



CHINA HAIDIAN

Holdings Limited 中國海澱集團有限公司



INTERIM REPORT | 中期報告 2010

CORPORATE INFORMATION

Board of Directors

Executive Directors

HON Kwok Lung (*Chairman*)

SHANG Jianguang (*Chief Executive Officer*)

SHI Tao

LAM Toi Man

BI Bo

(Appointed on 24 August 2010)

Non-executive Director

SIT Lai Hei

Independent Non-executive Directors

FUNG Tze Wa

KWONG Chun Wai, Michael

LI Qiang

Qualified Accountant & Company Secretary

FONG Chi Wah

Auditors

Grant Thornton

Principal Bankers

Bank of China (Hong Kong) Limited

China Construction Bank (Asia)

Corporation Limited

Hongkong and Shanghai Banking

Corporation Limited

Industrial and Commercial Bank of China Ltd.

Standard Chartered Bank (Hong Kong) Limited

Share Registrar in Hong Kong

Tricor Secretaries Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

公司資料

董事會

執行董事

韓國龍(*主席*)

商建光(*行政總裁*)

石濤

林代文

畢波

(於二零一零年八月二十四日委任)

非執行董事

薛黎曦

獨立非執行董事

馮子華

鄭俊偉

李強

合資格會計師及公司秘書

方志華

核數師

均富會計師行

主要往來銀行

中國銀行(香港)有限公司

中國建設銀行(亞洲)股份有限公司

香港上海滙豐銀行有限公司

中國工商銀行股份有限公司

渣打銀行(香港)有限公司

香港股份過戶登記處

卓佳秘書商務有限公司

香港

灣仔

皇后大道東28號

金鐘匯中心26樓

CHINA HAIDIAN HOLDINGS LIMITED

Interim Report 2010

CORPORATE INFORMATION

Registered Office

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

Principal Office

Units 1902 – 04, Level 19
International Commerce Centre
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Hong Kong

Websites

<http://www.chinahaidian.com>
<http://www.irasia.com/listco/hk/chinahaidian>

公司資料

註冊辦事處

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

主要辦事處

香港
九龍柯士甸道西1號
環球貿易廣場
19樓1902 – 04室

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<http://www.irasia.com/listco/hk/chinahaidian>

MANAGEMENT DISCUSSION AND ANALYSIS

Operating results

For the six months ended 30 June 2010, the Group recorded an unaudited revenue of approximately HK\$712,061,000 (for the six months ended 30 June 2009: HK\$441,894,000), representing an increase of HK\$270,167,000 compared with the corresponding period last year. Net profit attributable to equity holders for the period was approximately HK\$196,501,000, representing a decrease of HK\$110,425,000 compared with the corresponding period last year. Having set apart the financial impact of the discontinued operations, the Group should have had an increase of profit from continuing operations of HK\$122,380,000 compared with the corresponding period last year.

Business review

(1) Watches and timepieces business

EBOHR Luxuries International Company Limited (“EBOHR”), a wholly-owned subsidiary of the Group and its directly owned subsidiaries (“EBOHR Group”), achieved satisfactory results in the first half of 2010. Revenue for the first half of 2010 was HK\$163,884,000, an increase of HK\$44,382,000, or 37%, from HK\$119,502,000 for the same period last year. Net profit after tax for the first half of 2010 was HK\$26,833,000 compared with HK\$23,073,000 for the same period in 2009, an increase of HK\$3,760,000, or 16%.

Revenue increased by 37% to HK\$163,884,000 while the net profit after tax increased by only 16% to HK\$26,833,000 due to additional expense for the new product development and the initial expenses of the new company of approximately HK\$12,400,000 incurred by Swiss Chronometric SA (“Swiss Chronometric”), a wholly owned subsidiary of EBOHR in Switzerland.

管理層討論及分析

經營業績

截至二零一零年六月三十日止六個月，本集團錄得未經審核收入約712,061,000港元（截至二零零九年六月三十日止六個月：441,894,000港元），較去年同期增加270,167,000港元。期內權益持有人應佔溢利約為196,501,000港元，較去年同期減少110,425,000港元。撇除已終止經營業務之財務影響，本集團自持續經營業務所得之溢利應較去年同期增加122,380,000港元。

業務回顧

(1) 鐘錶及時計產品業務

於二零一零年上半年，本集團全資附屬公司依波精品（深圳）有限公司（「依波精品」）及其直接擁有之附屬公司（「依波集團」）業績理想。二零一零年上半年之收入為163,884,000港元，較去年同期119,502,000港元增加44,382,000港元或37%。二零一零年上半年之除稅後溢利為26,833,000港元，較二零零九年同期23,073,000港元增加3,760,000港元或16%。

收入躍升37%至163,884,000港元，而除稅後溢利僅上升16%至26,833,000港元，乃由於依波精品於瑞士之全資附屬公司Swiss Chronometric SA（「Swiss Chronometric」）產生新產品開發及公司前期費用額外開支約12,400,000港元。

MANAGEMENT DISCUSSION AND ANALYSIS

Business review (Continued)

(1) Watches and timepieces business (Continued)

With the support of a leading Swiss watch designer and a leading watch OEM in Switzerland, Swiss Chronometric has developed the Codex brand, the brand for high-end mechanical watches, designed and produced watches in Switzerland. Besides, Swiss Chronometric has established a distribution outlet in Lucerne of Switzerland and commenced distribution of the Codex watches on 1 July 2010. The Swiss outlet initially distributes the Swiss-made watches under the Codex brand, and in the third quarter of 2010, the Swiss outlet will distribute the Mainland China-made watches of sophisticated mechanical movement and precious case.

It is the mission of Swiss Chronometric to make Codex as an international brand and establish an international distribution network. Such international distribution network will also distribute EBOHR's PAMA and KANA and other premium ranges of EBOHR and Zhuhai Rossini Watch Industry Ltd. With the Codex brand, EBOHR owns a total of 4 domestic and foreign brands across the wide spectrum of price ranges. This will clearly enhance EBOHR's brand portfolio to compete in the fast growing Mainland China market. Growing revenue from the Codex brand in the second half of 2010 will help maintain the Company's average selling price and gross margin.

EBOHR has started manufacturing tourbillon watches and watches of sophisticated mechanical movements and Swiss Chronometric will assist in the distribution of such products in the international markets.

管理層討論及分析

業務回顧(續)

(1) 鐘錶及時計產品業務(續)

在瑞士具領導地位之瑞士手錶設計商及具領導地位之手錶原設備製造商之支持下，Swiss Chronometric已開發高級機械手錶品牌Codex，並於瑞士設計及生產手錶。此外，Swiss Chronometric已於瑞士Lucerne設立分銷店，於二零一零年七月一日展開Codex手錶分銷。該瑞士分銷店初步分銷Codex品牌瑞士製手錶，而將於二零一零年第三季分銷具精製機械錶芯及名貴錶殼之中國製手錶。

Swiss Chronometric之宗旨為打造Codex成為國際品牌並成立國際分銷網絡。該國際分銷網絡亦將分銷依波精品之PAMA及KANA以及依波精品及珠海羅西尼錶業有限公司其他優質品牌系列。增設Codex品牌後，依波精品擁有合共四個國內及外國品牌，覆蓋廣泛不同價格範疇，勢必加強依波精品品牌組合於迅速增長之中國大陸市場之競爭力。於二零一零年下半年來自Codex品牌之收入增長將有助維持本公司平均售價及毛利。

依波精品已開始製造陀飛輪手錶及精製機械錶芯手錶，而Swiss Chronometric將有助於國際市場分銷該等產品。

MANAGEMENT DISCUSSION AND ANALYSIS

Business review (Continued)

(1) Watches and timepieces business (Continued)

In the production of PAMA and KANA watches, EBOHR applies Swiss equipment and expertise, recruits technical staff, and expands product lines and production capacity to cater for the increasingly strong demand in the Mainland China.

During the period, EBOHR has consolidated its distribution outlets in the first-tier cities and increased its numbers in the second and third tier-cities in Mainland China with an overall increase of 76 outlets.

EBOHR has been awarded China's 500 most valuable brands of the year 2010 by the World Brand Laboratory. EBOHR has also been granted the Platinum Award for Excellence and Business Prestige by Quality Summit New York 2010.

Zhuhai Rossini Watch Industry Ltd. ("Rossini"), a 91% subsidiary of the Group, and its directly owned subsidiaries ("Rossini Group") also achieved satisfactory result in the first half of 2010. Revenue for the first half of 2010 was HK\$159,482,000, an increase of HK\$35,431,000, or 29%, from HK\$124,051,000 for the same period last year. Net profit after tax for the first half of 2010 was HK\$43,217,000 compared with HK\$29,408,000 for the same period in 2009, an increase of HK\$13,809,000, or 47%.

管理層討論及分析

業務回顧(續)

(1) 鐘錶及時計產品業務(續)

就生產PAMA及KANA手錶，依波精品採用瑞士設備及專業技術，聘請技術人員，並擴展生產線及產能，以迎合中國大陸不斷增長之殷切需求。

於期內，依波精品已整合其於中國大陸一線城市之分銷店及增加第二、三線城市之分銷店數目，於全國之分銷店數目整體增加76間。

依波精品榮獲世界品牌實驗室評選為二零一零年中國500最具價值品牌。依波精品亦獲頒二零一零年紐約國際質量之傑出企業獎白金獎(Platinum Award for Excellence and Business Prestige)。

本集團擁有91%之附屬公司珠海羅西尼錶業有限公司(「羅西尼」)及其直接擁有之附屬公司(「羅西尼集團」)亦於二零一零年上半年錄得滿意業績。二零一零年上半年收入為159,482,000港元，較去年同期124,051,000港元增加35,431,000港元或29%。二零一零年上半年除稅後溢利為43,217,000港元，較二零零九年同期29,408,000港元增加13,809,000港元或47%。

MANAGEMENT DISCUSSION AND ANALYSIS

Business review (Continued)

(1) Watches and timepieces business (Continued)

Rossini has consolidated its distribution outlets in the first-tier cities and increased its numbers in the second and third tier-cities in Mainland China with an overall increase of 108 outlets.

Rossini has put tremendous efforts on improving its advertising materials and equipment in the department stores so as to enhance the brand image of Rossini. Coupled with the advertisement campaign through the central television, magazine and billboard, revenue from the sale through department stores was significantly improved.

Rossini has established a technical centre and a laboratory, focusing on the development of new product lines, the durability of products and the quality improvement. Rossini has put significant effort on developing high quality new products of different kinds, such as sophisticated mechanical movement watch, thin mechanical movement watch, tourbillon watch and Eco-Drive radio watch. These new products become sought-after kinds of watches. As such, Rossini is becoming more popular and influential in Mainland China and overseas. Rossini has been ranked top in term of revenue generated for the past eight consecutive years among the local watches.

