



ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

interim report 2005

* 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 2005 (the "Interim Results"), together with the comparative figures for the corresponding period in 2004 as follows:

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」)截至二零零五年六月三十日止六個月之未經審核綜合業績(「中期業績」)，連同二零零四年同期之比較數字如下：

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

簡明綜合損益賬

		For the six months ended 30 June 截至六月三十日止六個月	
		2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (Unaudited) (未經審核) HK\$'000 千港元
		Notes 附註	
TURNOVER	營業額	3	11,139
Cost of sales	銷售成本		(10,897)
Gross profit	毛利		242
Other revenue	其他收益		751
Revaluation surplus on investment properties	重估投資物業盈餘		10,700
Gain on disposal of interests in subsidiaries	出售附屬公司權益 所得收益		-
Selling and distribution costs	銷售及經銷費用		85,763
Administrative expenses	行政開支		(12)
Other operating expenses	其他經營開支		(9,831)
Finance costs	財務費用	5	(5,361)
			(3,091)
(LOSS)/PROFIT BEFORE TAX	稅前(虧損)/溢利	6	(6,590)
Tax	稅項	7	74,260
			(62)
(LOSS)/PROFIT FOR THE PERIOD	期間(虧損)/溢利		(10,191)
ATTRIBUTABLE TO:	歸屬於：		
Equity holders of the parent	母公司權益持有人		(10,202)
Minority Interests	少數股東權益		11
			74,182
			16
			(10,191)
			74,198
(LOSS)/EARNINGS PER SHARE	每股(虧損)/盈利		
- BASIC	- 基本	9	HK(0.25) cent港仙
- DILUTED	- 攤薄		HK2.45 cents港仙
			HK(0.23) cent港仙
			N/A不適用

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

		30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核)	31 December 2004 二零零四年 十二月三十一日 (Restated) (重列)
		HK\$'000 千港元	HK\$'000 千港元
		Notes 附註	
NON-CURRENT ASSETS	非流動資產		
Fixed assets	固定資產	123,362	130,186
Investment properties	投資物業	194,300	183,600
Intangible assets	無形資產	19,485	23,303
Goodwill	商譽	128,788	84,882
Trade receivables	貿易應收款項	10,056	10,055
Prepaid rental	預付租金	17,321	17,808
Deposit and other receivable	按金及其他應收款項	28,014	64,003
Pledged deposits	已抵押存款	779	776
		522,105	514,613
CURRENT ASSETS	流動資產		
Trade receivables	貿易應收款項	29,847	35,689
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款項	104,679	101,886
Cash and bank balances	現金及銀行結存	81,485	106,254
		216,011	243,829
CURRENT LIABILITIES	流動負債		
Trade payables	貿易應付款項	(31,018)	(31,486)
Tax payable	應付稅項	(14,936)	(14,884)
Other payables and accruals	其他應付款項及應計負債	(15,804)	(17,065)
Interest-bearing bank loans	計息銀行貸款	(40,461)	(49,830)
Finance lease payables	應付融資租賃款項	(505)	(492)
Deferred income	遞延收入	(40,625)	(40,625)
		(143,349)	(154,382)
NET CURRENT ASSETS	流動資產淨額	72,662	89,447
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	594,767	604,060
NON-CURRENT LIABILITIES	非流動負債		
Interest-bearing bank loans	計息銀行貸款	(25,197)	(27,470)
Finance lease payables	應付融資租賃款項	-	(131)
Convertible bonds	可換股債券	(29,602)	(29,426)
Deferred tax liabilities	遞延稅項負債	(26,033)	(22,502)
		(80,832)	(79,529)
		513,935	524,531
CAPITAL AND RESERVES	資本及儲備		
Equity attributable to equity holders of the parent	母公司權益持有人 應佔權益		
Issued capital	已發行股本	94,048	78,388
Reserves	儲備	419,887	430,060
		513,935	508,448
Minority interests	少數股東權益	-	16,083
		513,935	524,531

**CONDENSED CONSOLIDATED
STATEMENTS OF CHANGES IN EQUITY**

簡明綜合股權變動報表

For the six months ended 30 June

截至六月三十日止六個月

2005	2004
二零零五年	二零零四年
	(Unaudited)
	(未經審核)
(Unaudited)	(Restated)
(未經審核)	(重列)
HK\$'000	HK\$'000
千港元	千港元

	Notes 附註	511,679	355,587
Total equity at 1 January:	於一月一日之權益總額		
As previously reported as equity	如前呈列為權益	511,679	355,587
As previously reported separately as minority interests	如前單獨呈列為少數股東權益	16,083	-
		527,762	355,587
Prior period adjustments	前期調整	(3,231)	(3,805)
As restated	重列	524,531	351,782
Changes in equity during the period:	期間權益變動：		
Issue of shares, including share premium	發行股份，包括股份溢價	13 15,660	60,371
Acquisition of a subsidiary	收購附屬公司	13 -	19,660
Acquisition of additional interests in a subsidiary	收購附屬公司額外權益	13 (16,094)	-
Exchange differences on translation of the financial statements of overseas subsidiaries	換算海外附屬公司財務報表產生之匯兌差額	13 29	(1)
Net income not recognised in the profit and loss account	未於損益賬確認之收益淨額	29	(1)
(Loss)/profit for the period	期間(虧損)/溢利	13 (10,191)	74,198
Impairment of goodwill remaining eliminated against consolidated retained profits/(accumulated loss)	仍在綜合保留溢利/(累計虧損)中撇銷之商譽減值	13 -	7,000
Total recognised income and expense for the period	期間已確認之收益及開支總額	(10,162)	81,197
Total equity at 30 June	於六月三十日之權益總額	513,935	513,010
Total recognised income and expense for the period attributable to:	期間已確認之收益及開支總額，歸屬於：		
Equity holders of the parent	母公司權益持有人	(10,173)	81,181
Minority Interests	少數股東權益	11	16
		(10,162)	81,197
Effects of prior period and opening adjustments attributable to:	前期及期初調整之影響，歸屬於：		
Equity holders of the parent	母公司權益持有人	(3,231)	(3,805)
Minority Interests	少數股東權益	-	-
		(3,231)	(3,805)

**CONDENSED CONSOLIDATED
CASH FLOW STATEMENTS**

簡明綜合現金流量報表

		For the six months ended 30 June 2005 截至二零零五年 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 2004 截至二零零四年 六月三十日止 六個月 (Unaudited) (未經審核) HK\$'000 千港元
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	經營業務之現金 (流出)／流入淨額	(4,419)	202,022
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	投資業務之現金 流出淨額	(24,307)	(136,195)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	融資活動之現金 流入／(流出)淨額	3,957	(5,286)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值 項目(減少)／增加	(24,769)	60,541
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	期初之現金及現金 等值項目	106,254	41,312
CASH AND CASH EQUIVALENTS AT END OF PERIOD	期終之現金及現金 等值項目	81,485	101,853
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	81,485	101,853

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 2004, 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 adopted for the first time for the current period’s financial statements:

HKAS 1	Presentation of Financial Statements 財務報表的列報
HKAS 2	Inventories 存貨
HKAS 7	Cash Flow Statements 現金流量表
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors 會計政策，會計估計變更和差錯
HKAS 10	Events after the Balance Sheet Date 結算日後事項
HKAS 12	Income Taxes 所得稅
HKAS 16	Property, Plant and Equipment 物業，廠房及設備
HKAS 17	Leases 租賃
HKAS 18	Revenue 收入

