited 其威投資有限公司	Interest held by controlled corporation 受控制法團持有之權益	3	82,159,897	18.63%
Mankar Assets Limited	Interest held by controlled corporation 受控制法團持有之權益	3	82,159,897	18.63%

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Name 姓名/名稱	Capacity 身份	Notes 附註	Number of shares 股份數目	Percentage of issued share capital 已發行股本百分比
ITC Investment Holdings Limited	Interest held by controlled corporation 受控制法團持有之權益	3	82,159,897	18.63%
ITC Corporation Limited 德祥企業集團有限公司	Interest held by controlled corporation 受控制法團持有之權益	3	82,159,897	18.63%
Christian Emil Toggenburger	Beneficial owner 實益持有人	4	63,932,500	7.25%

Notes:

附註：

- Mr. Gao Yang was deemed to be interested in 205,782,321 shares in the Company through the interest in Nation Field Limited which is a company beneficially owned by Mr. Gao Yang.
 - PYI Corporation Limited ("PYI") owned the entire interest of PYI Treasury Group Limited ("PYITG"). PYITG owned the entire interest of Great Decision Limited ("GDL") which in turn owned the entire interest in Calisan Developments Limited ("Calisan"). Accordingly, GDL, PYITG and PYI were deemed to be interested in 61,909,897 shares of the Company which were held by Calisan.
 - ITC Corporation Limited ("ITC") owned the entire interest in ITC Investment Holdings Limited ("ITC Investment"). ITC Investment owned the entire interest in Mankar Assets Limited ("Mankar") which in turn owned the entire interest in Famex Investment Limited ("Famex"). Famex owned more than one third of the issued share capital of Hanny Holdings Limited ("Hanny"). Hanny owned entire interest in Hanny Magnetics (B.V.I.) Limited ("Hanny Magnetics"). Hanny Magnetics owned the entire interest in Powervote Technology Limited ("Powervote") which in turn owned the entire interest in Well Orient Limited ("WOL"). Accordingly, Famex, Mankar, ITC Investment and ITC were deemed to be interested in 82,159,897 shares of the Company which were held as to 61,909,897 shares owned by WOL and as to 20,250,000 shares of security interest held by Hanny. Powervote, Hanny Magnetics and Hanny were deemed to be interested in 61,909,897 shares of the Company which were held by WOL.
- Gao Yang先生透過於Nation Field Limited (Gao Yang先生實益擁有之公司) 之權益而被視作於本公司205,782,321股股份中擁有權益。
 - 保華集團有限公司(「保華」)擁有PYI Treasury Group Limited(「PYITG」)之全部權益。PYITG擁有Great Decision Limited(「GDL」)全部權益，而GDL擁有Calisan Developments Limited(「Calisan」)全部權益。因此，GDL、PYITG及保華被視為於Calisan所持有之61,909,897股本公司股份中擁有權益。
 - 德祥企業集團有限公司(「德祥企業」)擁有ITC Investment Holdings Limited(「ITC Investment」)之全部權益。ITC Investment擁有Mankar Assets Limited(「Mankar」)全部權益，而Mankar擁有其威投資有限公司(「其威」)所有權益。其威擁有錦興集團有限公司(「錦興」)超過三分之一之已發行股本。錦興擁有Hanny Magnetics (B.V.I.) Limited(「Hanny Magnetics」)全部權益。Hanny Magnetics擁有Powervote Technology Limited(「Powervote」)全部權益，而Powervote擁有威倫有限公司(「威倫」)所有權益。因此，其威、Mankar、ITC Investment及德祥企業被視為於本公司股份中擁有82,159,897股股份之權益，其中61,909,897股股份由威倫持有，及20,250,000股質押權益股份由錦興持有。Powervote、Hanny Magnetics及錦興被視為於威倫所持有之61,909,897股本公司股份中擁有權益。

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4. The percentage of shares held and reported by Christian Emil Toggenburger on 12th December, 2005 was based on the issued share capital of 881,595,087. However, the Company has carried out the capital reorganisation during the year ended 31st December, 2006 which involved, inter alia, (i) subdivision of China Strategic Holdings Limited's shares into two shares of HK\$0.05 each; (ii) consolidation of two shares of HK\$0.05 each into one ordinary share of HK\$0.10 each; and (iii) cancellation of the paid-up capital of 440,797,544 issued shares of HK\$0.10 each and the cancellation of the entering share premium account of the Company, The capital reorganisation and the group reorganisation had been completed on 18th May, 2006 and 19th May, 2006 respectively.