管理層討論及分析

業務回顧(續)

(1) 鐘錶及時計產品業務(續)

羅西尼已整合其中國大陸一線城市之分銷店及增加第二、三線城市之分銷店數目，於全國之分銷店數目整體增加108間。

羅西尼大大增加在改善其於百貨公司之宣傳物料及設備方面之努力，務求提高羅西尼之品牌形象。加上透過中央電視、雜誌及廣告板之宣傳活動，透過百貨公司所得銷售收入已大幅提升。

羅西尼亦已成立一個技術中心和實驗室，專注開發新產品以及不斷研究產品的耐用性以提高品質。羅西尼新開發之高檔複雜機芯機械手錶、具高科技的光動能電波錶、高檔陀飛輪手錶以及超薄機械錶等系列產品投放市場獲得市場的青睞。羅西尼在品牌打造和新產品開發上不遺餘力，故此越來越具有國際競爭實力和影響力。按收入計算，羅西尼獲得連續8年在中國手錶銷售第一的稱號。

MANAGEMENT DISCUSSION AND ANALYSIS

Business review (Continued)

(1) Watches and timepieces business (Continued)

Rossini has been awarded China's 500 most valuable brands and Asia's 500 most valuable brands of the year 2010 by the World Brand Laboratory. Rossini is the only watch company from Mainland China that obtained the latter award and the value of the brand is the highest among all the local watch brands.

Moreover, Rossini has developed its spectacles frame brand and established a comprehensive network of over 80 outlets.

Shenzhen Permanence Commerce Co., Ltd. ("Permanence"), a 60% owned subsidiary of the Company, focusing on distribution of Citizen, Casio and Calvin Klein watches contributed revenue and net profit after tax of approximately HK\$23,452,000 and HK\$848,000 respectively in the first half of 2010. Revenue and net profit after tax increased in line with the expanded distribution network.

(2) Sale of equity interests in Shenzhen Guanyang

On 28 June 2010, Shenzhen Seti Trading Development Company Limited ("Seti Trading"), a wholly-owned subsidiary of the Company, sold the 30% equity interest of Shenzhen Guanyang Real Estate Co., Limited ("Shenzhen Guanyang") at a consideration of RMB186 million and the purchaser agreed to repay the shareholder's loan of RMB240 million to Seti Trading if Shenzhen Guanyang fails to do so.

Shenzhen Guanyang was a joint venture 70% owned by Citychamp Dartong Company Limited ("Citychamp Dartong") and 30% by Seti Trading. It owned 50% of the land that was previously belonged to the timber business segment of the Company.

管理層討論及分析

業務回顧(續)

(1) 鐘錶及時計產品業務(續)

羅西尼榮獲世界品牌實驗室評選為二零一零年中國500最具價值品牌及中國手錶製造商中唯一入選亞洲500最具價值品牌。品牌價值位居中國鐘錶業首位。

此外，羅西尼眼鏡分銷工作取得突破性進展，目前已成功建立超過80個銷售網點。

本公司擁有60%之附屬公司深圳市恒譽嘉時貿易有限公司(「恒譽」)專門分銷Citizen、Casio及Calvin Klein品牌手錶，於二零一零年上半年帶來收入及除稅後純利分別約23,452,000港元及848,000港元。收入及除稅後純利與擴展分銷網絡同步增長。

(2) 出售深圳冠洋之股本權益

於二零一零年六月二十八日，本公司全資附屬公司深圳市森帝貿易發展有限公司(「森帝貿易」)以代價人民幣186,000,000元出售深圳冠洋房地產有限公司(「深圳冠洋」)30%股本權益，且買方同意倘深圳冠洋未能支付股東貸款人民幣240,000,000元，其將向森帝貿易償還。

深圳冠洋為冠城大通股份有限公司(「冠城大通」)及森帝貿易分別擁有70%及30%之合營企業。深圳冠洋擁有50%過往屬於本公司木材業務分部之土地。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Business review (Continued)

(2) Sale of equity interests in Shenzhen Guanyang (Continued)

Seti Trading's 30% share of the net asset value of Shenzhen Guanyang was approximately RMB29.6 million. With the consideration of RMB186 million, the Company recognized an unaudited gain on disposal of approximately RMB156.4 million. The proceeds from the disposal would be applied to the development of the watch distribution network and production capacity.

(3) Enamelled copper wires business

Fuzhou Dartong Mechanic and Electronic Co. Ltd. ("Fuzhou Dartong"), a 49% owned joint venture of the Group contributed revenue and net profit after tax of approximately HK\$349,845,000 and HK\$4,245,000 respectively in the first half of 2010. Revenue and net profit after tax increased in line with the expanded production capacity and the established reputation.

Jiangsu Dartong M&E Co. Ltd. ("Jiangsu Dartong"), a 25.58% owned associated company of the Group recorded contributions of approximately HK\$2,236,000 in the first half of 2010.

Both companies put tremendous efforts on developing profitable customers and adjusting product mix so as to improve revenue and profitability. Good customers with good profitability and potential were developed while the low profitability customers were phased out. Besides, the proportion of premium range of copper wire was increased. The new products related to wind power generator were accepted by leading multinational customers.

業務回顧(續)

(2) 出售深圳冠洋之股本權益(續)

森帝貿易應佔深圳冠洋資產淨值之30%約為人民幣29,600,000元。鑑於代價為人民幣186,000,000元，本公司確認出售之未經審核收益約人民幣156,400,000元。出售所得款項將用於開發手錶分銷網絡及鐘錶相關業務等推廣。

(3) 漆包銅線業務

於二零一零年上半年，本集團擁有49%權益之合營企業福州大通機電有限公司(「福州大通」)分別貢獻約349,845,000港元收入及4,245,000港元除稅後溢利。收入及除稅後溢利隨產能擴展及聲譽日增同步增長。

於二零一零年上半年，本集團擁有25.58%權益之聯營公司江蘇大通機電有限公司(「江蘇大通」)錄得約2,236,000港元貢獻。

兩家公司均投入大量努力於發展具盈利能力之客戶及調節產品組合，以提升收入及盈利能力，一方面發展具良好盈利能力及優厚潛力之優質客戶，同時淘汰盈利能力低之客戶。此外，銅線之利潤比例亦有所上升。風力發電機相關之新產品亦獲具領導地位之跨國客戶接受。

MANAGEMENT DISCUSSION AND ANALYSIS

Business review (Continued)

(3) Enamelled copper wires business (Continued)

The improvement in revenue and profitability is due to the incentive system applied to the sale and marketing staff. Both companies also implemented incentive system based on profitability rather than sale. It resulted in higher profitability.

(4) Investment in Citychamp Dartong

During the half year under review, the Group recorded a cash dividend of HK\$5,172,000 and 18,123,860 bonus shares from Citychamp Dartong. Such bonus shares are derived from long term investment and hence are recorded in the reserves rather than profit for the period.

As at 30 June 2010, the Group owned 108,743,161 shares, accounting for 14.78% of the total share capital of Citychamp Dartong. Based on the market price on 30 June 2010, the value of the share was HK\$982,438,000.

The lock-up period was expired on 22 May 2010 and the Company considers to gradually sell the shares over a period of time.

(5) Property investment

The factory complex in Dongguan, the property on Yan He South Road, Luohu District, Shenzhen, three shop units on Xianghua Road, Zhuhai, in Guangdong Province of the PRC, and one apartment in Hong Kong owned by the Group have been leased out, with stable rental returns to the Group for the period under review.

管理層討論及分析

業務回顧(續)

(3) 漆包銅線業務(續)

收入及盈利能力改善有賴就銷售及市場推廣員工採納之獎勵制度。兩家公司亦按盈利能力而非銷售推行獎勵制度，帶動更高盈利能力。

(4) 於冠城大通之投資

於回顧半年度內，本集團自冠城大通錄得現金股息5,172,000港元及18,123,860股紅股。該等紅股乃衍生自長期投資，故已於儲備而非本期間溢利列賬。

於二零一零年六月三十日，本集團擁有108,743,161股股份，佔冠城大通股本總額14.78%。按於二零一零年六月三十日之市價計算，股份價值為982,438,000港元。

禁售期於二零一零年五月二十二日屆滿及本公司考慮伺機逐步出售股份。

(5) 物業投資

本集團所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的物業、珠海市香華路三個舖位及香港一個住宅單位均已全部租出，於回顧期內為本集團帶來穩定租金回報。

MANAGEMENT DISCUSSION AND ANALYSIS

Financial position

(1) Liquidity, financial resources and capital structure

As at 30 June 2010, the Group had non-pledged cash and bank balances of approximately HK\$198,657,000. Based on the bank loans of HK\$166,582,000 and shareholders' equity of HK\$2,634,214,000, the Group's gearing ratio (being loans divided by Shareholders' equity) was 6%.

The Group's bank loans were denominated in Renminbi and Hong Kong dollars. As at 30 June 2010, the Group's bank loans amounted to HK\$166,582,000.

(2) Charge on Assets

Banking facilities of the Group were secured by the Group's buildings with carrying amount of HK\$911,000 and investment properties in Tai Hang with carrying amount of HK\$15,500,000.

(3) Capital commitments

In October 2009, the Group undertook to take up its rights entitlement in full under the rights issue proposed by Citychamp (the "Citychamp Rights Issue") at a cash consideration of not more than RMB236,513,373 (equivalent to approximately HK\$268,769,000). The Citychamp Rights Issue was subject to approval from the relevant PRC government authorities. As at 31 December 2009, the Citychamp Rights Issue was not completed.

In June 2010, the board of directors of Citychamp has resolved not to proceed with the Citychamp Rights Issue in light of the recent measures on the property sector implemented by the PRC government. As at 30 June 2010, the termination of the Citychamp Rights Issue was subject to approval from the shareholders of Citychamp.

At the general meeting held in July 2010, the shareholders of Citychamp have resolved to terminate the Citychamp Rights Issue.

(4) Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2010.

