



ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 1064

2007

INTERIM REPORT

ZHONG
HUA

* For identification purpose only



UNAUDITED INTERIM RESULTS

The Board of Directors (the “Directors”) of Zhong Hua International Holdings Limited (the “Company”) would like to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2007 (the “Interim Results”), together with the comparative figures for the corresponding period in 2006, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

未經審核中期業績

中華國際控股有限公司(「本公司」)董事會(「董事會」)宣佈，本公司及其附屬公司(統稱「本集團」)截至二零零七年六月三十日止六個月之未經審核綜合業績(「中期業績」)，連同二零零六年同期之比較數字如下：

簡明綜合收益表

		For the six months ended 30 June 截至六月三十日止六個月	
		2007 二零零七年 (Unaudited) (未經審核)	2006 二零零六年 (Unaudited) (未經審核) (Restated) (重列)
		HK\$'000 千港元	HK\$'000 千港元
	Notes 附註		
CONTINUING OPERATIONS			
Revenue	營業額		
Cost of sales	銷售成本	2,157	(2,828)
Gross profit	毛利	4,420	3,395
Other income	其他收入	2,095	1,048
Administrative expenses	行政開支	(7,398)	(7,109)
Other operating expenses, net	其他經營開支淨額	(1,875)	-
Finance costs	財務費用	(1,211)	(1,218)
LOSS BEFORE TAX	稅前虧損	(3,969)	(3,884)
Tax	稅項	(933)	(1,383)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	持續經營業務之期間虧損	(4,902)	(5,267)
DISCONTINUED OPERATION	終止經營業務		
Loss for the period from a discontinued operation	終止經營業務之期間虧損	-	(11,385)
LOSS FOR THE PERIOD	期間虧損	(4,902)	(16,652)
ATTRIBUTABLE TO:	歸屬於：		
Equity holders of the Company	本公司權益持有人	(4,902)	(16,652)
Minority Interests	少數股東權益	-	-
		(4,902)	(16,652)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	本公司普通股權益持有人應佔每股虧損		
Basic	基本		
- For loss for the period	- 期間虧損	HK(0.80) cents	港仙
- For loss for the period from continuing operations	- 持續經營業務之期間虧損	HK(0.80) cents	港仙
Diluted	攤薄		
- For loss for the period	- 期間虧損	N/A	不適用
- For loss for the period from continuing operations	- 持續經營業務之期間虧損	N/A	不適用

**CONDENSED CONSOLIDATED
BALANCE SHEET**
簡明綜合資產負債表

		30 June 2007 二零零七年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2006 二零零六年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
	Notes 附註		
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	13,036	13,962
Investment properties	投資物業	298,619	291,800
Intangible assets	無形資產	6,169	7,861
Deposits and other receivable	按金及其他應收款項	40,000	57,953
Pledged deposits	已抵押存款	3,522	404
Total non-current assets	非流動資產總額	361,346	371,980
CURRENT ASSETS	流動資產		
Trade receivables	貿易應收款項	32,660	25,954
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款項	31,351	13,259
Cash and cash equivalents	現金及現金等值項目	191,134	178,602
Total current assets	流動資產總額	255,145	217,815
CURRENT LIABILITIES	流動負債		
Trade payables	貿易應付款項	(11,526)	(12,649)
Tax payable	應付稅項	(13,311)	(12,039)
Other payables and accruals	其他應付款項及應計負債	(33,767)	(17,187)
Interest-bearing bank and other borrowings	計息銀行貸款 及其他借款	(25,532)	(5,602)
Deferred income	遞延收入	(18,057)	(18,057)
Total current liabilities	流動負債總額	(102,193)	(65,534)
NET CURRENT ASSETS	流動資產淨額	152,952	152,281
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	514,298	524,261
NON-CURRENT LIABILITIES	非流動負債		
Interest-bearing bank and other borrowings	計息銀行貸款 及其他借款	(1,824)	(19,941)
Deferred tax liabilities	遞延稅項負債	(51,969)	(51,430)
Total non-current liabilities	非流動負債總額	(53,793)	(71,371)
Net assets	淨資產	460,505	452,890
CAPITAL AND RESERVES	資本及儲備		
Equity attributable to equity holders of the Company	本公司權益持有人 應佔權益		
Issued capital	已發行股本	122,648	122,648
Reserves	儲備	337,857	330,242
Total equity	總權益	460,505	452,890



簡明綜合股權變動報表

CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

	Issued capital 已發行股本 (Unaudited) (未經審核) HK\$'000 千港元	Share premium account 股份溢價 (Unaudited) (未經審核) HK\$'000 千港元	Contributed surplus 撥入盈餘 (Unaudited) (未經審核) HK\$'000 千港元	Capital reserve 資本儲備 (Unaudited) (未經審核) HK\$'000 千港元	Equity component of convertible bond 可換取債券之權益部分 (Unaudited) (未經審核) HK\$'000 千港元	Other reserve 其他儲備 (Unaudited) (未經審核) HK\$'000 千港元	Exchange fluctuation reserve 匯兌波動儲備 (Unaudited) (未經審核) HK\$'000 千港元	Retained profits/(accumulated losses) 保留溢利/(累計虧損) (Unaudited) (未經審核) HK\$'000 千港元	Total 合計 (Unaudited) (未經審核) HK\$'000 千港元
At 1 January 2007 Exchange adjustment on translation of financial statements of foreign entities Equity-settled share option scheme Loss for the period	122,648	350,953	80,258	118	-	-	13,756	(114,843)	452,890
於二零零七年一月一日 換算海外實體財務報表產生之匯兌調整 以權益結算之購股權計劃 期內虧損									
At 30 June 2007 (Unaudited)	122,648	350,953	80,258	1,110	-	-	25,281	(119,745)	460,505
於二零零七年六月三十日 (未經審核)									