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的並且在本期財務報表中首次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二零零四年十二月三十一日止年度的財務報表一致。

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1. 主要會計政策 (續)

HKAS 19	Employee Benefits 僱員福利
HKAS 21	The Effects of Changes in Foreign Exchange Rates 外幣匯率變動影響
HKAS 23	Borrowing Costs 借款費用
HKAS 24	Related Party Disclosures 關聯方披露
HKAS 27	Consolidated and Separate Financial Statements 綜合及獨立財務報表
HKAS 31	Investments in Joint Ventures 於合營公司的權益
HKAS 32	Financial Instruments: Disclosure and Presentation 金融工具：披露與列報
HKAS 33	Earnings per Share 每股盈利
HKAS 36	Impairment of Assets 資產減值
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets 撥備或有負債和或有資產
HKAS 38	Intangible Assets 無形資產
HKAS 39	Financial Instruments: Recognition and Measurement 金融工具：確認和計量
HKAS 40	Investment Property 投資物業
HKFRS 2	Share-based Payment 基於股權的支付
HKFRS 3	Business Combinations 企業合併
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets 所得稅－已重估非折舊性資產的收回

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The adoption of HKASs 1, 2, 7, 8, 10, 12, 16, 17, 18, 19, 21, 23, 24, 27, 31, 33, 37, 38 and HKFRS 2 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements. The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 32 and HKAS 39 – Financial Instruments

Convertible bonds

In prior periods, convertible bonds were stated at amortised cost. Upon the adoption of HKASs 32 and 39, convertible bonds issued are split into liability and equity components.

On the issue of the convertible bonds, the fair value of the liability components is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption.

1. 主要會計政策 (續)

採用HKAS 1、2、7、8、10、12、16、17、18、19、21、23、24、27、31、33、37、38和HKFRS 2對本集團的會計政策和在本集團簡明綜合財務報表中的計算方法沒有重大的影響。採用其他HKFRS的影響詳列如下：

(a) HKAS 32及HKAS 39－金融工具

可換股債券

以前期間，可換股債券載列於攤銷成本。採用HKAS 32和39後，已發行可換股債券分為負債及股本兩部份。

發行可換股債券時，負債部分之公平值是利用非可換股債券等值項目之市場比率釐定，且該金額按已攤銷成本為基準入賬列作長期負債，直至在兌換或贖回時註銷為止。

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) HKAS 32 and HKAS 39 – Financial Instruments (Cont'd)

Convertible bonds (Cont'd)

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholder's equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transactions costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

The effects of the above changes are summarised in note 2 to the condensed consolidated financial statements. In accordance with HKAS 32, comparative amounts have been restated.

1. 主要會計政策 (續)

(a) HKAS 32及HKAS 39 – 金融工具 (續)

可換股債券 (續)

所得款項餘額會分配至換股權，於扣除交易成本後在股東權益內確認入賬。換股權賬面值在其後年度不會重新計量。

交易成本乃根據首次確認該等工具時，所得款項分配至負債及權益成份之比例攤分至可換股債券之負債及權益成份。

上述變動之影響概述於簡明綜合財務報表附註2。根據HKAS 32，比較賬目已經重列。

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) HKAS 40 – Investment Property

In prior periods, changes in the fair values of investment properties were dealt with as movements in the investment property revaluation reserve. If the total of this reserve was insufficient to cover a deficit, on a portfolio basis, the excess of the deficit was charged to the income statement. Any subsequent revaluation surplus was credited to the income statement to the extent of the deficit previously charged.

Upon the adoption of HKAS 40, gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

The Group has taken advantage of the transitional provisions of HKAS 40 to adjust the effect of adopting the standard to the opening balance of retained earnings rather than restating the comparative amounts to reflect the changes retrospectively for the earlier period presented in the condensed consolidated financial statements. The effects of the above changes are summarised in note 2 to the condensed consolidated financial statements.

1. 主要會計政策 (續)

(b) HKAS 40 – 投資物業

以前期間，投資物業公允價值的變動在投資物業的重估儲備中處理。如果總體重估價的減損超過總體重估價儲備的盈餘，該超出部份應記入利潤表。之後的重估價盈餘都應記入利潤表的貸方，直至抵消之前的減損。

採用了HKAS 40之後，投資物業公允價值的變動所產生的損益都包括在發生當年的利潤表中。投資物業報廢或出售的損益在報廢或出售當年的利潤表中予以確認。

本集團採用了HKAS 40的過渡性條款，將採用該準則的影響調整保留溢利的期初餘額，而不是重列比較數字，對簡明綜合財務報表列報的最早期間追溯反映變更的影響。上述變更的影響在簡明綜合財務報表的附註2中列示。

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets

In prior periods, goodwill/negative goodwill arising on acquisitions prior to 1 January 2001 was eliminated against consolidated capital reserve in the year of acquisition and was not recognised in the income statement until disposal or impairment of the acquired business.

Goodwill arising on acquisitions on or after 1 January 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment. Negative goodwill was carried in the balance sheet and was recognised in the consolidated income statement on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets, except to the extent it related to expectations of future losses and expenses that were identified in the acquisition plan and that could be measured reliably, in which case, it was recognised as income in the consolidated income statement when the future losses and expenses were recognised.

1. 主要會計政策 (續)

(c) HKFRS 3 – 企業合併及 HKAS 36 – 資產減值

以前期間，對於在二零零一年一月一日以前收購產生的商譽／負商譽在收購當年的合併資本儲備中抵減，除非對收購的業務進行處置或減值，該商譽／負商譽不會轉入利潤表中確認。

對於在二零零一年一月一日及之後收購產生的商譽，作為資產列示，並以直線法在其估計使用期限內攤銷，並且當有任何減值跡象時進行減值測試。負商譽在資產負債表內列賬，並就所收購應折舊／攤銷資產之平均剩餘年內按系統方法在綜合收益表內確認，惟倘其關乎與收購計劃中已識別並且可以可靠計量之預計未來損失及費用，在該情況下，則於確認未來損失及費用時，在綜合收益表內確認為收益。

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets (Cont'd)

Upon the adoption of HKFRS 3 and HKAS 36, goodwill arising on acquisitions is no longer amortised but subject to an annual impairment review (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired). Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Any excess of the Group's interest in the net fair value of the acquirees identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries and associates (previously referred to as "negative goodwill"), after reassessment, is recognised immediately in the income statement.

1. 主要會計政策 (續)

(c) HKFRS 3 – 企業合併及 HKAS 36 – 資產減值 (續)

採用了 HKFRS 3 及 HKAS 36 之後，收購產生的商譽不再攤銷，而是每年進行減值測試（或在某些事項或情形的變動顯示賬面價值可能發生減值時更頻繁地進行）。任何已確認之商譽減值損失在以後期間不可以轉回。

本集團在被購買方的可辨認資產、負債和或有負債的公允價值中所佔權益超過購買附屬公司和聯營公司成本的差額（之前稱為「負商譽」），在重新評估後，立即在利潤表中確認。

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets (Cont'd)

The transitional provisions of HKFRS 3 have required the Group to eliminate at 1 January 2005 the carrying amounts of accumulated amortisation with a corresponding entry to the cost of goodwill and to derecognise the carrying amounts of negative goodwill (including that remaining in consolidated capital reserve) against retained earnings. Goodwill previously eliminated against consolidated capital reserve remains eliminated against consolidated capital reserve and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

The effects of the above changes are summarised in note 2 to the condensed consolidated financial statements. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

1. 主要會計政策 (續)

(c) HKFRS 3 – 企業合併及 HKAS 36 – 資產減值 (續)

HKFRS 3之過渡性條文要求本集團於二零零五年一月一日撇減累計攤銷賬面值，並相應計入商譽成本，及在保留盈利內取銷確認負商譽賬面值(包括於綜合資本儲備內之剩餘部份)。先前已對銷綜合資本儲備之商譽繼續與綜合資本儲備對銷，及當所有或部份與商譽有關之業務出售或與商譽有關之現金產生單元減值時不會於收益表確認。

上述變動之影響概述於簡明綜合財務報表附註2內。遵照HKFRS 3之過渡性條文，本公司並無重列比較數字。

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) HK(SIC)-Int 21 – Income Taxes – Recovery of Revalued Non-depreciable Assets

In prior periods, deferred tax arising on the revaluation of investment properties was recognised based on the tax rate that would be applicable upon the sale of the investment properties.