管理層討論及分析

財務狀況

(1) 流動資金、財務資源及資本結構

於二零一零年六月三十日，本集團有無抵押現金及銀行結存約198,657,000港元。按照銀行貸款166,582,000港元以及股東權益2,634,214,000港元計算，本集團的資本負債率（借貸除股東權益）為6%。

本集團銀行貸款以人民幣及港元計值。於二零一零年六月三十日，本集團銀行貸款為166,582,000港元。

(2) 資產抵押

本集團的銀行信貸以本集團賬面值為911,000港元的樓宇及位於大坑巖面值為15,500,000港元的投資物業作抵押。

(3) 資本承擔

於二零零九年十月，本集團承諾按現金代價不多於人民幣236,513,373元（相當於約268,769,000港元）承購其在冠城建議供股（「冠城供股」）項下全數供股配額。冠城供股須待取得有關中國政府當局之批准後方告作實。於二零零九年十二月三十一日，冠城供股尚未完成。

於二零一零年六月，鑑於中國政府近期就房地產業推行之政策，冠城董事會議決不繼續進行冠城供股。於二零一零年六月三十日，終止冠城供股須待冠城股東批准後方告作實。

於二零一零年七月舉行之股東大會上，冠城股東已議決終止冠城供股。

(4) 或然負債

二零一零年六月三十日，本集團並無任何重大或然負債。

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

Salary increases have been spreading rapidly across Mainland China. The fast expansion of the middle class is a critical driver for the economy to transform from an infrastructure-driven one to a consumption-driven one.

There is a positive consumer feedback loop from higher employee pay packers. Higher salary translate into higher disposable household income and rising purchasing power and consumption.

Both EBOHR and Rossini are beneficiaries as their watches are affordable to Mainland China's general public and they require low labor-cost contribution. They are industry cost leaders who can offset rising wages with improved productivity. Besides, they can pass on rising labor costs to final product prices by increasing the average selling prices and volume. The average selling prices increase at around 5% annually and revenue increase at around 30% annually over the last three years.

Salary increases may ripple through the entire working class population, which would trigger a more widespread and pronounced boost in overall consumption in the medium term. The demand for watches from EBOHR and Rossini is expected to be growing significantly.

The growth outlook in the next few years is promising given the strong brands well known all over Mainland China and aggressive store expansion in 2-tier and 3-tier cities that is estimated to be about 15% annually. Coupled with the currently low per capita watch consumption and rising urbanization, the domestic watch market is promising and the Company will benefit from the continuous growth and achieve relatively high growth in the future.

管理層討論及分析

前景

中國大陸已迅速廣泛出現薪金上調之趨勢。中產階級急速擴大，亦為經濟由基建主導轉型為消費主導之重要推動力之一。

提高員工收入亦產生正面消費回饋環。較高薪金將轉化為較高家庭可支配收入及更高購買力及消費力。

依波精品及羅西尼之手錶價格相宜，所需勞動成本較低，中國一般市民亦能負擔，故該兩家公司均將可受惠於此趨勢，並為業內成本領導者，透過提高生產力抵銷工資之增幅。此外，該兩家公司亦能透過提高平均售價及銷量，將不斷增加之勞工成本轉嫁至最終產品售價。於過去三年，平均售價每年增加約5%，而收入則每年增加約30%。

薪金調高可能牽連至整個勞動階層，因而可能推動整體消費於中期出現較廣泛及顯著增長。依波精品及羅西尼之手錶需求預期將大幅攀升。

鑑於品牌知名度已擴展遍及中國大陸各地，加上於二、三線城市之積極店舖擴展工作，未來數年之增長前景一片秀麗，估計每年達15%左右。再者，在現行人均手錶消費偏低及城市化加快帶動下，國內手錶市場前景向俏，而本公司將可受惠於市場持續增長。每年將有較高的銷售增長率。

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects (Continued)

Looking ahead, the Group continues to invest in its successful organic growth strategy through the existing watch entities, i.e., EBOHR, Rossini, Permanence and Swiss Chronometric. The ultimate goal is to build a comprehensive portfolio of companies specializing in manufacturing watches and distribution of the proprietary brands and non-proprietary brands in Mainland China and overseas. The cash inflow from potential divestment of non-core businesses will provide funds to achieve the ultimate goal.

Employees and Remuneration Policy

As at 30 June 2010, the Group had approximately 2,500 full-time staff in Hong Kong and the PRC. The remuneration packages offered to the employees were 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 and purchases are mainly denominated in RMB. Since the Group's bank borrowings are also mainly 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 recommended the payment of an interim dividend of HK1.5 cents per share for the six months ended 30 June 2010 (Six months ended 30 June 2009: HK1.0 cent).

管理層討論及分析

前景(續)

展望未來，本集團將繼續透過現有鐘錶公司(即依波精品、羅西尼、恒譽及 Swiss Chronometric)成功推行內部增長策略。本集團之最終目標為於中國內地及海外建立專門製造鐘錶及分銷自有品牌及非自有品牌之全面公司組合。來自可能撤資非核心業務之現金流入將提供資金達到最終目標。

僱員及薪酬政策

本集團於二零一零年六月三十日在香港及中國內地僱用約2,500名全職員工。僱員薪酬待遇乃按公平基準，參考市場情況及個別表現制定及檢討。本集團亦為僱員提供其他福利，包括年終雙糧、醫療保險及退休福利，並視乎本集團經營業績及僱員個人工作表現向彼等發放獎金花紅。本集團全體香港僱員均已參加公積金計劃。

外匯風險

本集團買賣交易主要以人民幣結算。由於本集團之銀行借貸亦主要以人民幣結算，本集團之保留盈餘資金亦為人民幣，故有關外匯風險實屬微不足道，並可有效監控。

中期股息

董事會建議就截至二零一零年六月三十日止六個月派付中期股息每股1.5港仙(二零零九年六月三十日止六個月：1.0港仙)。

MANAGEMENT DISCUSSION AND ANALYSIS

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2010, 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") of the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"), were as follows:

(a) Ordinary shares of HK\$0.10 each of the Company

As at 30 June 2010, certain directors of the Company held long positions in the shares of the Company as follows:

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	身分及權益性質	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 controlled corporations 透過受控制公司 Beneficial owner 實益擁有人	2,628,303,515 (note)(附註)	71.12%
		1,050,000	0.03%
		<hr/> 2,629,353,515 <hr/>	<hr/> 71.15% <hr/>
Shang Jianguang 商建光	Beneficial owner 實益擁有人	2,400,000	0.06%
Shi Tao 石濤	Beneficial owner 實益擁有人	1,500,000	0.04%
Lam Toi Man 林代文	Beneficial owner 實益擁有人	1,050,000	0.03%
Fung Tze Wa 馮子華	Beneficial owner 實益擁有人	1,050,000	0.03%
Kwong Chun Wai, Michael 鄺俊偉	Beneficial owner 實益擁有人	1,050,000	0.03%

管理層討論及分析

董事及主要行政人員於股份及相關股份之權益及淡倉

於二零一零年六月三十日，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之權益或淡倉或已根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）項下上市發行人董事進行證券交易的標準守則（「標準守則」）知會本公司及聯交所之權益或淡倉如下：

(a) 本公司每股面值 0.10 港元之普通股：

於二零一零年六月三十日，若干本公司董事於本公司股份持有好倉如下：

MANAGEMENT DISCUSSION AND ANALYSIS

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares (Continued)

(a) Ordinary shares of HK\$0.10 each of the Company (Continued)

Note: 878,303,515 shares of the Company are held by Sincere View International Limited ("Sincere View"), which is owned as to 80% and 20% by Mr. Hon Kwok Lung and his wife, Ms. Lam Suk Ying, respectively. 1,750,000,000 shares were held by Full Day Limited ("Full Day"), which is wholly-owned by Mr. Hon Kwok Lung.

Mr. Hon Kwok Lung and Ms. Lam Suk Ying are deemed to have an interest in the same parcel of shares of 2,628,303,515 held by Sincere View and Full Day.

(b) Share options of the Company

Certain directors of the Company personally hold options to subscribe for ordinary shares of the Company. Details of such options are disclosed under the paragraph "Share Option Scheme" below. These share options were granted pursuant to the terms of the share option scheme adopted by the Company on 30 May 2008.

Save as disclosed above, as at 30 June 2010, 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.

管理層討論及分析

董事及主要行政人員於股份及相關股份之權益及淡倉(續)

(a) 本公司每股面值0.10港元之普通股：(續)

附註：878,303,515股本公司股份由信景國際有限公司(「信景」)持有，而韓國龍先生及彼之妻子林淑英女士分別擁有信景80%及20%權益。1,750,000,000股股份由韓國龍先生全資擁有之朝豐有限公司(「朝豐」)持有。

韓國龍先生及林淑英女士被視作於信景及朝豐所持同一批2,628,303,515股股份中擁有權益。

(b) 本公司優先認購股份權

若干本公司董事以個人身分持有可認購本公司普通股之優先認購股份權。該等優先認購股份權詳情於下文「優先認購股份權計劃」一段披露。此等優先認購股份權乃根據本公司於二零零八年五月三十日採納之優先認購股份權計劃之條款授出。

除上文披露者外，於二零一零年六月三十日，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已根據證券及期貨條例第352條記錄之任何權益或淡倉，或已根據標準守則知會本公司及聯交所之任何權益或淡倉。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Share Option Scheme

The following table discloses movements in the company's share options for the six months ended 30 June 2010:

優先認購股份權計劃

下表披露本公司優先認購股份權於截至二零一零年六月三十日止六個月之變動：

Name and category of participants	參與者姓名及類別	At 1 January 2010 於二零一零年一月一日	Movement during the period 期內變動	At 30 June 2010 於二零一零年六月三十日
Executive directors	執行董事			
Hon Kwok Lung	韓國龍	3,500,000	(1,050,000)	2,450,000
Shang Jianguang	商建光	8,000,000	(2,400,000)	5,600,000
Shi Tao	石濤	5,000,000	(1,500,000)	3,500,000
Lam Toi Man	林代文	3,500,000	(1,050,000)	2,450,000
Independent non-executive directors	獨立非執行董事			
Fung Tze Wa	馮子華	3,500,000	(1,050,000)	2,450,000
Kwong Chun Wai, Michael	鄺俊偉	3,500,000	(1,050,000)	2,450,000
Li Qiang	李強	3,500,000	-	3,500,000
Sub-total	小計	30,500,000	(8,100,000)	22,400,000
Other eligible employees	其他合資格僱員			
In aggregate	合計	66,755,000	(21,325,000)	45,430,000
Other eligible persons	其他合資格人士			
In aggregate	合計	81,100,000	(16,430,000)	64,670,000
Total	總計	178,355,000	(45,855,000)	132,500,000

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 June 2010, 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:

主要股東於股份及相關股份之權益

於二零一零年六月三十日，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：

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／姓名	身分及權益性質	所持普通股數目	
Full Day 朝豐	Directly beneficially owned 直接實益擁有	1,750,000,000	47.35%
Sincere View 信景	Directly beneficially owned 直接實益擁有	878,303,515	23.77%
Hon Kwok Lung 韓國龍	Deemed interest 視作擁有權益	2,628,303,515	71.12%
	Beneficial owner 實益擁有人	1,050,000	0.03%
		<u>2,629,353,515</u>	<u>71.15%</u>
Lam Suk Ying 林淑英	Deemed interest 視作擁有權益	2,629,353,515	71.15%

MANAGEMENT DISCUSSION AND ANALYSIS

Substantial Shareholders' Interests in Shares and Underlying Shares (Continued)

As Mr. Hon Kwok Lung owns 100% and 80% of Full Day and Sincere View respectively, he is deemed to be interested in the total of 2,628,303,515 shares held by Full Day and Sincere View under Part XV of the SFO. Mr. Hon Kwok Lung is a director of both Full Day and Sincere View. Ms. Lam Suk Ying, being Mr. Hon Kwok Lung's spouse, is also deemed to be interested in the total of 2,629,353,515 shares held by Mr. Hon Kwok Long (2,628,303,515 shares held by Full Day and Sincere View and 1,050,000 shares held by himself).