簡明綜合股權變動報表

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital of shares issued (未經審核) 已發行股本 HK\$'000 千港元	Share premium account (未經審核) 股份溢價 HK\$'000 千港元	Contributed surplus (未經審核) 繳入盈餘 HK\$'000 千港元	Capital reserve (未經審核) 資本儲備 HK\$'000 千港元	Equity component of convertible bond (未經審核) 可換取債券之權益部分 HK\$'000 千港元	Other reserve (未經審核) 其他儲備 HK\$'000 千港元	Exchange fluctuation reserve (未經審核) 匯兌波動儲備 HK\$'000 千港元	Retained profits/losses (accumulated) (未經審核) 保留溢利/虧損(累計虧損) HK\$'000 千港元	Total (Unaudited) 合計 HK\$'000 千港元
At 1 January 2006 Exchange adjustment on translation of financial statements of foreign entities 於二零零六年一月一日 換算海外實體 財務報表產生之 匯兌調整	96,048	307,164	80,258	-	707	2,280	6,670	30,918	526,045
Issue of new shares 發行新股	3,400	1,700	-	-	-	-	3,503	-	3,503
Conversion of the Bond 債券轉換	4,000	26,540	-	-	(707)	-	-	-	5,100
Shares issued upon exercise of a share option 因行使購股權而發行之股份	2,000	1,800	-	-	-	-	-	-	3,800
Equity-settled share option scheme 以權益結算之購股權計劃	-	-	-	1,855	-	-	-	-	1,855
Shares issued under employee share option scheme 根據僱員購股權計劃發行之股份	5,800	2,118	-	(1,758)	-	-	-	-	6,160
Loss for the period 期內虧損	-	-	-	-	-	-	-	(16,652)	(16,652)
At 30 June 2006 (Unaudited) 於二零零六年六月三十日 (未經審核)	113,248	339,322	80,258	97	-	2,280	10,173	14,266	559,644



**CONDENSED CONSOLIDATED
CASH FLOW STATEMENT**

簡明綜合現金流量報表

		For the six months ended 30 June 2007 截至二零零七年 六月三十日止 六個月 (Unaudited) (未經審核) HK\$'000 千港元	For the six months ended 30 June 2006 截至二零零六年 六月三十日止 六個月 (Unaudited) (未經審核) HK\$'000 千港元
NET CASH INFLOW FROM OPERATING ACTIVITIES	經營業務之現金流入淨額	12,476	8,887
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	投資業務之現金流出淨額	(3,480)	(366)
NET CASH INFLOW FROM FINANCING ACTIVITIES	融資活動之現金流入淨額	3,536	12,771
INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目增加	12,532	21,292
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	期初之現金及現金等值項目	178,602	133,151
CASH AND CASH EQUIVALENTS AT END OF PERIOD	期終之現金及現金等值項目	191,134	154,443
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等值項目結餘分析		
Cash and bank balances	現金及銀行結存	191,134	154,443

1. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2006, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are mandatory for the accounting period beginning on or after 1 January 2007:

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of the above HKFRSs did not result in material impact on the accounting policies of the Group's condensed consolidated interim financial statements.

1. 主要會計政策

本簡明綜合中期財務報表是按照香港會計準則（「HKAS」）第34號「中期財務報告」編制的。除了以下會影響本集團且在二零零七年一月一日或以後開始的會計期間強制採用的新的和修訂的香港財務報告準則（「HKFRS」，也包括HKAS和解釋公告），本中期財務報表中採用的會計政策和編製基礎都與截至二零零六年十二月三十一日止年度的財務報表一致：

HKAS 1 (修訂本)	資本披露
HKFRS 7	金融工具：披露
HK(IFRIC)-Int 7	應用HKAS 29惡性 通貨膨脹經濟之 財務報告下之重 列方法
HK(IFRIC)-Int 8	HKFRS 2的範圍
HK(IFRIC)-Int 9	重新評估嵌入式 衍生工具
HK(IFRIC)-Int 10	中期報告及減值

採納上述HKFRS對本集團簡明綜合中期財務報表的會計政策並無產生重大影響。



2. SEGMENT INFORMATION

2. 分類資料

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

下表為本集團按業務分類呈列之有關收入及業績之資料。

For the six months ended 30 June (Unaudited)

截至六月三十日止六個月 (未經審核)

Segment revenue:	Continuing operations 持續經營業務						Discontinued operation 終止經營業務					
	Property investment 物業投資		Leasing of equipment 租賃設備		Corporate and others 公司及其他		Total 總計		Telecommunication and other related services 電話及其他相關服務		Consolidated 綜合	
	2007 二零零七年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元
Sales to external customers 銷售予外界客戶	4,603	4,355	1,974	1,868	-	-	6,577	6,223	-	176	6,577	6,399
Other revenue and gains 其他收入及收益	-	-	-	-	-	-	-	-	-	-	-	-
Total	4,603	4,355	1,974	1,868	-	-	6,577	6,223	-	176	6,577	6,399
Segment results	1,842	4,199	(1,343)	(2,280)	(5,352)	(5,633)	(4,853)	(3,714)	-	(10,016)	(4,853)	(13,730)
Other income							2,095	1,048	-	-	2,095	1,048
Finance costs							(1,211)	(1,218)	-	(1,369)	(1,211)	(2,587)
Loss before tax							(3,969)	(3,884)	-	(11,385)	(3,969)	(15,269)
Tax							(933)	(1,383)	-	-	(933)	(1,383)
Loss for the period							(4,902)	(5,267)	-	(11,385)	(4,902)	(16,652)

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

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

3. FINANCE COSTS

3. 財務費用

		For the six months ended 30 June 截至六月三十日 止六個月	
		2007 二零零七年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元
Interest on bank loans	銀行貸款利息	1,129	2,411
Interest on finance lease	融資租賃利息	82	-
Interest on convertible bond	可換股債券利息	-	176
		1,211	2,587
Attributable to continuing operations	應佔持續經營業務	1,211	1,218
Attributable to a discontinued operation	應佔終止經營業務	-	1,369
		1,211	2,587

4. LOSS BEFORE TAX

4. 稅前虧損

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

本集團之稅前虧損乃經扣除／(計入)下列各項：

		For the six months ended 30 June 截至六月三十日 止六個月	
		2007 二零零七年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元
Depreciation	折舊	1,628	7,315
Amortisation of intangible assets	無形資產攤銷	2,157	2,828
Interest income	利息收入	(2,050)	(1,013)
Net rental income	租金收入淨額	(4,603)	(4,355)
Write back of other receivables	其他應收款項回撥	-	(575)

The disclosures presented in this note include those amounts charged/credited in respect of the discontinued operation.