Upon the adoption of HK(SIC)-Int 21, deferred tax arising on the revaluation of the Group's investment properties is determined depending on whether the properties will be recovered through use or through sale. The Group has determined that its investment properties will be recovered through use, and accordingly the profits tax rate has been applied to the calculation of deferred tax.

The effects of the above changes are summarised in note 2 to the condensed consolidated financial statements. The change has been adopted retrospectively from the earliest period presented and comparative amounts have been restated.

1. 主要會計政策 (續)

(d) HK(SIC)-Int 21 – 所得稅 – 已重估非折舊性資產的收回

以前期間，對於投資物業重估價產生的遞延稅項，按照銷售投資物業所適用的稅率為基礎確認。

採用HK(SIC)-Int 21之後，本集團投資物業重估所產生的遞延稅項是按照物業是通過使用還是銷售來回收其賬面價值來確定。本集團確定將以使用投資物業來回收其賬面價值，因此採用其使用投資物業所適用的稅率來計算遞延稅項。

上述變動之影響概述於簡明綜合財務報表附註2。有關變動已追溯地由最早呈報之期間採納而比較數字亦已重列。

2. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

Following the adoption of the HKFRSs, the opening balances of the following accounts were adjusted retrospectively. The details of the prior period adjustments and opening adjustments are summarised as follows:

2. 會計政策變動影響概要

於採用HKFRS後，以下賬目之期初結餘已相應調整。前期調整及期初調整之詳情概述如下：

(a) Effect on opening balance of total equity at 1 January 2005

(a) 對二零零五年一月一日總權益之期初結餘之影響

Effect of new policies (increase/(decrease))	新政策之影響 (增加/(減少))	Notes 附註	Equity component of convertible bonds (Unaudited) (未經審核) HK\$'000 千港元	Investment property revaluation reserve (Unaudited) (未經審核) HK\$'000 千港元	Retained earnings (Unaudited) (未經審核) HK\$'000 千港元	Total (Unaudited) (未經審核) HK\$'000 千港元
Prior period adjustments:	前期調整：					
HKAS 32	HKAS 32					
- Convertible bonds	- 可換股債券	1(a)	707	-	(133)	574
HK(SIC)-Int 21	HK(SIC)-Int 21					
Deferred tax arising from revaluation of investment properties	投資物業 重估產生之 遞延稅項	1(d)	-	-	(3,805)	(3,805)
Net increase/(decrease) in total equity before opening adjustment	期初調整前 總權益增加/ (減少)淨額		707	-	(3,938)	(3,231)
Opening adjustment:	期初調整：					
HKAS 40	HKAS 40					
Surplus on revaluation of investment properties	投資物業 重估盈餘	1(b)	-	(40,964)	40,964	-
Total effect at 1 January 2005	於二零零五年 一月一日之 總影響		707	(40,964)	37,026	(3,231)

2. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Cont'd)

2. 會計政策變動影響概要 (續)

(b) Effect on opening balance of total equity at 1 January 2004

(b) 對二零零四年一月一日總權益之期初結餘之影響

Effect of new policies (increase/(decrease))	新政策之影響 (增加/(減少))	Notes 附註	Equity component of convertible bonds (Unaudited) (未經審核)	Investment property revaluation reserve (Unaudited) (未經審核)	Retained earnings (Unaudited) (未經審核)	Total (Unaudited) (未經審核)
			可換股債券之 權益部份 (Unaudited) (未經審核)	投資物業 重估儲備 (Unaudited) (未經審核)	保留溢利 (Unaudited) (未經審核)	總計 (Unaudited) (未經審核)
			HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Prior period adjustments:	前期調整：					
HK(SIC)-Int 21	HK(SIC)-Int 21					
Deferred tax arising from revaluation of investment properties	投資物業 重估產生之 遞延稅項	1(d)	-	-	(3,805)	(3,805)
Total effect at 1 January 2004	於二零零四年 一月一日之 總影響		-	-	(3,805)	(3,805)

The following tables summarise the impact on profit after tax, income or expenses recognised directly in equity and capital transactions with equity holders for the six-month periods ended 30 June 2005 and 2004 upon the adoption of the new HKFRSs. As no retrospective adjustments have been made for the adoption of HKASs 39, 40 and HKFRS 3, the amounts shown for the six months period ended 30 June 2004 may not be comparable to the amounts shown for the current interim period.

下表概述採用新HKFRS後，對截至二零零五年及二零零四年六月三十日止六個月期間除稅後溢利及直接於股本及與權益持有人之資本交易中確認之收入或開支之影響。由於採用HKAS 39、40和HKFRS 3並無作追溯調整，故截至二零零四年六月三十日止六個月期間之賬目未必可與本中期期間之賬目作比較。

2. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Cont'd)

2. 會計政策變動影響概要 (續)

(c) Effect on profit after tax for the six months ended 30 June 2005 and 2004

(c) 對截至二零零五年及二零零四年六月三十日止六個月之除稅後溢利之影響

		For the six months ended 30 June 截至六月三十日止六個月					
		2005 二零零五年			2004 二零零四年		
Effect of new policies (increase/ decrease)	新政策之影響(增加/減少)	Equity holders of the parent	Minority interest	Total	Equity holders of the parent	Minority interests	Total
		母公司權益持有人	少數股東權益		母公司權益持有人	少數股東權益	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
	Notes 附註	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
Effect on profit after tax:	除稅後溢利之影響：						
HKAS 40 Surplus on revaluation of investment properties	HKAS 40 投資物業重估盈餘 <i>1(b)</i>	10,700	-	10,700	-	-	-
HKFRS 3 Discontinuation of amortisation of goodwill	HKFRS 3 終止商譽攤銷 <i>1(c)</i>	4,508	-	4,508	-	-	-
HK(SIC)-Int 21 Deferred tax arising from revaluation of investment properties	HK(SIC)-Int 21 投資物業重估產生之遞延稅項 <i>1(d)</i>	(3,531)	-	(3,531)	-	-	-
Total effect for the period	期間之總影響	11,677	-	11,677	-	-	-
Effect as earnings per share:	每股盈利之影響：						
- Basic	- 基本	HK0.28 cent	港仙		-		
- Diluted	- 攤薄	HK0.28 cent	港仙		-		

2. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Cont'd)

2. 會計政策變動影響概要 (續)

(d) Effect on income or expenses recognised directly in equity and capital transactions with equity hold for the six months ended 30 June 2005 and 2004