Save as disclosed above, as at 30 June 2010, no other person, other than the directors and chief executive of the Company, whose interests are 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.

Code of 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 Listing Rules throughout the six months ended 30 June 2010, except with the details disclosed below:

Code E.1.2

Code E.1.2 stipulates that the Chairman of the Board of Directors (the "Board") 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 28 May 2010 due to his business trip outside Hong Kong.

管理層討論及分析

主要股東於股份及相關股份之權益(續)

由於韓國龍先生分別擁有朝豐及信景100%及80%權益，根據證券及期貨條例第XV部，彼被視作於朝豐及信景所持合共2,628,303,515股股份中擁有權益。韓國龍先生為朝豐及信景之董事。林淑英女士作為韓國龍先生之配偶亦被視作於韓國龍先生所持合共2,629,353,515股股份(2,628,303,515股由朝豐及信景持有，及1,050,000股由彼本身持有)中擁有權益。

除上文披露者外，於二零一零年六月三十日，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」一節之本公司董事及主要行政人員外，概無任何其他人士於本公司股份及相關股份中登記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。

企業管治常規守則

董事認為，除下文詳盡披露者外，本公司於截至二零一零年六月三十日止六個月期間一直遵守上市規則附錄14載列之《企業管治常規守則》所有守則條文：

守則第E.1.2

守則第E.1.2訂明董事會(「董事會」)主席須出席本公司股東週年大會。由於董事會主席離港公幹，故無法出席本公司於二零一零年五月二十八日舉行之股東週年大會。

MANAGEMENT DISCUSSION AND ANALYSIS

Model Code for Securities Transactions by Directors

The Company has adopted Appendix 10 Model Code of the Listing Rules 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 2010.

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 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 2010. The audit committee also reviewed and commented internal audit reports of subsidiaries and associates and adequacy of resources, qualifications, experience and training of staff engaged in the accounting and financial report function.

管理層討論及分析

董事進行證券交易的標準守則

本公司已採納載於上市規則附錄十之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，董事在截至二零一零年六月三十日止六個月均一直遵守標準守則所載列規定準則。

薪酬委員會

本公司已於二零零五年八月二十三日按照上市規則成立薪酬委員會（「薪酬委員會」），經本公司董事會採納之職權範圍與企業管治常規守則之規定一致。薪酬委員會現由三名獨立非執行董事馮子華先生（委員會主席）、鄭俊偉博士及李強先生以及董事會主席韓國龍先生及行政總裁商建光先生組成。

審核委員會

審核委員會由本公司三名現有獨立非執行董事組成。審核委員會已審閱本集團採納之會計原則及慣例並討論內部監控及財務報告事宜，包括審閱截至二零一零年六月三十日止六個月之未經審核中期財務報表。審核委員會亦已檢討及評價附屬公司及聯營公司之內部審核報告，以及資源充足度、從事會計及財務申報職能之員工資歷、經驗及培訓。

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Appreciation

The Group's impressive performance in the past period was the result of the dedicated work by the management and its staff. The Board would like to take this opportunity to express our sincere gratitude to our employees, customers, bankers, professional consultants and shareholders for their support.

By Order of the Board

Hon Kwok Lung

Chairman

Hong Kong

24 August 2010

管理層討論及分析

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。

致意

本集團於過去期間表現優秀，全賴管理層和全體僱員竭誠工作。董事會謹此對本集團僱員、客戶、各往來銀行、專業顧問及股東之鼎力支持致以衷心感謝。

承董事會命

主席

韓國龍

香港

二零一零年八月二十四日

CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2010

簡明綜合全面收入表

截至二零一零年六月三十日止六個月

		Six months ended 30 June 六月三十日止六個月 2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)		2009 二零零九年 HK\$'000 千港元 (Unaudited) (未經審核)	
		Notes 附註			
Continuing operations:	持續經營業務：				
Revenue	收入	4	712,061		437,358
Cost of sales	銷售成本		(474,575)		(263,525)
Gross profit	毛利		237,486		173,833
Other income	其他收入		464		2,612
Selling and distribution expenses	銷售及分銷費用		(96,624)		(72,128)
Administrative expenses	行政費用		(70,430)		(54,822)
(Loss)/Gain on fair value changes in financial assets at fair value through profit or loss, net	按公平值計入溢利或虧損之金融資產公平值變動之(虧損)/收益淨額		(1,746)		38,722
Net surplus on revaluation of investment properties	投資物業重估盈餘淨額		-		4,002
Gain on disposals of an associate	出售一間聯營公司收益	13	177,711		-
Dividend income from available-for-sale financial assets	可供出售金融資產之股息收入	14	5,172		8,238
Operating profit	經營溢利		252,033		100,457
Financial income	財務收入		1,079		205
Finance costs	財務費用	5	(4,212)		(4,745)
Share of profit/(loss) of associates	應佔聯營公司溢利/(虧損)		1,798		(2,586)
Profit before income tax	除所得稅前溢利	6	250,698		93,331
Income tax expense	所得稅開支	7	(49,876)		(14,889)
Profit after income tax from continuing operations	持續經營業務除所得稅後溢利		200,822		78,442
Discontinued operations:	已終止經營業務：				
Profit for the period from discontinued operations	已終止經營業務之本期間溢利	8	-		231,493
Profit for the period	本期間溢利		200,822		309,935

**CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME (Continued)**

For the Six Months Ended 30 June 2010

簡明綜合全面收入表 (續)

截至二零一零年六月三十日止六個月

		Six months ended 30 June 六月三十日止六個月	
		2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)	2009 二零零九年 HK\$'000 千港元 (Unaudited) (未經審核)
		Notes 附註	
Other comprehensive income	其他全面收入		
– Exchange gain on translation of financial statements of foreign operations	– 換算海外業務財務報表產生之匯兌收益		11
– Changes in fair value of available-for-sale financial assets	– 可供出售金融資產公平值變動	14	
		4,854	
		(458,203)	924,729
Other comprehensive income for the period	本期間其他全面收入		924,740
Total comprehensive income for the period	本期間全面收入總額		1,234,675
Profit for the period attributable to:	以下人士應佔本期間溢利：		
Owners of the Company	本公司擁有人	196,501	306,926
Non-controlling interests	非控股權益	4,321	3,009
		200,822	309,935
Total comprehensive income for the period attributable to:	以下人士應佔本期間全面收入總額：		
Owners of the Company	本公司擁有人	(257,027)	1,231,664
Non-controlling interests	非控股權益	4,500	3,011
		(252,527)	1,234,675

**CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME (Continued)**

For the Six Months Ended 30 June 2010

簡明綜合全面收入表(續)

截至二零一零年六月三十日止六個月

		Six months ended 30 June 六月三十日止六個月	
		2010 二零一零年 (Unaudited) (未經審核)	2009 二零零九年 (Unaudited) (未經審核)
		Notes 附註	
Earnings per share attributable to owners of the Company during the period	本期間本公司擁有人應佔每股盈利		
From continuing and discontinued operations	來自持續經營業務及已終止經營業務	10	
- Basic	- 基本		<u>HK cents 5.46港仙</u> <u>HK cents 8.67港仙</u>
- Diluted	- 攤薄		<u>HK cents 5.35港仙</u> <u>HK cents 8.59港仙</u>
From continuing operations	來自持續經營業務	10	
- Basic	- 基本		<u>HK cents 5.46港仙</u> <u>HK cents 2.13港仙</u>
- Diluted	- 攤薄		<u>HK cents 5.35港仙</u> <u>HK cents 2.11港仙</u>
From discontinued operations	來自已終止經營業務	10	
- Basic	- 基本		<u>N/A不適用</u> <u>HK cents 6.54港仙</u>
- Diluted	- 攤薄		<u>N/A不適用</u> <u>HK cents 6.48港仙</u>

CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION

As at 30 June 2010

簡明綜合財務狀況表

於二零一零年六月三十日

		30 June 2010 二零一零年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2009 二零零九年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
ASSETS AND LIABILITIES	資產及負債		
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	11 186,178	179,803
Investment properties	投資物業	12 74,708	74,708
Prepaid land lease payments	預付土地租賃款項	11 26,539	25,784
Goodwill	商譽	621,382	621,382
Interests in associates	所佔聯營公司權益	13 38,697	343,277
Available-for-sale financial assets	可供出售金融資產	14 982,512	1,440,715
Prepayments and deposits	預付款項及訂金	2,408	2,406
Deferred tax assets	遞延稅項資產	1,221	1,207
		1,933,645	2,689,282
Current assets	流動資產		
Inventories	存貨	15 315,339	264,234
Trade and bill receivables	應收賬款及票據	16 184,869	152,675
Prepaid land lease payments	預付土地租賃款項	11 610	602
Prepayments, deposits and other receivables	預付款項、按金及其他應收款	571,134	34,403
Financial assets at fair value through profit or loss	按公平值計入溢利或虧損之金融資產	81,539	82,482
Cash and cash equivalents	現金及現金等價物	198,657	257,404
		1,352,148	791,800
Current liabilities	流動負債		
Trade and bill payables	應付賬款及票據	17 109,313	125,263
Other payables and accruals	其他應付款及應計費用	129,186	125,745
Dividend payables	應付股息	151,509	17,600
Tax payables	應付稅項	76,839	130,859
Derivative financial instruments	衍生金融工具	19	816
Borrowings	借貸	18 151,938	104,715
		618,804	504,998

**CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION (Continued)**

As at 30 June 2010

簡明綜合財務狀況表(續)