此附註之披露項目均已包括終止經營業務之相關扣除／計入之金額。



5. TAX

5. 稅項

For the 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
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
HK\$'000	HK\$'000
千港元	千港元

Provision for the period:	期內撥備：		
Hong Kong	香港	-	-
Elsewhere	其他地區	933	1,383
Deferred taxation	遞延稅項	-	-
		933	1,383
Attributable to continuing operations	應佔持續經營業務	933	1,383
Attributable to a discontinued operation	應佔終止經營業務	-	-
		933	1,383

No provision for Hong Kong profits tax has been made as the Group did not generate any taxable profits in Hong Kong during the six months ended 30 June 2007 (the "Period") (2006: Nil).

由於本集團於截至二零零七年六月三十日止六個月(「期間」)並無在香港產生任何應課稅溢利，故未就香港利得稅作出撥備(二零零六年：無)。

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. The subsidiaries established in Mainland China are subject to income taxes at the rate of 33% (2006: 33%).

其他地區應課稅溢利稅項根據本集團經營業務所在國家之現有法例、詮釋及慣例，按該等國家之現行稅率計算。於中國大陸成立之附屬公司須按所得稅稅率33%(二零零六年：33%)繳稅。

6. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (2006: Nil).

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share for the Period is based on the loss attributable to ordinary equity holders of the Company of HK\$4,902,000 (2006: HK\$16,652,000) and the weighted average number of 613,241,300 (2006: 518,103,178) ordinary shares in issue during the Period.

The calculation of basic loss per share from continuing operations for the Period is based on the loss attributable to ordinary equity holders of the Company of HK\$4,902,000 (2006: HK\$5,267,000) and the weighted average number of 613,241,300 (2006: 518,103,178) ordinary shares in issue during the Period.

Diluted loss per share amounts for the six months ended 30 June 2006 and 2007 have not been disclosed as the share options outstanding during these periods had anti-dilutive effects on the basic loss per share for these periods.

Diluted loss per share amounts for the six months ended 30 June 2006 and 2007 from continuing operations have not been disclosed as the share options outstanding during these periods had anti-dilutive effects on the basic loss per share for these periods.

6. 中期股息

董事不建議派付期間之中期股息(二零零六年：無)。

7. 本公司普通股權益持有人應佔每股虧損

期間每股基本虧損乃根據本公司普通股權益持有人應佔虧損4,902,000港元(二零零六年：16,652,000港元)及期間已發行普通股之加權平均數613,241,300股(二零零六年：518,103,178股)計算。

期內來自持續經營業務之每股基本虧損乃根據本公司普通股權益持有人應佔虧損4,902,000港元(二零零六年：5,267,000港元)及期間已發行普通股之加權平均數613,241,300股(二零零六年：518,103,178股)計算。

由於截至二零零六年及二零零七年六月三十日止六個月尚未行使之購股權對此等期間每股基本虧損有反攤薄影響，故並無呈列此等期間每股攤薄虧損金額。

由於截至二零零六年及二零零七年六月三十日止六個月尚未行使之購股權對此等期間每股基本虧損有反攤薄影響，故並無呈列此等期間持續經營業務之每股攤薄虧損金額。



8. TRADE RECEIVABLES

The aged analysis of the trade receivables at the balance sheet date, net of provisions, is as follows:

		30 June 2007 二零零七年 六月三十日 (Unaudited) (未經審核)		31 December 2006 二零零六年 十二月三十一日 (Audited) (經審核)	
		HK\$'000 千港元	Percentage 百分比	HK\$'000 千港元	Percentage 百分比
Within 6 months	6個月內	6,554	20	10,027	39
More than 6 months but within 1 year	超過6個月但 不超過1年內	9,619	29	-	-
More than 1 year but within 2 years	超過1年但 不超過2年內	-	-	4,195	16
More than 2 years	超過2年	16,487	51	11,732	45
		32,660	100	25,954	100
Portion classified as current assets	列為流動 資產之部份	(32,660)		(25,954)	
Non-current assets	非流動資產	-		-	

The Group generally grants credit terms of 3 to 12 months to the customers.

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

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

8. 貿易應收款項

本集團貿易應收款項於結算日(撥備淨額)之賬齡分析如下:

本集團一般授予買家3至12個月信貨期。

本集團貿易應收款項之賬齡根據銷售協議所列分期付款到期日營業額確認日計算。

所出售物業之法定所有權由本集團保有，直至合約金額及物業相關開支全數支付為止。

9. TRADE PAYABLES

An aged analysis of the trade payables at the balance sheet date is as follows:

9. 貿易應付款項

本集團之貿易應付款項於結算日之賬齡分析如下：

		30 June 2007 二零零七年 六月三十日 (Unaudited) (未經審核)		31 December 2006 二零零六年 十二月三十一日 (Audited) (經審核)	
		HK\$'000 千港元	Percentage 百分比	HK\$'000 千港元	Percentage 百分比
Within 6 months	6個月內	31	1	37	1
More than 6 months but within 1 year	超過6個月但 不超過1年內	-	-	3,581	28
More than 1 year but within 2 years	超過1年但 不超過2年內	2,146	19	-	-
More than 2 years but within 3 years	超過2年但 不超過3年內	-	-	84	1
Over 3 years	超過3年	9,349	80	8,947	70
		11,526	100	12,649	100

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

本集團貿易應付款項之賬齡分析根據收取貨物或服務提供日起計算。



10. CONTINGENT LIABILITIES

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

10. 或然負債

於結算日，本集團並未於財務報表作出撥備之或然負債如下：

	30 June 2007 二零零七年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2006 二零零六年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties	3,939	4,039

11. PLEDGE OF ASSETS

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

11. 資產抵押

本集團之銀行貸款乃以本集團若干投資物業及本公司簽訂之公司擔保作為支持。

12.COMMITMENTS

12.承擔

Commitments under operating leases

經營租約承擔

(i) As lessor

(i) 作為出租人

The Group leases certain of its investment properties and POS equipment under operating lease arrangements with leases negotiated for terms of two years and five years, respectively.