All the interests stated above represent long position. As at 30th June, 2007, no short positions were recorded in the Register of Interests in Shares and Short Positions required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the listed securities of the Company by the Company or its subsidiaries during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest. The Company has complied with the code provision of the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2007, except for the following deviations:

1. Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election, independent non-executive directors of the Company do not have a specific term

4. Christian Emil Toggenburger於二零零五年十二月十二日所持有及報告之股份百分比乃基於已發行股本881,595,087股。然而，於截至二零零六年十二月三十一日止年度，本公司已實行資本重組，包括(i)將中策集團有限公司之每股股份拆細為兩股每股面值0.05港元之股份；(ii)將兩股每股面值0.05港元之股份合併為一股面值0.10港元之普通股；及(iii)取消440,797,544股每股面值0.10港元已繳足股本之已發行股份及取消本公司之完整股份溢價賬目。此次資本重組及集團重組已分別於二零零六年五月十八日及二零零六年五月十九日完成。

上述全部權益皆為好倉。於二零零七年六月三十日，根據證券及期貨條例336條之規定而存置之股份權益及淡倉登記冊內，並無淡倉記錄。

購買、出售或贖回上市證券

本公司或其附屬公司於期內概無購買、出售或贖回本公司上市證券。

董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載之標準守則，作為董事進行證券交易之行為守則。本公司在作出明確查詢後，已確認全體董事均一直遵守上市規則附錄十標準守則所載之規定準則。

企業管治常規守則

本公司致力維持高水平之企業管治，以提高透明度及更好地保障股東權益。本公司於截至二零零七年六月三十日止六個月一直遵守上市規則附錄14之企業管治常規守則（「守則」）條文，惟以下各項除外：

1. 守則條文A.4.1.規定非執行董事應獲委任固定年期並須予重選。本公司之獨立非執行董事並無指定任期，彼等乃根據本公司之章程細則

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of appointment and subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company.

2. Code Provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman was unable to attend the annual general meeting held on 6th June, 2007 as he had another engagement that was important to the business of the Company.

AUDIT COMMITTEE

The audit committee of the Company comprises Mr. Wong King Lam, Joseph, Mr. Sin Chi Fai and Mr. Chan Sek Nin, Jackey who are independent non-executive directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial report for the six months ended 30th June, 2007.

BOARD OF DIRECTORS

The board of directors of the Company comprises Mr. Gao Yang, Mr. Kwok Ka Lap, Alva, Ms. Chan Ling, Eva, Mr. Chow Kam Wah, Mr. Lee Sun Man as executive directors, and Mr. Wong King Lam, Joseph, Mr. Sin Chi Fai and Mr. Chan Sek Nin, Jackey as independent non-executive directors.

By order of the board
Kwok Ka Lap, Alva
Director

Hong Kong, 13th September, 2007

於股東週年大會上輪席退任及膺選連任。

2. 守則條文E.1.2.規定董事會之主席須親身出席股東週年大會。由於主席須處理對本公司業務甚為重要之事務，故未能親身出席二零零七年六月六日舉行之股東週年大會。

審核委員會

本公司審核委員會由獨立非執行董事黃景霖先生、冼志輝先生及陳錫年先生組成。審核委員會與管理層已審閱本集團所採用之會計準則及慣例，並商討審核、內部控制及財務匯報程序等事宜，其中包括審閱截至二零零七年六月三十日止六個月之未經審核中期財務報告。

董事會

本公司董事會包括執行董事Gao Yang先生、郭嘉立先生、陳玲女士、周錦華先生、李新民先生，及獨立非執行董事黃景霖先生、冼志輝先生及陳錫年先生。

承董事會命
董事
郭嘉立

香港，二零零七年九月十三日



中策集團有限公司
China Strategic Holdings Limited