於二零一零年六月三十日

		30 June 2010 二零一零年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2009 二零零九年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Net current assets	流動資產淨值	733,344	286,802
Total assets less current liabilities	總資產減流動負債	2,666,989	2,976,084
Non-current liabilities	非流動負債		
Borrowings	借貸	18 14,644	17,818
Net assets	資產淨值	2,652,345	2,958,266
EQUITY	權益		
Equity attributable to owners of the Company	本公司擁有人應佔權益		
Share capital	股本	369,535	354,268
Proposed dividends	擬派股息	55,430	145,250
Reserves	儲備	2,209,249	2,442,266
		2,634,214	2,941,784
Non-controlling interests	非控股權益	18,131	16,482
Total equity	權益總額	2,652,345	2,958,266

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the Six Months Ended 30 June 2010

截至二〇一〇年六月三十日止六個月

Equity attributable to owners of the Company 本公司擁有人應佔權益		Share capital 股本	Share premium account* 股份溢價賬*	Share option reserve* 應付選擇權儲備*	Other reserve* 其他儲備*	Goodwill arising on consolidation* 綜合商譽*	Statutory reserve* 法定儲備*	Exchange reserve* 外匯儲備*	Investment revaluation reserve* 投資重估儲備*	Retained profits* 保留溢利*	Proposed dividends 擬派股息	Total 總計	Non-controlling interests 非控股權益	Total equity 權益總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2009 於二〇零九年一月一日		354,203	513,700	968	-	(15,300)	23,721	23,846	(270,776)	940,787	88,551	1,659,700	7,947	1,667,647
Transactions with owners 與擁有人之交易														
Recognition of equity-settled share-based compensation 確認以股本結算之股份酬識		-	-	7,785	-	-	-	-	-	-	-	7,785	-	7,785
Approval of final 2008 dividend (note 9.2) 批准二〇零八年末期股息 (附註9.2)		-	-	-	-	-	-	-	-	(88,551)	(88,551)	(88,551)	-	(88,551)
Total transactions with owners 與擁有人之交易總額		-	-	7,785	-	-	-	-	-	(88,551)	(88,551)	(80,766)	-	(80,766)
Comprehensive income 全面收入														
Profit for the period 本期溢利		-	-	-	-	-	-	-	-	306,326	-	306,326	3,009	309,335
Other comprehensive income 其他綜合收入														
Exchange gain on translation of financial statements of foreign operations 換算海外業務財務報表產生之匯兌收益		-	-	-	-	-	-	9	-	-	-	9	2	11
Changes in fair value of available-for-sale financial assets 可供出售金融資產公平值變動		-	-	-	-	-	-	-	924,729	-	-	924,729	-	924,729
Total comprehensive income 全面收入總額		-	-	-	-	-	-	9	924,729	306,326	-	1,231,664	3,011	1,234,675
Proposed interim 2009 dividend (note 9.1) 擬派二〇零九年中期股息 (附註9.1)		-	-	-	-	-	-	-	-	(35,420)	35,420	-	-	-
At 30 June 2009 於二〇零九年六月三十日		354,203	513,700	8,753	-	(15,300)	23,721	23,855	653,953	1,212,293	35,420	2,810,598	10,958	2,821,556

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the Six Months Ended 30 June 2010

簡明綜合權益變動表(續)

截至二零一零年六月三十日止六個月

Equity attributable to owners of the Company 本公司擁有人應佔權益		Share capital 股本	Share premium account* 股份溢價賬	Share option reserve* 股份購權儲備	Other reserve consolidation* 其他儲備	Goodwill arising on consolidation* 商標之商譽	Statutory reserve* 法定儲備	Exchange reserve* 外匯儲備	Investment revaluation reserve* 重估儲備	Retained profits* 保留溢利	Proposed dividends 擬派股息	Total 總計	Non-controlling interests 非控股權益	Total equity 權益總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2010	於二零一零年一月一日	354,268	447,848	16,440	-	(15,300)	23,970	23,855	756,929	1,188,524	145,250	2,941,784	16,482	2,958,266
Transactions with owners														
與擁有人之交易														
Proceeds from placement of shares 配股所得款項		10,682	56,406	-	15,160	-	-	-	-	-	-	82,248	-	82,248
Proceeds from shares issued under share option scheme 根據股份購權計劃發行股份所得款項		4,585	10,318	-	-	-	-	-	-	-	-	14,903	-	14,903
Exercise of equity-settled share-based compensation 行使以股份為基礎之補償		-	6,954	(6,954)	-	-	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based compensation 確認為股份為基礎之補償		-	-	3,815	-	-	-	-	-	-	-	3,815	-	3,815
Dividends paid to non-controlling interests 向非控股股東派付股息		-	-	-	-	-	-	-	-	-	-	-	(2,851)	(2,851)
Approval of final 2009 dividend (note 9.2) 批准二零零九年末期股息		-	-	-	-	-	-	-	-	-	(145,250)	(145,250)	-	(145,250)
Additional final 2009 dividend (note 9.2) 額外二零零九年末期股息		-	(6,259)	-	-	-	-	-	-	-	-	(6,259)	-	(6,259)
Total transactions with owners	與擁有人之交易總額	15,267	67,419	(3,139)	15,160	-	-	-	-	1,188,524	(145,250)	(60,543)	(2,851)	(53,394)
Comprehensive income														
全面收入														
Profit for the period 本期溢利		-	-	-	-	-	-	-	-	196,501	-	196,501	4,321	200,822
Other comprehensive income 其他綜合收入		-	-	-	-	-	-	4,675	(458,203)	-	-	4,675	179	4,854
Exchange gain on translation of financial statements of foreign operations 換算外幣財務報表產生之匯兌收益		-	-	-	-	-	-	4,675	-	-	-	4,675	-	4,675
Changes in fair value of available-for-sale financial assets 可供出售金融資產公平價值變動		-	-	-	-	-	-	-	(458,203)	-	-	(458,203)	-	(458,203)
Total comprehensive income	全面收入總額	-	-	-	-	-	-	4,675	(458,203)	196,501	(251,027)	(50,821)	4,500	(252,527)
Proposed interim 2010 dividend (note 9.1) 擬派二零一零年中期股息		-	(55,430)	-	-	-	-	-	-	-	(55,430)	(55,430)	-	(55,430)
At 30 June 2010	於二零一零年六月三十日	369,535	459,837	13,301	15,160	(15,300)	23,970	28,530	296,726	1,385,025	55,430	2,634,214	18,131	2,652,345

* These reserve accounts comprise the consolidated reserves of HK\$2,209,249,000 (31 December 2009: HK\$2,442,266,000) in the condensed consolidated statement of financial position.

* 該等儲備賬目為簡明綜合財務狀況表內之綜合儲備 2,209,249,000 港元 (二零零九年十二月三十一日: 2,442,266,000 港元)。

**CONDENSED CONSOLIDATED STATEMENT
OF CASH FLOWS**

For the Six Months Ended 30 June 2010

簡明綜合現金流量表

截至二零一零年六月三十日止六個月

		Six months ended 30 June 六月三十日止六個月	
		2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)	2009 二零零九年 HK\$'000 千港元 (Unaudited) (未經審核)
Net cash outflow from operating activities of continuing and discontinued operations	持續經營及已終止經營業務之經營活動產生之現金流出淨額	(170,084)	(39,370)
Net cash (outflow)/inflow from investing activities of continuing and discontinued operations	持續經營業務及已終止經營業務之投資活動產生之現金(流出)/流入淨額	(8,144)	611,782
Net cash inflow/(outflow) from financing activities of continuing and discontinued operations	持續經營業務及已終止經營業務之融資活動產生之現金流入/(流出)淨額	<u>115,829</u>	<u>(250,104)</u>
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物之(減少)/增加淨額	(62,399)	322,308
Cash and cash equivalents at beginning of period	期初之現金及現金等價物	253,617	54,680
Effect of foreign exchange rate changes, net	匯率變動影響淨額	<u>456</u>	<u>11</u>
Cash and cash equivalents at end of period	期末之現金及現金等價物	<u>191,674</u>	<u>376,999</u>
Analysis of balances of cash and cash equivalents	現金及現金等價物結餘分析		
Cash and bank balances	現金及銀行結存	198,657	379,305
Bank overdrafts	銀行透支	<u>(6,983)</u>	<u>(2,306)</u>
		<u>191,674</u>	<u>376,999</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2010

未經審核簡明綜合中期財務報表附註

截至二零一零年六月三十日止六個月

1. Basis of Preparation

The unaudited interim financial information (“The Unaudited Interim Financial Information”) of the Group have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and with the applicable disclosure provisions in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Unaudited Interim Financial Information is presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) unless otherwise stated.

The Unaudited Interim Financial Information for the six months ended 30 June 2010 was approved for issue by the board of directors on 24 August 2010.

1. 編製基準

本集團之未經審核中期財務資料（「未經審核中期財務資料」）已根據香港會計師公會（「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」及香港聯合交易所有限公司證券上市規則（「上市規則」）附錄16之適用披露條文編製。

未經審核中期財務資料乃以本公司功能貨幣港元（「港元」）呈列，除另有註明外，所有價值均調整至最接近千位（「千港元」）。

截至二零一零年六月三十日止六個月之未經審核中期財務資料已獲董事會於二零一零年八月二十四日批准刊發。

2. Summary of Significant Accounting Policies

The Unaudited Interim Financial Information has been prepared in accordance with the accounting policies and method of comparatives used in the annual financial statements of the Company for the year ended 31 December 2009 (the “2009 Annual Financial Statements”), except for the adoption of the new or amended Hong Kong Financial Reporting Standards (“HKFRSs”), which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Int”) as disclosed below. The Unaudited Interim Financial Information should be read in conjunction with the 2009 Annual Financial Statements.

In the current period, the Group has applied for the first time the following new or amended HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual financial period beginning on 1 January 2010.