本集團根據經營租賃安排出租其若干投資物業及POS設備，經磋商之租約年期分別為兩年及五年。

At 30 June 2007, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

於二零零七年六月三十日，本集團根據不可撤銷之經營租約與其租客訂立之未來最低租約應收款項及到期日如下：

		Group 本集團	
		30 June 2007 二零零七年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2006 二零零六年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Within one year	於一年內	5,782	10,312
In the second to fifth years, inclusive	於第二至第五年 (包括首尾兩年)	1,329	3,210
		7,111	13,522



12.COMMITMENTS (Cont'd)

12.承擔(續)

Commitments under operating leases (Cont'd)

經營租約承擔(續)

(ii) As lessee

(ii) 作為承租人

The Group leases its office properties under operating lease arrangements with leases negotiated for terms ranging from one to two years.

本集團根據經營租約安排租用辦公室物業，所議定之租期介乎一至兩年。

At 30 June 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

於二零零七年六月三十日，本集團根據不可撤銷之經營租約未來最低應付租金款項及到期日如下：

		Group 本集團	
		30 June 2007 二零零七年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2006 二零零六年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Within one year	於一年內	1,104	272
In the second to fifth years, inclusive	於第二至第五年 (包括首尾兩年)	1,012	-
		2,116	272

13. LITIGATION

- (a) A writ of summon was issued in August 2005 by a former director of a subsidiary of the Company (the "Former Director") against certain defendants which include, inter alia, the Company, a wholly owned subsidiary of the Company, and a director and certain accounting staff of the Company. According to the summons, the Former Director claimed certain damages in relation to the acquisition of a subsidiary by the Group from a private company controlled by the Former Director in December 2000. In the Indorsement of Claims, the Former Director claimed that a receipt for a consideration of HK\$33,500,000 signed by the private company controlled by her be set aside and demanded for payment of outstanding consideration in the amount of HK\$33,500,000.

The Company has filed an acknowledgement of service to defend the proceedings in February 2006. No further development took place since then. Having consulted the Group's legal counsel, the directors concluded that no provision for the proceedings is required in this stage.

- (b) A wholly-owned subsidiary (the "Subsidiary") of the Group received two notices issued by the court in Mainland China in 2006. A former property agent (the "Former Agent") has claimed that the Subsidiary had improperly early terminated their business relationships in 2005 and the Former Agent also made a total claim of RMB29.0 million (equivalent to HK\$28.8 million) against the Subsidiary.

13. 訴訟

- (a) 於二零零五年八月，本公司附屬公司一名前董事（「前董事」）向若干被告（其中包括本公司、本公司一家全資附屬公司及本公司一名董事及若干會計人員）發出傳訊令狀，內容有關本集團於二零零零年十二月向該前董事收購一間該前董事控制的私營公司附屬公司造成之若干損失提出索償。於索償書中，該前董事聲稱其控制的私營公司簽署之代價33,500,000港元之收據應撤回並要求支付未償代價金額33,500,000港元。

本公司已於二零零六年二月提交送達認收書以提出抗辯，其後並無任何進一步發展，經諮詢本集團的法律顧問，董事認為，現階段毋須就司法程序作出撥備。

- (b) 本集團之一家全資附屬公司（「附屬公司」）於二零零六年收到中國內地法院發出之兩份通告。前物業代理（「前代理」）聲稱附屬公司於二零零五年不當地提早終止雙方之業務關係，而前代理亦向附屬公司提出索償，索償總額達人民幣29,000,000元（相當於28,800,000港元）。



13. LITIGATION (Cont'd)

The Group has filed a counterclaim in relation to the above claims made by the Former Agent. Having consulted the Group's legal counsel, the directors concluded that the chance the claim will succeed is low and hence no provision for the proceedings is required at this stage.

13. 訴訟 (續)

本集團就前代理提出之上述索償提出反索償。經諮詢本集團法律顧問之意見後，董事之結論為索償成功機會不高，因此現階段毋須就訴訟撥備。

14. POST BALANCE SHEET EVENTS

- (a) On 4 July 2007, the Company entered into subscription agreements with two independent subscribers which had conditionally agreed to subscribe for an aggregate of 120 million shares to be issued and allotted by the Company at a subscription price of HK\$0.30 per share. On 17 July 2007, the Company issued and allotted 120 million shares at HK\$0.30 per share resulting in raising net proceeds of approximately HK\$35.7 million, which will be utilised for business development and general working capital of the Group.
- (b) On 31 August 2007, 42,000,000 share options with an exercise price of HK\$0.20 per share were exercised.

14. 結算日後事項

- (a) 於二零零七年七月四日，本公司與兩名獨立認購人訂立認購協議，彼等已有條件同意以每股0.30港元之認購價認購由本公司發行及配發合共120,000,000股股份。於二零零七年七月十七日，本公司已經按每股0.30港元之價格發行及配發120,000,000股股份，籌集所得款項淨額約35,700,000港元將用作本集團的業務發展及一般營運資金。
- (b) 於二零零七年八月三十一日，合共42,000,000份行使價每股0.20港元之購股權已獲行使。

15. COMPARATIVE AMOUNTS

Following the disposal of the Group's business of telecommunication and other related services in December 2006, the principal businesses of the Group now mainly comprise of property investment and leasing of equipment, and therefore the presentation of the financial statements has been revised accordingly.