(d) 對截至二零零五年及二零零四年六月三十日止六個月權益持有人直接於權益及資本交易中確認之收入或開支之影響

		For the six months ended 30 June 截至六月三十日止六個月					
		2005 二零零五年			2004 二零零四年		
Effect of new policies (increase/ decrease)	新政策之影響(增加/減少)	Equity holders of the parent 母公司 權益持有人 (Unaudited) (未經審核)	Minority interest 少數股東權益 (Unaudited) (未經審核)	Total 總計 (Unaudited) (未經審核)	Equity holders of the parent 母公司 權益持有人 (Unaudited) (未經審核)	Minority interests 少數股東權益 (Unaudited) (未經審核)	Total 總計 (Unaudited) (未經審核)
	Notes 附註	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
HKAS 40 Surplus on revaluation of investment properties no longer recognised in reserve	HKAS 40 投資物業重估盈餘並無確認於儲備 1(b)	(10,700)	-	(10,700)	-	-	-
HK(SIC)-Int 21 Deferred tax arising from revaluation of investment properties	HK(SIC)-Int 21 投資物業重估產生之遞延稅項 1(d)	3,531	-	3,531	-	-	-
Total effect for the period	期間之總影響	(7,169)	-	(7,169)	-	-	-

3. TURNOVER

Turnover for the six months ended 30 June 2005 (the "Period") represents the aggregate of gross rental income from investment properties and leasing of equipment, and income from provision of telecommunication and other related services, less any applicable turnover taxes.

Turnover for the six months ended 30 June 2004 represented the aggregate of gross rental income from investment properties and leasing of equipment, the sale of online English learning courses and income from provision of telecommunication and other related services, less any applicable turnover taxes.

3. 營業額

截至二零零五年六月三十日止六個月（「期間」）之營業額指來自投資物業及租賃設備租金收入總額及提供電訊與其他相關服務之收入總額，減任何適用營業稅。

截至二零零四年六月三十日止六個月之營業額指來自投資物業及租賃設備租金收入總額、銷售網上英語學習課程收入總額及提供電訊與其他相關服務之收入總額，減任何適用營業稅。

4. SEGMENT INFORMATION

4. 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	Property investment 物業投資	Sale of online English learning courses 銷售網上英語學習課程		Leasing of equipment 租賃設備		Telecommunication and other related services 電話及其他有關服務		Software licensing services 軟件特許服務		Corporate 公司		Consolidated 綜合	
		2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (Unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (Unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (Unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (Unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (Unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (Unaudited) (未經審核) HK\$'000 千港元
分期收入：	2,909	2,906	1,824	1,822	6,406	2,244	-	-	-	-	-	11,139	7,292
Sales to external customers 銷售予外界客戶	10,700	-	-	-	-	-	-	-	-	-	-	10,700	85,763
Other revenue and gains 其他收入及收益													
Total	13,609	2,906	1,824	1,822	6,406	2,244	-	-	-	-	-	21,839	93,055
Segment results	13,225	2,782	(2,124)	(3,170)	(6,992)	861	(1,012)	(168)	(7,347)	82,008	(4,250)	(4,250)	75,322
Interest income 利息收入													313
Finance costs 財務費用													(1,375)
(Loss)/Profit before tax 除稅前(虧損)/溢利													(6,590)
Tax 稅項													(3,601)
(Loss)/Profit for the period 期間(虧損)/溢利													(10,191)
													74,198

4. SEGMENT INFORMATION (Cont'd)

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").

4. 分類資料 (續)

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。

5. FINANCE COSTS

5. 財務費用

For the six months
ended 30 June
截至六月三十日
止六個月

2005	2004
二零零五年	二零零四年
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
HK\$'000	HK\$'000
千港元	千港元

Interest expense on bank loans wholly repayable within five years	須於五年內悉數償還之銀行貸款利息開支	2,353	1,375
Interest on finance lease	分期付款利息	150	—
Interest on convertible bonds	可換股債券利息	588	—
		3,091	1,375

6. (LOSS)/PROFIT BEFORE TAX

6. 稅前(虧損)/溢利

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

本集團之稅前(虧損)/溢利乃經扣除/(計入)如下：

		For the six months ended 30 June 截至六月三十日 止六個月	
		2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (Unaudited) (未經審核) HK\$'000 千港元
Cost of inventories sold	已售存貨成本	-	220
Depreciation	折舊	7,184	2,210
Impairment of goodwill arising in the Period	期內產生商譽 減值	-	7,000
Amortisation of intangible assets	無形資產攤銷	3,840	3,891
Provision for doubtful debts	呆賬撥備	5,880	-
Amortisation of goodwill on acquisition of subsidiaries	收購附屬公司時 商譽攤銷	-	724
Interest income	利息收入	(751)	(313)
Net rental income	租金收入淨額	(2,909)	(2,906)
Write back of other receivables	其他應收款項 回撥	(519)	-

7. TAX

7. 稅項

		For the six months ended 30 June 截至六月三十日 止六個月	
		2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (Unaudited) (未經審核) HK\$'000 千港元
Provision for the period:	期內撥備：		
Hong Kong	香港	-	-
Elsewhere	其他地區	70	62
Deferred taxation	遞延稅項	3,531	-
		3,601	62

No provision for Hong Kong profits tax has been made as the Group did not generate any taxable profits in Hong Kong during the Period (30 June 2004: Nil).

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.

由於本集團於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（二零零四年六月三十日：無）。

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。

8. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2005 (2004: Nil).

8. 中期股息

董事不建議派付截至二零零五年六月三十日止六個月之中期股息（二零零四年：無）。

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the Period is based on the loss attributable to equity holders of the parent of HK\$10,202,000 (30 June 2004: net profit of HK\$74,182,000) and the weighted average of 4,114,081,517 (30 June 2004: 3,028,497,656) ordinary shares in issue during the Period.

The calculation of diluted loss per share is based on the loss attributable to equity holders of the parent of HK\$9,716,000, after adjusting for the interest saved upon the deemed conversion of all convertible bonds. The weighted average number of ordinary shares used in the calculation is the 4,114,081,517 ordinary shares in issue during the Period, as used in the basic loss per share calculation; and the weighted average of 100,000,000 ordinary shares assumed to have been issued on the deemed conversion of all convertible bonds during the Period.

Diluted earnings per share for the six months ended 30 June 2004 have not been disclosed as the potential ordinary shares outstanding during these periods had an anti-dilutive effect on the basic earnings per share for the six months ended 30 June 2004.

9. 每股(虧損)/盈利

期間每股基本(虧損)/盈利乃根據母公司權益持有人應佔虧損10,202,000港元(二零零四年六月三十日:純利74,182,000港元)及期間已發行普通股之加權平均數4,114,081,517股(二零零四年六月三十日:3,028,497,656股)計算。

每股攤薄虧損乃於所有可換股債券獲轉換時積累之利息作出調整後,根據母公司權益持有人應佔之虧損9,716,000港元而計算。計算上述每股攤薄虧損時所使用之普通股加權平均數為期內已發行普通股數目4,114,081,517股(與計算每股基本虧損所使用者相同),加上假設於期內視為於所有可換股債券獲轉換時普通股之加權平均數100,000,000股。

由於該等期間可能發行之普通股對截至二零零四年六月三十日止六個月之每股基本盈利有反攤薄影響,故並無呈列截至二零零四年六月三十日止六個月之每股攤薄盈利。

10. TRADE RECEIVABLES

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

10. 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：

		30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核)		31 December 2004 二零零四年 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	7,372	18	17,639	39
More than 6 months but within 1 year	超過6個月但 不超過1年內	16,549	41	11,735	26
More than 1 year but within 2 years	超過1年但 不超過2年內	4,404	11	3,847	8
More than 2 years	超過2年	3,650	10	4,598	10
Not due at balance sheet date	於結算日 仍未到期	7,928	20	7,925	17
		39,903	100	45,744	100
Portion classified as current assets	列為流動 資產之部份	(29,847)		(35,689)	
Non-current assets	非流動資產	10,056		10,055	

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

本集團一般授予買家3至12個月信貸期。

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.