HKFRS 3 (Revised 2008)	Business Combinations
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
Various	Annual improvements to HKFRSs 2009

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

2. 主要會計政策概要

除採納下文所披露之新訂或經修訂香港財務申報準則(「香港財務申報準則」, 包括個別香港財務申報準則、香港會計準則(「香港會計準則」)及詮釋(「詮釋」))外, 未經審核中期財務資料乃根據本公司截至二零零九年十二月三十一日止年度之年度財務報表(「二零零九年年度財務報表」)所用之會計政策及比較方法編製。未經審核中期財務資料應與二零零九年年度財務報表一併閱讀。

於本期間, 本集團首次應用以下由香港會計師公會頒佈之新訂或經修訂香港財務申報準則, 該等準則與本集團於二零一零年一月一日開始之年度財政期間之財務報表相關及有效。

香港財務申報準則第3號 (二零零八年經修訂)	業務合併
香港會計準則第27號 (二零零八年經修訂)	綜合及獨立財務報表
其他	二零零九年度香港財務申報準則之年度改進

除下文所述者外, 採納該等新訂香港財務申報準則並無對現行及過往期間業績及財務狀況之編製及呈報方式構成重大影響。

2. Summary of Significant Accounting Policies (Continued)

HKFRS 3 (Revised 2008) Business Combinations (“HKFRS 3R”)

HKFRS 3R introduced major changes to the accounting requirements for business combinations. It retains the major features of the purchase method of accounting, now referred to as the acquisition method. The most significant changes in the revised HKFRS 3R that had an impact on the Group's acquisitions in 2010 are as follows:

- Acquisition-related costs of the combination are recorded as an expense in profit or loss. Previously, these costs would have been accounted for as part of the cost of the acquisition.
- The assets acquired and liabilities assumed are generally measured at their acquisition-date fair values unless HKFRS 3R provides an exception and provides specific measurement rules.
- Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration arrangement gives rise to a financial liability, any subsequent changes are generally recognised in profit or loss. Previously, contingent consideration was recognised at the acquisition date only if its payment was probable.

HKFRS 3R has been applied prospectively to business combinations for which the acquisition date is on or after 1 January 2010. Business combinations for which the acquisition date is before 1 January 2010 have not been restated. The adoption of HKFRS 3R did not have an impact in the Unaudited Interim Financial Information.

2. 主要會計政策概要(續)

香港財務申報準則第3號(二零零八年經修訂)業務合併(「經修訂香港財務申報準則第3號」)

經修訂香港財務申報準則第3號對業務合併之會計規定引入重大變更。新準則保留規定採用購買會計法(現稱收購法)為主要特色。經修訂香港財務申報準則第3號對本集團於二零一零年之收購構成影響之最重大變更如下：

- 合併之收購相關成本於損益列賬為開支。過往，該等成本計入收購成本一部分。
- 所收購資產及所承擔負債一般按其收購日期之公平值計量，除非經修訂香港財務申報準則第3號提供豁免及提供特定計量規則。
- 任何或然代價以收購日期之公平值計量。倘或然代價安排產生金融負債，任何其後變動一般於損益確認。過往，或然代價僅於可能須予支付時方於收購日期確認。

經修訂香港財務申報準則第3號已對收購日期為二零一零年一月一日或之後之業務合併按往後基準應用。收購日期為二零一零年一月一日之前之業務合併並無重列。採納經修訂香港財務申報準則第3號對未經審核中期財務資料並無影響。

2. Summary of Significant Accounting Policies (Continued)

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements (“HKAS 27R”)

The adoption of HKFRS 3R required that the HKAS 27R is adopted at the same time. HKAS 27R introduced changes to the accounting requirements for transactions with non-controlling interests (formerly called “minority interests”) and the loss of control of a subsidiary. Similar to HKFRS 3R, the adoption of HKAS 27R is applied prospectively. The Group did not have transactions with non-controlling interests in the current period and did not dispose of any of its equity interests in its subsidiaries. Therefore, the adoption of HKAS 27R did not have an impact in the Unaudited Interim Financial Information.

Annual improvements to HKFRSs 2009 (“2009 Improvements”)

The 2009 Improvements made several minor amendments to HKFRSs. The only amendment relevant to the Group relates to HKAS 17 Leases. The amendment requires that leases of land are classified as finance or operating applying the general principles of HKAS 17. Prior to this amendment, HKAS 17 generally required a lease of land to be classified as an operating lease.

3. Segment Information

The chief operating decision-maker is identified as executive directors. The executive directors have identified the Group’s product and service lines as operating segments as follows:

- (a) manufacture and distribution of watches and timepieces;
- (b) manufacture and distribution of enamelled copper wires (carried out by the Group’s jointly controlled entity);

2. 主要會計政策概要(續)

香港會計準則第27號(二零零八年經修訂)綜合及獨立財務報表(「經修訂香港會計準則第27號」)

採納經修訂香港財務申報準則第3號規定須同時採納經修訂香港會計準則第27號。經修訂香港會計準則第27號就與非控股權益(前稱「少數股東權益」)之交易及失去附屬公司控制權之會計規定引入變更。與經修訂香港財務申報準則第3號類似，採納經修訂香港會計準則第27號已按往後基準應用。本集團於本期間並無任何與非控股權益之交易，亦無出售其附屬公司任何股本權益。因此，採納經修訂香港會計準則第27號對未經審核中期財務資料並無影響。

二零零九年度香港財務申報準則之年度改進(「二零零九年改進」)

二零零九年改進對香港財務申報準則作出多項輕微修訂。唯一與本集團有關之修訂為香港會計準則第17號租賃。該修訂規定土地租賃須應用香港會計準則第17號之一般原則，分類為融資租賃或經營租賃。作出此修訂前，香港會計準則第17號一般規定土地租賃分類為經營租賃。

3. 分部資料

主要營運決策者已認定為執行董事。執行董事已將本集團產品及服務劃分為以下經營分類：

- (a) 鐘錶及時計產品製造及分銷；
- (b) 漆包銅線製造及分銷(由本集團共同控制實體經營)；

3. Segment Information (Continued)

(c) property investment; and

(d) distribution of yacht.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

Inter-segment sales are charged at prevailing market prices.

3. 分部資料(續)

(c) 物業投資；及

(d) 遊艇分銷。

此等經營分類按經調整分類經營業績監控及作出策略決定。

分類間銷售按現行市場價格收費。

		Six months ended 30 June 2010 二零一零年六月三十日止六個月				
		Watches and timepieces 鐘錶及 時計產品 HK\$'000 千港元 (Unaudited) (未經審核)	Enamelled copper wires 漆包銅線 HK\$'000 千港元 (Unaudited) (未經審核)	Property investment 物業投資 HK\$'000 千港元 (Unaudited) (未經審核)	Yacht 遊艇 HK\$'000 千港元 (Unaudited) (未經審核)	Total 總計 HK\$'000 千港元 (Unaudited) (未經審核)
Segment revenue and income :	分部收入及收益：					
Sales to external customers	向外界客戶銷售	346,818	349,845	5,707	9,691	712,061
Other income and financial income	其他收入及財務收入	381	78	961	112	1,532
Total	總計	347,199	349,923	6,668	9,803	713,593
Segment results	分部業績	94,611	8,265	584	(40)	103,420
Unallocated corporate income and expenses, net	未分配公司收入及支出淨額					(24,204)
Share of profit of associates	應佔聯營公司溢利					79,216
Gain on disposals of an associate	出售一間聯營公司收益					1,798
Finance costs	財務費用					177,711
Equity-settled share-based compensation	以股本結算之股份補償					(4,212)
						(3,815)
Profit before income tax	除所得稅前溢利					250,698
Income tax expense	所得稅開支					(49,876)
Profit for the period from continuing operations	來自持續經營業務之 本期間溢利					200,822
Profit for the period from discontinued operations	來自已終止經營業務之 本期間溢利					-
Profit for the period	本期間溢利					200,822



3. Segment Information (Continued)

3. 分部資料(續)

		Six months ended 30 June 2009 二零零九年六月三十日止六個月			
		Watches and timepieces 鐘錶及 時計產品 HK\$'000 千港元 (Unaudited) (未經審核)	Enamelled copper wires 漆包銅線 HK\$'000 千港元 (Unaudited) (未經審核)	Property investment 物業投資 HK\$'000 千港元 (Unaudited) (未經審核)	Total 總計 HK\$'000 千港元 (Unaudited) (未經審核)
Segment revenue and income :	分部收入及收益 :				
Sales to external customers	向外界客戶銷售	243,553	191,061	2,744	437,358
Other income and financial income	其他收入及財務收入	932	1,709	10	2,651
Total	總計	244,485	192,770	2,754	440,009
Segment results	分部業績	71,407	10,140	4,783	86,330
Unallocated corporate income and expenses, net	未分配公司收入及支出淨額				22,117
Share of loss of associates	應佔聯營公司虧損				108,447
Finance costs	財務費用				(2,586)
Equity-settled share-based compensation	以股本結算之股份補償				(4,745)
Profit before income tax	除所得稅前溢利				(7,785)
Income tax expense	所得稅開支				93,331
Profit for the period from continuing operations	來自持續經營業務之本期間溢利				(14,889)
Profit for the period from discontinued operations (note 8)	來自已終止經營業務之本期間溢利(附註8)				78,442
Profit for the period	本期間溢利				231,493
					309,935

Over 90% of the Group's revenues from external customers and non-current assets (other than financial instruments and deferred tax assets) are attributable to a single geographical region, which is the People's Republic of China ("PRC").

本集團超過90%來自外界客戶之收入及非流動資產(金融工具及遞延稅項資產除外)屬於單一地區,即中華人民共和國(「中國」)。

3. Segment Information (Continued)

During the period, HK\$264,000,000 or 37% (six months ended 30 June 2009: HK\$124,286,000 or 28%) of the Group's revenues were derived from a single customer, Citychamp Dartong Company Limited ("Citychamp"), in enamelled copper wires segment. Citychamp is the joint venturer of the Group's joint controlled entity and a company listed in the Shanghai Stock Exchange in the PRC.

At 30 June 2010, HK\$72,337,000 (At 31 December 2009: HK\$48,793,000) of the Group's trade and bill receivables was due from Citychamp.

4. Revenue

Revenue on continuing operations, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and rental income received and receivable. Revenue recognised during the period is as follows:

Continuing operations	持續經營業務
Sale of goods	貨品銷售
Gross rental income	租金收入總額

3. 分部資料(續)

期內，本集團264,000,000港元或37%之收入(二零零九年六月三十日止六個月：124,286,000港元或28%)源自漆包銅線分部單一客戶冠城大通股份有限公司(「冠城」)。冠城為本集團共同控制實體之合營方，於中國上海證券交易所上市。

於二零一零年六月三十日，本集團之應收賬款及票據中，72,337,000港元(二零零九年十二月三十一日：48,793,000港元)為應收冠城之款項。

4. 收入

持續經營業務之收入亦即本集團營業額，乃指扣除退款及貿易折扣之售出貨品發票淨值，及已收及應收租金收入。期內確認之收入如下：

Six months ended 30 June	
六月三十日止六個月	
2010	2009
二零一零年	二零零九年
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
706,354	434,614
5,707	2,744
712,061	437,358

5. Finance Costs

Continuing operations

Interests on bank and other loans wholly repayable within five years

持續經營業務

須於五年內悉數償付之銀行及其他貸款之利息

6. Profit Before Income Tax

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

Continuing operations

Depreciation
Amortisation of prepaid land lease payments
Gain on derivative financial instruments

持續經營業務

折舊
預付土地租賃款項攤銷
衍生金融工具之收益

5. 財務費用

Six months ended 30 June

六月三十日止六個月

2010	2009
二零一零年	二零零九年
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
4,212	4,745

6. 除所得稅前溢利

本集團之除所得稅前溢利已扣除／(計入)下列各項：

Six months ended 30 June

六月三十日止六個月

2010	2009
二零一零年	二零零九年
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
7,683	6,428
126	126
(797)	(7,091)

7. Income Tax Expense

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (Six months ended 30 June 2009: Nil).