15. 比較數字

於二零零六年十二月出售本集團之電訊及其他相關服務業務後，本集團之主要業務現主要包括物業投資及租賃設備，因此財務報表之呈列方面已作出相應修訂。

REVIEW OF RESULTS

The Directors would like to report that the Group recorded a turnover of HK\$6,577,000 (30 June 2006: HK\$6,223,000) for the six months ended 30 June 2007 (the "Period"), representing an increase of 6% compared with the corresponding period. Loss attributable to ordinary equity holders of the Company was HK\$4,902,000 (30 June 2006: HK\$16,652,000) for the Period.

REVIEW OF OPERATIONS

The Group's turnover during the Period mainly comprised of rental income generated from the commercial podium in Chongqing, the People's Republic of China (the "PRC") and the leasing of point-of-sale ("POS") equipment in Guangzhou, the PRC.

Property investment

The rental income generated from leasing of the commercial units in Gang Yu Square in Chongqing in the PRC increased in the Period compared with 2006.

The occupancy rate of the square remained satisfactory during the Period. It was expected that the business would continue to generate a steady stream of income to the Group.

Leasing of POS equipment

Since 2003, the Group had engaged in the business of leasing corded and cordless POS equipment in Guangzhou, the PRC. The demand for POS equipment remained steady during the Period. The Group will explore business opportunities for other value added services adhered to the leasing of the POS equipment.

業績回顧

董事會宣佈，本集團於截至二零零七年六月三十日止六個月（「期間」）錄得營業額 6,577,000 港元（二零零六年六月三十日：6,223,000 港元），與上一年同期比較上升 6%。本期間本公司普通股權益持有人應佔虧損為 4,902,000 港元（二零零六年六月三十日：16,652,000 港元）。

業務回顧

本集團於期間之營業額主要包括位於中華人民共和國（「中國」）重慶之商場所帶來之租金收入及在中國廣州租賃銷售設備（「POS 設備」）。

房地產投資

期間出租中國重慶港渝廣場之商業單元所得之租金收入較二零零六年同期有所增加。

於期間內，中國重慶港渝廣場之出租率依然理想。預期該項業務將持續為本集團帶來穩定之收入來源。

租賃 POS 設備

本集團自二零零三年起已在中國廣州從事租賃有線及無線 POS 設備。期內，市場對 POS 設備之需求保持穩定。本集團將開拓更多有關租賃 POS 設備其他增值服務之商機。



REVIEW OF OPERATIONS (Cont'd)

業務回顧 (續)

Postponement of payment of the balance of a consideration

延遲支付代價餘額

In November 2002, it was announced that the Group was contracted to dispose certain assets to an independent third party at a consideration of HK\$350,000,000 payable by installments. Pursuant to a second supplemental agreement dated 26 January 2005, the timing for payment of the balancing consideration of HK\$90,000,000 in relation to the subject disposal was extended without interest to not later than 26 July 2005. However, given the total gross floor area of a proposed site of the underlying properties was not yet determined by the relevant governmental authorities, the purchaser to the transaction therefore requested that the payment of an amount of HK\$40,000,000 be further deferred to not later than 30 January 2006 without interest. On 23 January 2006, the Group entered into an agreement with the purchaser to reschedule the repayment date of the remaining consideration of HK\$40,000,000 on or before 31 January 2007.

於二零零二年十一月，本集團公佈，本集團根據合約向獨立第三方出售若干資產，代價為350,000,000港元並以分期付款方式支付。根據日期為二零零五年一月二十六日之第二次補充協議，就該出售而須支付本集團之代價餘額90,000,000港元之付款時間已順延至不遲於二零零五年七月二十六日。然而，鑒於有關政府當局尚未確定相關物業建議之地塊之總樓面面積，該交易之買方遂要求款項40,000,000港元之支付時間進一步順延至不遲於二零零六年一月三十日，並且不計利息。於二零零六年一月二十三日，本集團與買家訂立一項協議，更改餘下代價40,000,000港元之支付日期（於二零零七年一月三十一日或之前）。

On 25 January 2007, the Group entered into an agreement with the purchaser to further reschedule the repayment date of the remaining consideration of HK\$40,000,000 on or before 31 January 2008. In this connection, the Group has received a sum of HK\$310,000,000 out of HK\$350,000,000 from the purchaser to the transaction.

於二零零七年一月二十五日，本集團與買方訂立協議，以進一步將餘下代價40,000,000港元之還款日改為二零零八年一月三十一日或之前。因此，本集團已由該交易之買方獲得350,000,000港元中之合共310,000,000港元。

REVIEW OF OPERATIONS (Cont'd)

業務回顧 (續)

Litigation

訴訟

(a) A writ of summons was issued in August 2005 by a former director of a subsidiary of the Company (the "Former Director") against, inter alia, the Company. According to the summons, the Former Director claimed certain damages in relation to the acquisition of a subsidiary by the Group from a private company controlled by the Former Director in December 2000. In the Indorsement of Claims, the Former Director claimed that a receipt for a consideration of HK\$33,500,000 signed by the private company controlled by her be set aside and demanded for payment of outstanding consideration in the amount of HK\$33,500,000. The Company has filed an acknowledgement of service to defend the proceedings in February 2006. No further development took place since then.

(a) 於二零零五年八月，本公司附屬公司一名前董事（「前董事」）向（其中包括）本公司發出傳訊令狀，內容有關本集團於二零零零年十二月向該前董事收購一間該前董事控制的私營公司附屬公司造成之若干損失提出索償。於索償書中，該前董事聲稱其控制的私營公司簽署之代價33,500,000港元之收據應撤回並要求支付未償代價金額33,500,000港元。本公司已於二零零六年二月提交送達認收書以提出抗辯。其後並無進一步進展。

Given that the aggregate amount under all the claims is not material to the Group as a whole and the litigation is expected to continue for a period of time before a judgment is made, the Group is of the view that the proceedings will not have any immediate material adverse impact on the financial position, cashflow and business operation of the Group. No provision for the proceedings has been made at this stage.