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。

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.

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。

11. TRADE PAYABLES

11. 貿易應付款項

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

本集團之貿易應付款項於結算日之賬齡分析如下：

		30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核)		31 December 2004 二零零四年 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	-	-	195	1
More than 6 months but within 1 year	超過6個月但 不超過1年內	103	-	343	1
More than 1 year but within 2 years	超過1年但 不超過2年內	-	-	3	-
More than 2 years but within 3 years	超過2年但 不超過3年內	3	-	195	1
Over 3 years	超過3年	30,912	100	30,750	97
		31,018	100	31,486	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。

12. CONVERTIBLE BONDS

The convertible bonds (“the Bonds”) bear interest at 2.75% per annum and are due for repayment on 18 August 2006. The Bonds are convertible into a total of 200,000,000 shares with a par value of HK\$0.02 each of the Company, at the conversion price of HK\$0.15 per share at any time from 19 November 2004 up to the day falling fourteen days prior to the maturity date of these convertible bonds on 18 August 2006. Further details of the terms and conditions of the Bonds are set out in the announcement of the Company dated 19 July 2004.

The fair value of the liability component of the Bonds was determined, upon issuance, using the prevailing market interest rate for similar debt without a conversion option and is carried as a non-current liability. The remainder of the proceeds was allocated to the conversion option that is recognised in shareholders’ equity.

12. 可換股債券

可換股債券（「債券」），按年利率2.75厘計息並於二零零六年八月十八日到期還款。債券附有換股權，持有人可於二零零四年十一月十九日至到期日二零零六年八月十八日前十四天之期間內隨時按換股價每股0.15港元將其轉換為合計200,000,000股本公司每股面值0.02港元之股份。債券之條款及細則之進一步詳情載於本公司日期為二零零四年七月十九日之公佈內。

債券之負債部分公平值於發行時按相類似債項之現行市場利率（但不附帶換股權），並列作非流動負債。餘下所得款項已分配至轉換期權，並已於股東權益中確認。

13. RESERVES

13. 儲備

	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	Equity component of convertible bonds 可換股債券之 權益部分 (Unaudited) (未經審核) HK\$'000 千港元	Investment properties revaluation reserve 投資物業 重估儲備 (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/ losses (accumulated) 保留溢利/ (累計虧損) (未經審核) (未經審核) HK\$'000 千港元	Total 合計 (Unaudited) (未經審核) HK\$'000 千港元	Minority interest 少數股東 權益 (Unaudited) (未經審核) HK\$'000 千港元
At 1 January 2004 於二零零四年一月一日	59,600	220,002	80,258	-	40,964	364	(45,601)	355,587	-
As previously reported 如前呈報	-	-	-	-	-	-	-	-	-
Prior period adjustment in respect of deferred tax arising from revaluation of investment properties 投資物業重估產生之 遞延稅項之附屬調整	-	-	-	-	-	-	(3,805)	(3,805)	-
As restated 重列	59,600	220,002	80,258	-	40,964	364	(49,406)	351,782	-
Exchange adjustment on translation of financial statements of overseas subsidiaries 海外附屬公司 財務報表產生之 匯兌調整	-	-	-	-	-	(1)	-	(1)	-
Acquisition of a subsidiary Impairment of goodwill remaining eliminated against consolidated accumulated losses 收購附屬公司 附屬商標中 仍生綜合溢餘減值 撇銷之溢餘減值	-	-	-	-	-	-	-	-	19,660
Issue of share capital Profit for the period 發行股本 期內溢利	9,288	51,083	-	-	-	-	7,000	7,000	-
At 30 June 2004 and 1 July 2004 (as restated) 於二零零四年六月三十日及 二零零四年七月一日(重列)	68,888	271,085	80,258	-	40,964	363	31,776	493,334	19,676
Exchange adjustment on translation of financial statements of overseas subsidiaries 海外附屬公司 財務報表產生之 匯兌調整	-	-	-	-	-	79	-	79	-
Equity component of convertible bonds (as restated) 可換股債券之權益部分 (重列)	-	-	-	707	-	-	-	707	-
Issue of share capital Loss for the period (as restated) 發行股本 期內虧損(重列)	9,500	32,879	-	-	-	-	-	42,379	-
At 31 December 2004 (as restated) 於二零零四年 十二月三十一日(重列)	78,388	303,964	80,258	707	40,964	442	3,725	508,448	16,083
							(28,051)	(28,051)	(3,593)

13. RESERVES (Cont'd)

13. 儲備 (續)

	Issued capital 已發行股本 (未經審核) HK\$'000 千港元	Share premium account 股份溢價賬 (未經審核) HK\$'000 千港元	Contributed surplus 繳入盈餘 (未經審核) HK\$'000 千港元	Equity component of convertible bonds 可換取債券之權益部分 (未經審核) HK\$'000 千港元	Investment properties revaluation reserve 投資物業重估儲備 (未經審核) HK\$'000 千港元	Exchange fluctuation reserve 匯兌波動儲備 (未經審核) HK\$'000 千港元	Retained profits/losses (accumulated) 保留溢利/(累計虧損) (未經審核) HK\$'000 千港元	Total 合計 (未經審核) HK\$'000 千港元	Minority interest 少數股東權益 (未經審核) HK\$'000 千港元
At 1 January 2005 As previously reported Prior Period adjustment in respect of: Deferred tax arising from revaluation of investment properties Convertible bonds	78,388	303,964	80,258	-	40,964	442	7,663	511,679	16,083
二零五年一月一日 如前呈報 就可換取債券之 前期調整 投資物業重估 產生之遞延 稅項 可換取債券									
As restated, before opening adjustment Opening adjustment in respect of investment properties	78,388	303,964	80,258	707	40,964	442	3,725	508,448	16,083
重列，期初調整前 投資物業之期初調整									
As restated, after opening adjustment Exchange adjustment on translation of financial statements of overseas subsidiaries Acquisition of additional interests in a subsidiary Issue of share capital (Loss/profit for the period)	78,388	303,964	80,258	707	-	442	44,689	508,448	16,083
重列，期初調整後 換算海外附屬公司 財務報表產生之 匯兌調整 收購附屬公司額外權益 發行股本 期內(虧損)/溢利									
At 30 June 2005 (Unaudited)	94,048	303,964	80,258	707	-	471	34,487	513,935	-
於二零五年六月三十日 (未經審核)									

14. CONTINGENT LIABILITIES

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

14. 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 2005 二零零五年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2004 二零零四年 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	7,791	7,763

就銀行向
本集團物業
若干買家批出
之按揭貸款
所作之擔保

15. PLEDGE OF ASSETS

The Group's bank loans were supported by certain of the Group's investment properties, corporate guarantees executed by the Company and certain independent third parties.