The subsidiaries and jointly controlled entity established in the PRC are subject to income taxes ranging between 20% and 25% (Six months ended 30 June 2009: between 20% and 25%). Income tax on overseas profit has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

8. Discontinued Operations

Since 2007, the Group had significantly scaled down the manufacture and distribution of timber products (the “Discontinued Timber Business”) due to the resumption of a land in the PRC and it had been classified as discontinued operations in the Group’s financial statements since then. For the six months ended 30 June 2009, the Discontinued Timber Business had been classified as discontinued operations in the Group’s condensed consolidated statement of comprehensive income.

For the six months ended 30 June 2010, the Discontinued Timber Business had been fully suspended and therefore no income and expenses were classified as discontinued operations in the Group’s condensed consolidated statement of comprehensive income for the period.

7. 所得稅開支

由於本集團於期內並無在香港產生任何應課稅溢利，故並無就香港利得稅作出撥備（二零零九年六月三十日止六個月：無）。

於中國成立之附屬公司及共同控制實體須按介乎20%至25%（二零零九年六月三十日止六個月：介乎20%至25%）之稅率繳納所得稅。海外溢利之所得稅乃就期內估計應課稅溢利按本集團經營業務所在國家之現行稅率計算。

8. 已終止經營業務

自二零零七年，由於收回一幅位於中國之土地，本集團大幅縮減其木材產品製造及分銷業務（「已終止木材業務」）之規模，並自此於本集團財務報表分類為已終止經營業務。截至二零零九年六月三十日止六個月，已終止木材業務於本集團之簡明綜合全面收入表分類為已終止經營業務。

截至二零一零年六月三十日止六個月，已終止木材業務已全面中止，因此本集團期內之簡明綜合全面收入表中並無任何收益及開支分類為已終止經營業務。

8. Discontinued Operations (Continued)

An analysis of the unaudited results of the Discontinued Timber Business for the six months ended 30 June 2009 was as follows:

8. 已終止經營業務(續)

截至二零零九年六月三十日止六個月，已終止木材業務之未經審核業績分析如下：

		Six months ended 30 June 2009 二零零九年 六月三十日止六個月 HK\$ '000 千港元 (Unaudited) (未經審核)
Revenue	收入	4,536
Cost of sales	銷售成本	(12,265)
		<hr/>
Gross loss	毛損	(7,729)
Other income	其他收入	1,995
Selling and distribution expenses	銷售及分銷費用	(144)
Administrative expenses	行政費用	(10,721)
Gain on disposal of non-current assets held for sale (note)	出售持作出售之非流動資產所得收益(附註)	309,799
		<hr/>
Operating profit	經營溢利	293,200
Financial income	財務收入	119
Finance costs – interest on bank loans wholly repayable within five years	財務費用－須於五年內悉數償還之銀行利息	(158)
		<hr/>
Profit before income tax	除所得稅前溢利	293,161
Income tax expense	所得稅開支	(61,668)
		<hr/>
Profit for the period	本期間溢利	<u>231,493</u>

8. Discontinued Operations (Continued)

Note: Gain on disposal of non-current assets held for sale was analysed as follows:

Proceeds from disposals of non-current assets held for sale
Carrying amounts of non-current assets held for sale
Other relevant income and expenses related to the disposal, net

8. 已終止經營業務(續)

附註：出售持作出售之非流動資產所得收益分析如下：

	Six months ended 30 June 2009 二零零九年 六月三十日止六個月 HK\$'000 千港元 (Unaudited) (未經審核)
出售持作出售之非流動資產所得款項	406,818
持作出售之非流動資產賬面值	(85,317)
涉及出售之其他相關收入及支出淨額	(11,702)
	<u>309,799</u>

9. Dividends

9.1 Dividends attributable for the six months ended 30 June 2010 were as follows:

Interim dividend of HK1.5 cents per share (Six months ended 30 June 2009: HK1.0 cent)

中期股息每股1.5港仙 (二零零九年六月三十日止六個月：1.0港仙)

Six months ended 30 June 六月三十日止六個月 2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)	2009 二零零九年 HK\$'000 千港元 (Unaudited) (未經審核)
<u>55,430</u>	<u>35,420</u>

9.1 截至二零一零年六月三十日止六個月之應佔股息如下：

The interim dividend declared after the reporting date has not been recognised as a liability at the reporting date, but is reflected as an appropriation of retained profits and share premium.

於結算日後宣派之中期股息並無於結算日確認為負債，惟已反映為保留溢利及股份溢價賬之分派。

9. Dividends (Continued)

9.2 Dividends attributable to the previous financial year and approved during the period were as follows:

Final 2009 dividend in respect of the previous financial year of HK4.1 cents per share (Six months ended 30 June 2009: Final 2008 dividend of HK2.5 cents per share)	上一財政年度二零零九年末期股息每股4.1港仙 (二零零九年六月三十日止六個月：二零零八年末期股息每股2.5港仙)
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* The actual final dividend payable for six months ended 30 June 2010 was HK\$151,509,000 as a result of increase in ordinary shares. During the six months ended 30 June 2010, 45,855,000 ordinary shares were issued as a consequence of exercise of share options and 106,815,620 ordinary shares were issued from share placement. All these ordinary shares issued during the period are entitled to the final 2009 dividend.

9. 股息(續)

9.2 有關上一財政年度及於期內批准之應佔股息如下：

Six months ended 30 June	
六月三十日止六個月	
2010	2009
二零一零年	二零零九年
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)

151,509*	88,551
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* 由於普通股增加，截至二零一零年六月三十日止六個月之實際應付末期股息為151,509,000港元。截至二零一零年六月三十日止六個月，45,855,000股普通股因優先認購股份權獲行使而發行，另106,815,620股普通股則就股份配售發行。於期內發行之所有該等普通股均有權享有二零零九年末期股息。

10. Earnings Per Share

The calculations of basic and diluted earnings per share attributable to the owners of the Company are based on the following data:

10. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利乃根據以下數據計算：

		Six months ended 30 June 六月三十日止六個月	
		2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)	2009 二零零九年 HK\$'000 千港元 (Unaudited) (未經審核)
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share:	計算每股基本及攤薄盈利所依據之本公司擁有人應佔溢利：		
– Continuing operations	– 持續經營業務	196,501	75,432
– Discontinued operations	– 已終止經營業務	–	231,494
		<u>196,501</u>	<u>306,926</u>
Total profit from continuing and discontinued operations	持續經營及已終止經營業務溢利總額	<u>196,501</u>	<u>306,926</u>
		Number of shares Six months ended 30 June 股份數目 六月三十日止六個月	
		2010 二零一零年 '000 千 (Unaudited) (未經審核)	2009 二零零九年 '000 千 (Unaudited) (未經審核)
Weighted average number of ordinary shares for the purpose of basic earnings per share	計算每股基本盈利所依據之普通股加權平均數	3,597,494	3,542,031
Effect of dilutive potential ordinary shares:	潛在普通股之攤薄影響：		
– share options issued by the Company	– 本公司發行之優先認購股份權	73,757	28,380
		<u>73,757</u>	<u>28,380</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	計算每股攤薄盈利所依據之普通股加權平均數	<u>3,671,251</u>	<u>3,570,411</u>



11. Property, Plant and Equipment and Prepaid Land Lease Payments

During the six months ended 30 June 2010, the Group acquired property, plant and equipment of HK\$13,316,000 (Six months ended 30 June 2009: HK\$4,636,000). Property, plant and equipment with carrying amount of HK\$244,000 (Six months ended 30 June 2009: HK\$140,000) were disposed of during the six months ended 30 June 2010.

As at 30 June 2010, certain of the Group's buildings with carrying amount of HK\$911,000 (31 December 2009: Nil) have been pledged to secure certain banking facilities granted to the Group (note 18).

As at 30 June 2010, certain of the Group's prepaid land lease payments and buildings with carrying amount of HK\$54,039,000 (31 December 2009: HK\$54,105,000) have been pledged to secure banking facilities granted to the joint venturer.

As at 30 June 2010, the Group has not yet obtained the title certificates for certain leasehold buildings in the PRC with an aggregate carrying value of approximately HK\$2,237,000 (31 December 2009: HK\$2,212,000). The Group's legal advisors had confirmed that the Group is the rightful and equitable owner of these leasehold buildings. The Group is now in process of obtaining the title certificates from the relevant government authorities.

12. Investment Properties

As at 30 June 2010, certain of the Group's investment properties with carrying value of HK\$15,500,000 (31 December 2009: HK\$15,500,000) have been pledged to secure banking facilities granted to the Group (note 18).

11. 物業、廠房及設備以及預付土地租賃款項

於截至二零一零年六月三十日止六個月內，本集團購入物業、廠房及設備13,316,000港元(截至二零零九年六月三十日止六個月：4,636,000港元)。賬面值244,000港元(截至二零零九年六月三十日止六個月：140,000港元)之物業、廠房及設備於截至二零一零年六月三十日止六個月內出售。

於二零一零年六月三十日，本集團賬面值為911,000港元(二零零九年十二月三十一日：無)之若干樓宇已抵押，以為本集團取得若干銀行融資(附註18)。

於二零一零年六月三十日，本集團賬面值54,039,000港元(二零零九年十二月三十一日：54,105,000港元)之若干預付土地租賃款項及樓宇已抵押，以為合營方取得銀行融資。

於二零一零年六月三十日，本集團尚未就其於中國賬面總值約2,237,000港元(二零零九年十二月三十一日：2,212,000港元)之若干租賃樓宇取得任何業權證明。本集團法律顧問確認，本集團為該等租賃樓宇之公平及合法擁有人。本集團現正向有關政府機關申請業權證明。

12. 投資物業

於二零一零年六月三十日，本集團賬面值為15,500,000港元(二零零九年十二月三十一日：15,500,000港元)之若干投資物業已抵押，以為本集團取得銀行融資(附註18)。

13. Interests in Associates

During the six months ended 30 June 2010, the Group has entered into an agreement (“Agreement”) with an independent third party (the “Purchaser”) to dispose of its 30% equity interests in an associate, Shenzhen Guanyang Real Estate Co., Limited (“Guanyang Real Estate”), at a cash consideration of RMB186,000,000 (equivalent to HK\$211,364,000). A gain on disposals of Guanyang Real Estate of HK\$177,711,000 was recognised in the profit or loss for the six months ended 30 June 2010 (Six months ended 30 June 2009: Nil).