鑒於索償總額對本集團整體而言並不重大，且該訴訟在法院判決前仍將持續一段時間，故本集團認為，該訴訟將不會對本集團之財務狀況、現金流量及業務營運產生任何即時重大不利影響。現階段並無就司法程序作出撥備。



REVIEW OF OPERATIONS (Cont'd)

業務回顧(續)

Litigation (Cont'd)

訴訟(續)

(b) Two writs of summons were issued in Chongqing in November 2006 by a third party (the "Plaintiff") against a wholly-owned subsidiary of the Group (the "Defendant"). According to the two summons, the Plaintiff claimed certain damages in relation to the unilateral termination of an estate management contract by the Defendant. In the Endorsement of Claims, the Plaintiff demanded for payment of compensation and amounts due to the Plaintiff in an aggregate amount of RMB29.0 million (HK\$28.8 million). The Defendant then filed another writ of summons in the capacity of plaintiff against the Plaintiff in Chongqing in November 2006 for counter-claim of an aggregate amount of RMB68.5 million (HK\$68.2 million) plus interest. The Chongqing Municipal High People's Court (重慶市高級人民法院) has given direction to consolidate the proceedings of the three writs of summons.

(b) 二零零六年十一月，一名第三方（「原告人」）於重慶針對本集團一家全資附屬公司（「被告人」）發出兩份傳訊令狀。根據該兩份傳訊令狀，原告人就被告人單方面終止一份房地產管理合同申索若干損失。在索償書中，原告人要求支付賠償金及欠付原告人之款項，總額為人民幣29,000,000元（28,800,000港元）。其後於二零零六年十一月，被告人以原告人身份，於重慶針對原告人另外送呈一份傳訊令狀，反申索總額人民幣68,500,000元（68,200,000港元），外加利息。重慶市高級人民法院已發出指令，以綜合該三份傳訊令狀之法律程序。

Having consulted with the Defendant's legal counsel in Mainland China, the Group is of the view that the legal ground of the Plaintiff is thin and therefore no provision for the proceedings has been made at this stage.

本集團向被告人之中國內地律師徵詢意見後，認為原告人之法律理據薄弱，故此，在此階段並未就有關法律程序作出撥備。

FINANCIAL REVIEW

財務回顧

Liquidity and financial resources

流動資金及財務資源

The Group generally financed its businesses with internally generated cash flows and banking facilities during the Period. Cash and bank balances of the Group as at 30 June 2007 amounted to HK\$191,134,000 (31 December 2006: HK\$178,602,000) and pledged deposits of HK\$3,522,000 (31 December 2006: HK\$404,000).

於期間內，本集團一般以內部產生之流動現金及銀行信貸作為其運作所需資金。於二零零七年六月三十日，本集團之現金及銀行結存達191,134,000港元（二零零六年十二月三十一日：178,602,000港元），及已抵押存款3,522,000港元（二零零六年十二月三十一日：404,000港元）。

FINANCIAL REVIEW (Cont'd)

Liquidity and financial resources (Cont'd)

As at 30 June 2007, the Group had outstanding borrowings of approximately HK\$27,356,000 (31 December 2006: HK\$25,543,000) comprising interest-bearing bank loans amounted to HK\$25,000,000 (31 December 2006: HK\$22,933,000) and finance lease payable amounted to HK\$2,356,000 (31 December 2006: HK\$2,610,000). All the Group's interest-bearing bank loans are repayable within one year or on demand. The bank loans as at 30 June 2007 were charged at fixed interest rate (31 December 2006: HK\$nil).

The Group's gearing ratio as at 30 June 2007 was 0.22 (31 December 2006: 0.2), calculated based on the Group's total liabilities, excluding deferred income, of HK\$137,929,000 (31 December 2006: HK\$118,848,000) over total assets of HK\$616,491,000 (31 December 2006: HK\$589,795,000).

Currency structure

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

Pledge of assets

The Group had utilized bank loan facilities amounting to approximately HK\$25,000,000 (31 December 2006: HK\$22,933,000) as at 30 June 2007. The bank loans were supported by certain of the Group's investment properties and a corporate guarantee executed by the Company.

財務回顧 (續)

流動資金及財務資源 (續)

於二零零七年六月三十日，本集團有未償還借款約27,356,000港元(二零零六年十二月三十一日：25,543,000港元)，包括計息之銀行貸款為25,000,000港元(二零零六年十二月三十一日：22,933,000港元)及應付融資租賃費達2,356,000港元(二零零六年十二月三十一日：2,610,000港元)。本集團所有計息銀行貸款均須於一年內或按要求償還。於二零零七年六月三十日之銀行貸款按固定息率計息(二零零六年十二月三十一日：無)。

本集團於二零零七年六月三十日之資本負債比率為0.22(二零零六年十二月三十一日：0.2)，乃按本集團債務總額(不包括遞延收入)137,929,000港元(二零零六年十二月三十一日：118,848,000港元)除以資產總值616,491,000港元(二零零六年十二月三十一日：589,795,000港元)計算。

貨幣結構

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

資產抵押

於二零零七年六月三十日，本集團經已使用約25,000,000港元之銀行信貸額(二零零六年十二月三十一日：22,933,000港元)。銀行貸款以本集團若干投資物業及本公司簽立之公司擔保作為支持。



FINANCIAL REVIEW (Cont'd)

Contingent liabilities

As at 30 June 2007, guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties amounted to HK\$3,939,000 (31 December 2006: HK\$4,039,000).