15. 資產抵押

本集團之銀行貸款乃以本集團若干投資物業、本公司與若干獨立第三者簽立之公司擔保作為支持。

16. COMMITMENTS

16. 承擔

(a) Capital commitments

(a) 資本承擔

		Group 本集團	
		30 June 2005 二零零五年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2004 二零零四年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Capital commitments in respect of:	有關下列各項 之資本承擔：		
Contracted, but not provided for	已訂約但 未撥備		
Property development project	物業發展 項目	35,902	35,902
Internet café project	網吧項目	17,080	17,080
		52,982	52,982

16.COMMITMENTS (Cont'd)

16. 承擔 (續)

(b) Commitments under operating leases

(b) 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 2005, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

於二零零五年六月三十日，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 2005 二零零五年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2004 二零零四年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Within one year	於一年內	4,660	9,736
In the second to fifth years, inclusive	於第二至第五年 (包括首尾兩年)	8,496	10,326
		13,156	20,062

16. COMMITMENTS (Cont'd)

16. 承擔 (續)

(b) Commitments under operating leases (Cont'd)

(b) 經營租約承擔 (續)

(ii) As lessee

(ii) 作為承租人

The Group leases certain of its properties and transmission lines under operating lease arrangements with leases negotiated for terms ranging from two to five years.

本集團根據經營租約安排租用其若干物業及輸送綫路，所議定之租期介乎二至五年。

At 30 June 2005, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

於二零零五年六月三十日，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	31 December
		2005	2004
		二零零五年	二零零四年
		六月三十日	十二月三十一日
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
		HK\$'000	HK\$'000
		千港元	千港元
Within one year	於一年內	1,163	437
In the second to fifth years, inclusive	於第二至第五年 (包括首尾兩年)	1,314	834
		2,477	1,271

17. POST BALANCE SHEET EVENTS

- (a) On 30 June 2005, Zhong Hua Entertainment Holdings Limited, a wholly owned subsidiary of the Company, has conditionally agreed to acquire from an independent third party 70% of issued share capital of Apollo Luxury Cruises Co. Limited (“Apollo Cruises”) at a consideration of HK\$150,000,000 (“Acquisition”). The principal activities of Apollo Cruises are development and operation of cruise line and passenger cruise liner services between Guangzhou and Hong Kong.

However, as the conditions precedent as set out in the agreement of the Acquisition were not fulfilled, the Acquisition did not proceed in September 2005.

An aggregate of HK\$46 million has been paid by the Group as deposits to the vendors of Apollo Cruises. In October 2005, an amount of HK\$40 million of the deposits has been refunded to the Group. The Group is considering taking legal actions for demanding repayment of the remaining HK\$6 million from the vendors of Apollo Cruises.

Termination of the Acquisition had no material adverse impact on the business operation or financial position of the Company.

17. 結算日後事項

- (a) 於二零零五年六月三十日，本公司之全資附屬公司Zhong Hua Entertainment Holdings Limited已有條件地同意以代價150,000,000港元向一獨立第三方收購太陽神豪華郵輪有限公司（「Apollo Cruises」）已發行股本70%（「收購事項」）。Apollo Cruises之主要業務為發展及經營廣州及香港間之觀光船航線及觀光客輪服務。

然而，由於不符合收購事項協議內載之先決條件，收購事項於二零零五年九月並無進行。

本集團已向Apollo Cruises賣方支付按金合共46,000,000港元。於二零零五年十月，按金40,000,000港元已退還給本集團。本集團現正考慮採取法律行動向Apollo Cruises賣方追討欠款6,000,000港元。

終止收購事項對本公司之業務運作或財務狀況並無構成任何重大不利影響。

17. POST BALANCE SHEET EVENTS (Cont'd)

(b) The total consideration of HK\$350 million in respect of the disposal of certain subsidiaries for the year ended 31 December 2002 was to be settled by installments. In January 2005, the repayment date of the last instalment was mutually agreed between the Group and the purchaser of the subsidiaries ("the Purchaser") to be rescheduled from 26 January 2005 to 26 July 2005. Subsequent to the period end, the Purchaser requested the payment of HK\$40 million be further deferred to not later than 30 January 2006 without interest. The Group agreed to accept part payment of HK\$50 million on 26 July 2005 and further extended the timing for payment of balance of HK\$40 million not later than 30 January 2006.

17. 結算日後事項 (續)

(b) 有關截至二零零二年十二月三十一日止年度出售若干附屬公司之總代價350,000,000港元分期支付。二零零五年一月，最後一期之還款期已由本集團與附屬公司之買方(「買方」)相互協定，由二零零五年一月二十六日至二零零五年七月二十六日重新安排還款時間表。期末，買方要求支付40,000,000港元進一步延期至二零零六年一月三十日或之前，而不帶利息。二零零五年七月二十六日，本集團同意接受部分付款50,000,000港元，並將償還餘額40,000,000港元之時間進一步延後至不遲於二零零六年一月三十日。

17. POST BALANCE SHEET EVENTS (Cont'd)

(c) In August 2005 and September 2005, the Company entered into a subscription agreement and a supplemental agreement with an independent third party which had conditionally agreed to subscribe for 200 million shares ("Subscription Shares") at a subscription price of HK\$0.036 to be issued and allotted by the Company, and the option to subscribe for a maximum number of 570 million shares ("Option Shares") at an exercise price of HK\$0.038 per share (subject to adjustment), together with the option price of HK\$0.004 per Option Share.

In October 2005, the Subscription Shares were issued and allotted at HK\$0.036 per share resulting in raising an amount of HK\$7.2 million.

In November 2005, the consideration of HK\$2.28 million for the Option was received.

17. 結算日後事項 (續)

(c) 於二零零五年八月及二零零五年九月，本公司與獨立第三方訂立一份認購協議及一份補充協議，該獨立第三方已有條件同意以認購價0.036港元認購200,000,000股將由本公司發行及配發之股份（「認購股份」），以及可以行使價0.038港元（可予以調整）認購最多數目為570,000,000股股份（「購股權股份」）之購股權，連同每股購股權股份購股價0.004港元。

於二零零五年十月，就約7,200,000港元按每股0.036港元之價格發行及配發認購股份。

於二零零五年十一月，購股權之代價2,280,000港元已獲收取。

17. POST BALANCE SHEET EVENTS (Cont'd)

(d) 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. 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.

17. 結算日後事項 (續)

(d) 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擁有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，該前董事聲稱其擁有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。

本公司已提交送達認收書以提出抗辯。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。

17. POST BALANCE SHEET EVENTS (Cont'd)

(e) In November 2005, a writ of summons was filed against the Company by a third party (“the plaintiff”) which alleged that a cheque drawn in the name of the Company in the sum of HK\$33,000,000 was returned by the bank upon presentation. The Plaintiff’s claim against the Company is for a sum of HK\$33,000,000 and interest thereon. In December 2005, the Plaintiff totally discontinued the legal action. The Company did not or will not commit to pay any amount to the Plaintiff.

17. 結算日後事項 (續)

(e) 於二零零五年十一月，一名第三方（「原告人」）向本公司發出傳訊令狀。原告人指一張提取本公司名下金額33,000,000港元之支票於兌現時被銀行退回。原告人向本公司提出之索償為總額33,000,000港元連同其利息。於二零零五年十二月，原告人終止法律索償。本公司並不會及將不會承諾付予任何款額予原告人。

REVIEW OF RESULTS

The Directors would like to report that the Group recorded a turnover of HK\$11,139,000 (30 June 2004: HK\$7,292,000) for the six months ended 30 June 2005, representing an increase of 53% compared with the corresponding period. Loss attributable to equity holders of the parent was HK\$10,202,000 (30 June 2004: net profit of HK\$74,182,000) 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"), the leasing of point-of-sale ("POS") equipment in Guangzhou, the PRC and the provision of telecommunication and other related services in the PRC.