Gain on disposals of an associate for the six months ended 30 June 2010 was analysed as follows:

		Six months ended 30 June 2010 二零一零年 六月三十日止六個月 HK\$'000 千港元 (Unaudited) (未經審核)
Proceeds from disposals of Guanyang Real Estate	出售冠洋房地產所得款項	211,364
Less: Carrying amount of interests in Guanyang Real Estate at the date of disposal	減：冠洋房地產權益於出售日期之賬面值	(33,653)
		177,771

Pursuant to the Agreement, the Purchaser also agreed to assume the liabilities due to the Group by Guanyang Real Estate of RMB240,000,000 (equivalent to HK\$275,862,000). As the total amount due from the Purchaser of HK\$489,655,000 is expected to be recoverable within 12 months from the reporting date, the balance is reclassified as a current asset under other receivables.

13. 所佔聯營公司權益

截至二零一零年六月三十日止六個月，本集團與獨立第三方（「買方」）訂立協議（「協議」），以出售所佔聯營公司深圳冠洋房地產有限公司（「冠洋房地產」）30%股本權益，現金代價為人民幣186,000,000元（相當於211,364,000港元）。出售冠洋房地產之收益177,711,000港元於截至二零一零年六月三十日止六個月之損益確認（截至二零零九年六月三十日止六個月：無）。

截至二零一零年六月三十日止六個月，出售一間聯營公司之收益分析如下：

根據協議，買方亦同意承擔冠洋房地產結欠本集團之負債人民幣240,000,000元（相當於275,862,000港元）。由於應收買方款項合共489,655,000港元預期自結算日起計十二個月內收回，故有關結餘重新分類為流動資產下之其他應收款項。

14. Available-for-Sale Financial Assets

		30 June 2010 二零一零年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2009 二零零九年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Listed equity investment in the PRC, at fair value	中國上市股本投資， 按公平值	982,438	1,440,641
Unlisted equity investments, at cost	非上市股本投資， 按成本	3,551	3,551
Less: Provision for impairment	減：減值撥備	(3,477)	(3,477)
		74	74
		982,512	1,440,715

As at 30 June 2010, the listed equity investment in the PRC represented 14.78% (31 December 2009: 14.78%) equity interest in Citychamp.

On 13 April 2010, Citychamp declared a cash dividend of RMB0.5 for every 10 Citychamp shares. Cash dividend of HK\$5,172,000 (Six months ended 30 June 2009: HK\$8,238,000) was received by the Group and recognised in profit or loss for the six months ended 30 June 2010.

For the six months ended 30 June 2010, the decrease in fair value of Citychamp Shares of HK\$458,203,000 (six months ended 30 June 2009: increase of HK\$924,729,000) has been dealt with in the other comprehensive income and the investment revaluation reserve.

14. 可供出售金融資產

於二零一零年六月三十日，於中國之上市股本投資指於冠城14.78%之股本權益(二零零九年十二月三十一日：14.78%)。

於二零一零年四月十三日，冠城宣派現金股息每10股冠城股份人民幣0.5元。本集團已收取現金股息5,172,000港元(截至二零零九年六月三十日止六個月：8,238,000港元)，並於截至二零一零年六月三十日止六個月之損益中確認。

截至二零一零年六月三十日止六個月，冠城股份之公平值減少458,203,000港元(截至二零零九年六月三十日止六個月：增加924,729,000港元)已於其他全面收入及投資重估儲備中處理。

15. Inventories

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



15. 存貨

30 June 2010 二零一零年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2009 二零零九年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
89,521	98,225
17,322	10,980
208,496	155,029
315,339	264,234

16. Trade and Bill Receivables

Ageing analysis of trade and bill receivables (including amounts due from related parties of trading in nature as disclosed in note 21.1(ii)) as at the reporting dates, 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
Over 6 months	6個月以上

16. 應收賬款及票據

應收賬款及票據(包括附註21.1(ii)所述應收有關連人士之貿易性質款項)於結算日按照發票日期及扣減撥備後之賬齡分析如下:

30 June 2010 二零一零年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2009 二零零九年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
177,635	138,358
3,246	10,689
3,988	3,628
184,869	152,675

17. Trade and Bill Payables

Ageing analysis of trade and bill payables as at the reporting dates, based on invoice dates, is as follows:

1 to 3 months	1至3個月
4 to 6 months	4至6個月
Over 6 months	6個月以上

17. 應付賬款及票據

應付賬款及票據於結算日按發票日期計算之賬齡分析如下：

30 June 2010 二零一零年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2009 二零零九年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
99,399	118,609
1,999	449
7,915	6,205
109,313	125,263

18. Borrowings

The carrying amounts of borrowings approximate to their fair value. As at reporting dates, the borrowings were repayable as follows:

Within one year	一年內
In the second year	第二年
In the third to fifth year	第三年至第五年
Repayable within five years	五年內償還

18. 借貸

借貸之賬面值與其公平值相若。於結算日，借貸須於以下年期償還：

30 June 2010 二零一零年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2009 二零零九年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
151,938	104,715
7,885	7,795
6,759	10,023
166,582	122,533



18. Borrowings (Continued)

At the reporting date, the Group's borrowings were secured by:

- (i) a legal charge over certain of the Group's buildings situated in the PRC (31 December 2009: Nil) (note 11);
- (ii) a legal charge over certain of the Group's investment properties (31 December 2009: HK\$15,500,000) (note 12); and
- (iii) a financial guarantee granted by the joint venturer (31 December 2009: a financial guarantee granted by the joint venturer).

19. Contingent Liabilities

As at 30 June 2010, the Group had no material contingent liabilities (31 December 2009: Nil).

20. Capital Commitments

Contracted, but not provided for:
Purchases of property,
plant and equipment

已訂約但未撥備：
購買物業、廠房及設備

30 June 2010 二零一零年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2009 二零零九年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
-	1,374

18. 借貸(續)

於結算日，本集團借貸以下列各項作抵押：

- (i) 本集團位於中國若干樓宇之法定押記(二零零九年十二月三十一日：無)(附註11)；
- (ii) 本集團若干投資物業之法定押記(二零零九年十二月三十一日：15,500,000港元)(附註12)；及
- (iii) 一名合營方作出之財務擔保(二零零九年十二月三十一日：一名合營方作出之財務擔保)。

19. 或然負債

於二零一零年六月三十日，本集團並無任何重大或然負債(二零零九年十二月三十一日：無)。

20. 資本承擔

20. Capital Commitments (Continued)

In October 2009, the Group undertook to take up its rights entitlement in full under the rights issue proposed by Citychamp (the “Citychamp Rights Issue”) at a cash consideration of not more than RMB236,516,373 (equivalent to approximately HK\$268,769,000). The Citychamp Rights Issue was subject to approval from the relevant PRC government authorities. As at 31 December 2009, the Citychamp Rights Issue was not completed.

In June 2010, the board of directors of Citychamp has resolved not to proceed with the Citychamp Rights Issue in light of the recent measures on the property sector implemented by the PRC government. As at 30 June 2010, the termination of the Citychamp Rights Issue was subject to approval from the shareholders of Citychamp.

At the general meeting held in July 2010, the shareholders of Citychamp have resolved to terminate the Citychamp Rights Issue.

21. Related Party Transactions

21.1 Other than those disclosed elsewhere in the Unaudited Interim Financial Information, the following transactions were carried out with related parties:

Sales of goods to the joint venturer	向合營方銷售貨物	(i)	264,000	124,286
Rental income received from the joint venturer	已收合營方之租金收入	(i)	933	492

20. 資本承擔(續)

於二零零九年十月，本集團承諾按現金代價不多於人民幣236,516,373元(相當於約268,769,000港元)承購其在冠城建議供股(「冠城供股」)項下全數供股配額。冠城供股須待取得有關中國政府當局之批准後方告作實。於二零零九年十二月三十一日，冠城供股尚未完成。

於二零一零年六月，鑑於中國政府近期於房地產業推行之措施，冠城董事會議決不繼續進行冠城供股。於二零一零年六月三十日，終止冠城供股須待冠城股東批准後方告作實。

於二零一零年七月舉行之股東大會，冠城股東已議決終止冠城供股。

21. 有關連人士交易

21.1 除未經審核中期財務資料其他部分所披露外，本集團曾與有關連人士進行以下交易：

		Six months ended 30 June 六月三十日止六個月	
		2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)	2009 二零零九年 HK\$'000 千港元 (Unaudited) (未經審核)
Notes 附註			
	(i)	264,000	124,286
	(i)	933	492

21. Related Party Transactions (Continued)

Notes:

- (i) Certain directors of the Company are also directors of the joint venturer of the Group's jointly controlled entity.
- (ii) Outstanding balances with related parties:
 - (a) As at 30 June 2010, amounts due from joint venturer arising from the sales of goods and included in trade and bills receivables was approximately HK\$72,337,000 (31 December 2009: HK\$48,793,000).
 - (b) As at 30 June 2010, amounts due from joint venturer included in other receivables was approximately HK\$576,000 (31 December 2009: HK\$673,000).
 - (c) As at 30 June 2010, there was no amount due to a director of the Company. As at 31 December 2009, amount due to a director of the Company included in other payables amounted to HK\$9,000,000.

21.2 Compensation of key management personnel of the Group:

21. 有關連人士交易(續)

附註：

- (i) 本公司若干董事亦為本集團共同控制實體之合營方之董事。
- (ii) 與有關連人士之未償還結餘：
 - (a) 於二零一零年六月三十日，就銷售貨物而計入應收賬款及票據之應收合營方款項約為72,337,000港元(二零零九年十二月三十一日：48,793,000港元)。
 - (b) 於二零一零年六月三十日，並無任何計入其他應收款之應收合營方款項約為576,000港元(二零零九年十二月三十一日：673,000港元)。
 - (c) 於二零一零年六月三十日，並無應付本公司董事之款項。於二零零九年十二月三十一日，計入其他應付款之應付本公司董事款項為9,000,000港元。

21.2 本集團主要管理人員之補償：

		Six months ended 30 June 六月三十日止六個月	
		2010	2009
		二零一零年	二零零九年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Short-term employee benefits	短期僱員福利	5,034	3,030
Post-employment benefits	離職後福利	44	42
Equity-settled share-based compensation	以股本結算之股份補償	426	870
		5,504	3,942