EMPLOYEES AND REMUNERATION POLICY

The Group employed about 16 full time staff in Hong Kong, Chongqing and Guangzhou as at 30 June 2007. Employees were remunerated according to the nature of their job and market trend, with built-in merit components incorporated in the annual increment to reward and motivate individual performance. In Chongqing and Guangzhou, the Group provided staff welfare and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, other staff benefits included medical schemes and Mandatory Provident Fund Schemes.

PROSPECTS

The Group is principally engaged in property investment and leasing of point-of-sale equipment in the PRC. Given that the Group had extensive experience in property development and investment in the PRC since 1992, the Directors consider that they should capitalize their expertise and connections in this area for the Group's future business development. Hence, it is expected that the Group will consolidate its business sectors and formulate a new business direction in the coming year. In this respect, the Directors are optimistic that the continuing economic growth in the PRC will serve to facilitate the business growth of the Group.

財務回顧 (續)

或然負債

於二零零七年六月三十日，就銀行向本集團物業若干買家批出之按揭貸款而作出之擔保達3,939,000港元(二零零六年十二月三十一日：4,039,000港元)。

僱員及薪酬政策

於二零零七年六月三十日，本集團在香港、重慶及廣州共僱用約16名全職僱員。本集團根據員工之工作性質及市場趨勢釐定酬金，每年加薪亦考慮個別員工之優異表現，以獎勵及激勵員工爭取表現。就重慶及廣州而言，本集團按現行勞動法為員工提供福利及花紅，而在香港則提供醫療計劃及強制性公積金計劃。

前景

本集團主要在中國從事物業投資及租賃銷售點設備。本集團自一九九二年已從事中國物業發展及投資，經驗豐富，董事認為本集團應利用其於此方面之知識及聯繫網絡，為本集團未來業務發展鋪路。因此，預期本集團將在未來一年鞏固其業務並制訂全新之業務方向。就此報告而言，董事樂觀認為，中國經濟持續增長將有利於本集團之業務增長。

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

董事／主要行政人員所擁有之本公司及各相聯法團股份權益

As at 30 June 2007, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors and which were required to be entered into the register pursuant to Section 352 of the SFO, were as follows:

於二零零七年六月三十日，根據證券及期貨條例（「證券及期貨條例」）第XV部第7及8分部規定及根據上市公司董事進行證券交易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」），以及須根據證券及期貨條例第352章規定載入登記冊之本公司董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中之權益及淡倉（包括根據該等證券及期貨條例規定被認為或被視為擁有之權益及淡倉）如下：

Long position in shares of the Company

於本公司股份之長倉

Name of Director	董事姓名	Number of shares held, capacity and nature of interest Through controlled corporation	Percentage of the issued share capital 佔已發行股本百分比
		所持股份數目、身份及 權益性質 透過受控法團持有	
Ho Tsam Hung	何湛雄	14,500,000 (Note 1) (附註1)	2.36%
Ho Kam Hung	何鑑雄	27,000,000 (Note 2) (附註2)	4.40%



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

董事／主要行政人員所擁有之本公司及各相聯法團股份權益(續)

Notes:

附註：

(1) 14,500,000 shares are beneficially held by Ho Tsam Hung through Morgan Estate Assets Limited.

(1) 14,500,000股由何湛雄透過Morgan Estate Assets Limited實益持有。

(2) 27,000,000 shares are beneficially held by Ho Kam Hung through Morcambe Corporation.

(2) 27,000,000股由何鑑雄透過Morcambe Corporation實益持有。

SHARES IN ASSOCIATED CORPORATIONS OF THE COMPANY

本公司相聯法團股份

At 30 June 2007, the following Directors of the Company had interests in the non-voting deferred shares in certain of the Company's subsidiaries:

於二零零七年六月三十日，下列董事所擁有之本公司若干附屬公司無投票權遞延股之權益如下：

Long position in shares of the associated corporations

於相聯法團股份之長倉

(a) Interests in the non-voting deferred shares of Smart Hero (Holdings) Limited

(a) 所擁有之超霸控股有限公司無投票權遞延股份權益

Name of Director	董事姓名	Number of shares held and nature of interest	Percentage of the issued share capital
		Beneficial owner 所持股份數目及 權益性質 實益擁有人	
Ho Tsam Hung	何湛雄	91	30.13%
Ho Kam Hung	何鑑雄	91	30.13%

SHARES IN ASSOCIATED CORPORATIONS OF THE COMPANY
(Cont'd)

本公司相聯法團股份(續)

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

(b) 所擁有之中華置業地產投資有限公司無投票權遞延股份權益

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

All the above mentioned non-voting deferred shares carry no rights to dividends, to receive notice of or to attend or vote at any general meeting of the relevant company, or to participate in any distribution on winding-up.

上述所有無投票權遞延股份無權獲派股息、接收有關公司之股東週年大會通告或出席任何大會或於大會上投票，或參與任何清盤資產分派。

Save as disclosed above, as at 30 June 2007, to the knowledge of the Company, none of the directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

除上文所披露者外，據本公司所知，於二零零七年六月三十日，根據證券及期貨條例第352條規定設置之登記冊所記錄，概無任何本公司董事或主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有或被視為擁有任何權益或淡倉，或根據證券及期貨條例第XV部第7及8分部及標準守則須知會本公司及聯交所之權益或淡倉。



DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

SHARE OPTION SCHEME

The Company's share option scheme which was adopted on 19 September 1997 (the "Old Scheme") was terminated and replaced by a new share option scheme (the "New Scheme") on 11 June 2002. No share options were outstanding under the Old Scheme during the Period.

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

There is no change in any terms of the New Scheme during the Period. The detailed terms of the New Scheme were disclosed in the Company's 2006 annual report.