Property investment

The occupancy rate of Gang Yu Square in Chongqing, the PRC remained satisfactory during the Period. It was expected that the business would continue to generate a steady stream of income to the Group. In addition, HK\$10,700,000 was attributable to property revaluation surplus following the adoption of new accounting standards since January 2005.

業績回顧

董事會宣佈，本集團於截至二零零五年六月三十日止六個月錄得營業額11,139,000港元(二零零四年六月三十日：7,292,000港元)，與上一年同期比較上升53%。本期間母公司權益持有人應佔虧損為10,202,000港元(二零零四年六月三十日：純利74,182,000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，在中國廣州租賃銷售設備(POS設備)以及在中國提供電訊及其他有關服務。

房地產投資

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。此外，自二零零五年一月採納新會計準則後，有應佔物業重估盈餘10,700,000港元。

REVIEW OF OPERATIONS (Cont'd)**業務回顧 (續)****Leasing of POS equipment****租賃POS設備**

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.

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。

Provision of telecommunication and other related services**提供電訊及其他有關服務**

Since 2004, the Group had engaged in the business of providing integrated telecommunication network services to online game developers and other broadband media providers via its operating subsidiary. However, since the second half of this year, the management of the Company and that of its subsidiary had had serious diversion in their strategic direction and development of the subject business. On this basis, the senior management of the Company had experienced difficulty in obtaining certain financial information from the management of its operating subsidiary for the purpose of publishing the unaudited consolidated results of the Group for the six months ended 30 June 2005 or before 30 September 2005.

本集團自二零零四年起一直透過其附屬公司從事為網上遊戲發展商及其他寬頻媒體供應商提供綜合電訊網絡服務之業務。然而，自本年度下半年以來，本公司管理層及其附屬公司之管理層在政策方向及業務發展方面出現嚴重偏離。因而，本公司之高級管理層就於二零零五年九月三十日或之前公佈本集團截至二零零五年六月三十日止六個月之未經審核綜合業績，而向其營運附屬公司管理層索取若干財務資料時出現困難。

Due to cut-throat competition in the dynamic online business market in Guangzhou, the PRC, it was difficult for integrated telecommunication network service providers to secure a steady profit margin unless new and attractive online games and/or related broadband media products kept emerging from the market to drum up demand for such services. In view of this, the management of the Company will focus on consolidating rather than expanding its business structure in the coming months.

由於中國廣州市網上業務市場之割喉式減價戰，綜合電訊網絡服務供應商在賺取穩定毛利方面遇上困難，除非不斷有新穎吸引之網上遊戲及／或相關寬頻媒體產品推出市場，帶動對此類服務之需求。有見及此，本公司管理層將專注於在未來數月鞏固其業務架構，而非拓展其業務。

REVIEW OF OPERATIONS (Cont'd)

Acquisition of remaining interest of a subsidiary

On 14 December 2004, Telesuccess International Limited, a wholly-owned subsidiary of the Company, entered into an agreement with then existing shareholder to Sky City Network Communication Limited ("Sky City") acquire the remaining 19.1% equity interest in Sky City at a cash consideration of HK\$60,000,000. The acquisition was completed in February 2005 and details of which had been set out in a circular to shareholders of the Company dated 21 January 2005.

Placement of new shares

On 18 May 2005, a placement agreement was entered into between the Company and a placing agent pursuant to which the placing agent, on a fully underwritten basis, agreed to procure subscribers to subscribe for 783,000,000 new shares (the "New Shares") at a subscription price of HK\$0.02 per share. The New Shares represented approximately 19.98% of the Company's then existing issued share capital and approximately 16.65% of its issued share capital as then enlarged by the issue of the New Shares. The New Shares were allotted and issued pursuant to the general mandate granted to the Directors at the Company's special general meeting held on 7 February 2005. Net proceeds of approximately HK\$15,210,000 were raised from the issue of the New Shares and were utilized as general working capital of the Group. The New Shares were issued in June 2005.

業務回顧 (續)

收購附屬公司餘下之權益

於二零零四年十二月十四日，本公司全資附屬公司Telesuccess International Limited與廣州天城網絡通訊有限公司（「廣州天城」）當時之股東就按現金代價60,000,000港元收購廣州天城餘下之19.1%權益訂立一項協議。收購已於二零零五年二月完成，收購詳情載於日期為二零零五年一月二十一日予本公司股東之通函內。

配售新股份

於二零零五年五月十八日，本公司與配售代理訂立配售協議，據此，配售代理同意在悉數包銷基準上促使認購人認購783,000,000股新股份（「新股份」），每股股份作價0.02港元。新股份佔本公司當時之現有已發行股本約19.98%及經發行新股份擴大後之已發行股本約16.65%。新股份根據於二零零五年二月七日舉行之股東特別大會上授予股東之一般授權配發及發行。發行新股份所得款項淨額約15,210,000港元已用作本集團一般營運資金。新股份於二零零五年六月獲發行。

FINANCIAL REVIEW

Liquidity and financial resources

The Group generally financed its businesses with internally generated cash flows, banking facilities and net proceeds from placing of new shares during the Period. Cash and bank balances of the Group as at 30 June 2005 amounted to HK\$81,485,000 (31 December 2004: HK\$106,254,000) and pledged deposits of HK\$779,000 (31 December 2004: HK\$776,000).

As at 30 June 2005, the Group had outstanding borrowings of approximately HK\$95,260,000 comprising interest-bearing bank loans and borrowings amounted to HK\$65,658,000 (31 December 2004: HK\$77,300,000) and convertible bonds payable amounted to HK\$29,602,000 (31 December 2004: HK\$29,426,000 (restated)). Of the Group's interest-bearing bank loans and borrowings, 62%, 8%, 26% and 4% respectively are repayable within one year or on demand, in the second year, in the third to fifth years, inclusive, and beyond five years, respectively. An amount of HK\$35,736,000 bank loans as at 30 June 2005 was charged at fixed interest rates (31 December 2004: HK\$45,120,000). The convertible bonds will mature in August 2006.

The Group's gearing ratio as at 30 June 2005 was 0.25 (31 December 2004: 0.25 (restated)), calculated based on the Group's total liabilities, excluding deferred income, of HK\$183,556,000 (31 December 2004: HK\$193,286,000 (restated)) over total assets of HK\$738,116,000 (31 December 2004: HK\$758,442,000).

財務回顧

流動資金及財務資源

於期間內，本集團一般以內部產生之流動現金、銀行信貸及配售新股的所得款項淨額作為其運作所需資金。於二零零五年六月三十日，本集團之現金及銀行結存達81,485,000港元(二零零四年十二月三十一日：106,254,000港元)，及已抵押存款779,000港元(二零零四年十二月三十一日：776,000港元)。

於二零零五年六月三十日，本集團有未償還借款約95,260,000港元，包括計息之銀行貸款及借款為65,658,000港元(二零零四年十二月三十一日：77,300,000港元)及應付可換股債券達29,602,000港元(二零零四年十二月三十一日：29,426,000港元(經重列))。本集團的計息銀行貸款及借款中，其中62%、8%、26%及4%分別於一年內或按要求、第二年、第三至五年(包括首尾兩年)內及五年後償還。於二零零五年六月三十日按固定息率計息之銀行貸款為35,736,000港元(二零零四年十二月三十一日：45,120,000港元)。可換股債券將於二零零六年八月到期。

本集團於二零零五年六月三十日之資本負債比率為0.25(二零零四年十二月三十一日：0.25(經重列))，乃按本集團債務總額(不包括遞延收入)183,556,000港元(二零零四年十二月三十一日：193,286,000港元(經重列))除以資產總值738,116,000港元(二零零四年十二月三十一日：758,442,000港元)計算。

FINANCIAL REVIEW (Cont'd)

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\$65,658,000 (31 December 2004: HK\$77,300,000) as at 30 June 2005. The bank loans were supported by certain of the Group's investment properties, corporate guarantees executed by the Company and certain third parties.