董事購買股份之權利

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

購股權計劃

本公司於一九九七年九月十九日採納之購股權計劃（「舊計劃」）已於二零零二年六月十一日終止，並由新購股權計劃（「新計劃」）取代。於有關期間內，概無根據舊計劃之尚未行使購股權。

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

期內新計劃條款並無任何變化。新計劃之詳細條款於本公司二零零六年度年報內披露。

SHARE OPTION SCHEME (Cont'd)

購股權計劃 (續)

The following share options were outstanding under the New Scheme during the Period: 期內根據新計劃尚未行使之購股權如下：

Name/category of participant 姓名/參與者類別	Number of share options 購股權數目				Date of grant of share options 購股權授出日期	Exercise period of share options 購股權行使期	Exercise price of share options 購股權行使價 HK\$ 港元
	At 1 January 2007 於二零零七年一月一日	Granted during the Period 期內授出	Exercised during the Period 期內行使	At 30 June 2007 於二零零七年六月三十日			
Other employees and consultants 其他僱員及顧問							
In aggregate 合共	800,000	-	-	800,000	30 March 2006 二零零六年三月三十日	30 March 2006 to 29 March 2009 二零零六年三月三十日至二零零九年三月二十九日	0.32
	-	50,000,000	-	50,000,000	6 March 2007 二零零七年三月六日	6 March 2007 to 5 March 2010 二零零七年三月六日至二零零九年三月五日	0.20
	800,000	50,000,000	-	50,800,000			



SHARE OPTION SCHEME (Cont'd)

購股權計劃 (續)

The fair value of share options granted on 6 March 2007 determined using the Black-Scholes valuation model was HK\$992,000. The significant inputs into the model were as follows:

利用畢蘇期權定價模式計算於二零零七年三月六日授出之購股權公平值為992,000港元。該模式之輸入因素如下：

Share option grant date

授出購股權日期

6 March 2007

二零零七年

三月六日

Share price at the grant date	於授出日期股價	HK\$0.14港元
Exercise price	行使價	HK\$0.20港元
Expected volatility	預期波幅	130.40%
Expected dividend yield	預期股息率	Nil無
Expected life of options	預期購股權年期	0.25year年
Risk free interest rate	無風險年利率	3.67%

The expected life of the options is based on the historical data over the past four years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

購股權之預期年期乃按照過去四年之歷史數據計算，而未必能顯示可能發生之行使模式。預期波幅反映歷史波幅顯示未來趨勢之假設，而未來趨勢亦不一定為實際結果。

Subsequent to the balance sheet date, on 31 August 2007, 42,000,000 share options with an exercise price of HK\$0.20 per share were exercised.

於結算日後，於二零零七年八月三十一日，42,000,000份行使價每股0.20港元之購股權已獲行使。

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, as far as is known to the Directors or the chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had interests or short positions in the shares and underlying share as recorded in the register required to be kept under section 336 of the SFO:

主要股東

於二零零七年六月三十日，據本公司任何董事或主要行政人員所知，以下人士(本公司之董事或主要行政人員除外)擁有登記於根據證券及期貨條例第336條之規定存置之登記冊之股份及相關股份中之權益或淡倉如下：

Long position in shares of the Company

於本公司股份之長倉

Name 名稱	Capacity and Nature of interest 身份及權益性質	Number of Shares held 所持股份數目	Percentage of the issued share capital 佔已發行 股本百分比
Hero Grand Investments Limited (Note 附註 1)	Directly beneficially owned 直接實益擁有人	77,000,000	12.56
Leung Po Wa (Note 附註 1)	Through controlled corporation 透過受控法團	77,000,000	12.56
High Rank Enterprises Limited (Note 附註 2)	Directly beneficially owned 直接實益擁有人	31,700,000	5.17

Notes:

附註：

1. Hero Grand Investments Limited is wholly-owned by Leung Po Wa.
2. Each of Ho Tsam Hung and Ho Kam Hung, being the executive directors, is interested in approximately 31.58% of the issued share capital of High Rank Enterprises Limited. Ho Tsam Hung and Ho Kam Hung are brothers.

1. Hero Grand Investments Limited 由 Leung Po Wa 全資擁有。
2. 何湛雄及何鑑雄均為執行董事，各持有 High Rank Enterprises Limited 已發行股本約 31.58% 權益。何湛雄及何鑑雄為兄弟。



SUBSTANTIAL SHAREHOLDERS (Cont'd)

Save as disclosed above, as at 30 June 2007, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company complied with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the Period, except for the following deviation:

Code Provision A.4.2

The second part of Code A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

However, the Chairman of the Board and/or the Managing Director of the Company had retired and voluntarily offered themselves for re-election at general meetings in the past years. The Directors consider that this practice is in line with the spirit of the Code's practice.

主要股東 (續)

除上文所披露者外，於二零零七年六月三十日，概無除本公司董事外之任何人士（其權益載於上文「董事於股份及相關股份之權益及淡倉」一節）擁有根據證券及期貨條例第336條規定須予登記之本公司股份及相關股份之權益或淡倉。

企業管治常規守則

董事認為，除有下列偏離外，本公司於整段期間符合上市規則附錄十四所載企業管治常規守則（「守則」）：

守則條文A.4.2條

守則A.4.2條第二部分訂明，每名董事（包括有指定任期之董事）應輪值退任，至少每三年一次。

然而，董事會主席及／或本公司董事總經理於過往年度均在股東大會上辭任並自願重選。董事認為此慣例符合守則常規之精神。

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by its directors. Having made specific enquiry of the Directors, the Company confirmed that the Directors had complied with required standard set out in the Model Code throughout the accounting period covered by the interim report.

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

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

REVIEW BY AUDIT COMMITTEE

The Interim Results had been reviewed by the Audit Committee of the Company.

By order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 24 September 2007

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守則。經向董事查詢後，本公司確認董事於中期報告所涵蓋之會計期間已遵守標準守則所規定之準則。

買賣或贖回本公司上市證券

期內，本公司或其任何附屬公司概無買賣或贖回任何本公司之上市證券。

由審核委員會審閱

中期業績已由本公司之審核委員會審閱。

承董事會命
執行董事
何鑑雄

香港，二零零七年九月二十四日