Contingent liabilities

As at 30 June 2005, guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties amounted to HK\$7,791,000 (31 December 2004: HK\$7,763,000).

財務回顧 (續)

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

於二零零五年六月三十日，本集團經已使用約65,658,000港元之銀行信貸額(二零零四年十二月三十一日：77,300,000港元)。銀行貸款以本集團若干投資物業及由本公司及若干第三方簽立之公司擔保作為支持。

或然負債

於二零零五年六月三十日，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7,791,000港元(二零零四年十二月三十一日：7,763,000港元)。

RECENT CORPORATE EVENTS

Termination of a proposed rights issue

In July 2005, it was announced that a fund raising exercise by way of rights issue (the "Rights Issue") was proposed to the shareholders for their consideration and approval, with an intention of raising approximately HK\$58,800,000 before expenses. Pursuant to the terms and conditions of the proposed rights issue, it was on a fully underwritten basis and to be issued on the basis of one rights share for every two to-be-consolidated (on a ten existing shares for one consolidated share basis) shares then held with two bonus shares for every fully paid rights share at an issue price of HK\$0.25 per rights share. The underwriting agreement of the rights issue was terminated in September 2005 and accordingly the rights issue did not proceed.

近期集團事項

終止建議供股

於二零零五年七月，本公司宣佈，建議股東考慮及批准通過供股籌集資金，冀望可籌資約58,800,000港元（扣除開支前）。根據建議供股之條款及細則，在悉數包銷基準上，每持有兩股合併股份供一股供股股份（按每股合併股份供十股現有股份基準），而每股繳足股款供股股份可獲發兩股紅股，發行價為每股供股股份0.25港元。供股包銷協議於二零零五年九月終止，因此供股並無進行。

RECENT CORPORATE EVENTS (Cont'd)

Termination of acquisition of a passenger cruise

In June 2005, Zhong Hua Entertainment Holdings Limited (“Zhong Hua Entertainment”), a wholly owned subsidiary of the Company, had entered into a conditional sale and purchase agreement (the “Acquisition Agreement”) with an independent third party, pursuant to which Zhong Hua Entertainment would acquire a 70% equity interest in the capital of Apollo Luxury Cruises Co., Limited (“Apollo Cruises”) at a consideration of HK\$150,000,000. The principal activities of Apollo Cruises are development and operation of cruise line and passenger cruise liner services between Guangzhou and Hong Kong. An aggregate of HK\$46,000,000 has been paid by the Group as deposits to the vendors of Apollo Cruises.

The Acquisition Agreement provides that completion of the subject transaction is conditional upon, inter alia, completion of the Rights Issue (as defined above). Given the Rights Issue did not proceed, the Acquisition Agreement lapsed to become effective in September 2005. Zhong Hua Entertainment has demanded full repayment of deposits from the vendors of the Acquisition Agreement. An amount of HK\$40,000,000 of the deposits has been refunded to the Group. The Group is considering to take legal actions for demanding repayment of the remaining HK\$6,000,000 from the vendors of Apollo Cruises.

近期集團事項 (續)

終止收購客輪

於二零零五年六月，本公司之全資附屬公司 Zhong Hua Entertainment Holdings Limited (「Zhong Hua Entertainment」) 與獨立第三方訂立有條件收購協議 (「收購協議」)，據此，Zhong Hua Entertainment 同意以代價 150,000,000 港元收購太陽神豪華郵輪有限公司 (「Apollo Cruises」) 已發行股本 70% 權益。Apollo Cruises 之主要業務為發展及經營廣州及香港間之觀光船航線及觀光客輪服務。本集團已向 Apollo Cruises 賣方支付按金合共 46,000,000 港元。

收購協議定明該交易須待 (其中包括) 供股 (定義如上) 完成後方可作實。鑒於供股並無進行，收購協議已於二零零五年九月終止。Zhong Hua Entertainment 已要求 Apollo Cruises 賣方悉數償還按金。按金 40,000,000 港元已退還給本集團。本集團現正考慮採取法律行動向 Apollo Cruises 賣方追討欠款 6,000,000 港元。

RECENT CORPORATE EVENTS (Cont'd)**近期集團事項 (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. 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。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。

RECENT CORPORATE EVENTS (Cont'd)

近期集團事項(續)

Subscription of new shares and grant of option

認購新股份及授出購股權

On 31 August and 23 September 2005, a subscription agreement and a supplemental agreement were respectively entered into between the company, a subscriber and a guarantor who are both independent third parties, pursuant to which the subscriber had conditionally agreed to subscribe for 200,000,000 new shares (the "Subscription Shares") at a subscription price of HK\$0.036 per share, and the Company had conditionally agreed to grant an option (the "Option") to the subscriber at a price of HK\$2,280,000. Pursuant to the terms of the deed of the Option, the subscriber will be entitled to subscribe a maximum of 570,000,000 new shares at an exercise price of HK\$0.038 per share anytime from the date of the completion of the supplemental agreement and up to 31 December 2006.

The aggregate of 200,000,000 Subscription Shares and the maximum number of 570,000,000 new shares to be issued, representing approximately 16.37% of the Company's then existing issued share capital and approximately 14.07% of its enlarged issued share capital by then, was issued pursuant to the general mandate granted to the Directors by the shareholders at the Company's annual general meeting held on 3 June 2005. Assuming the Option Shares are fully exercised by the subscriber within the exercise period, the total funds to be raised by the Company under the subscription agreement will be HK\$31,140,000, out of which HK\$9,480,000 has been received by the Company. The New Shares were allotted and issued to the subscriber in October 2005.

於二零零五年八月三十一日及二零零五年九月二十三日，本公司與認購人及擔保人（後兩者均為獨立第三方）分別訂立一項認購協議及補充協議，據此，認購人已有條件同意以認購價每股0.036港元認購200,000,000股新股份（「認購股份」），而本公司已有條件同意以2,280,000港元之價格向認購人授出購股權（「購股權」）。根據購股權之條款，認購人將有權由補充協議完成日起截至二零零六年十二月三十一日，以行使價每股0.038港元認購最多數目為570,000,000股之新股份。

合共200,000,000股認購股份及將發行之最多數目為570,000,000股之新股份（分別佔本公司當時已發行股本約16.37%及經擴大已發行股本14.07%），已根據於二零零五年六月三日召開之本公司股東周年大會上授予董事之一般授權而發行。假設認購人於行使期內全面行使購股權股份，本集團於認購協議下將獲得之款項總額將達到31,140,000港元，而本公司已收到其中9,480,000港元。新股份已於二零零五年十月配發並發行予認購人。

RECENT CORPORATE EVENTS (Cont'd)

近期集團事項 (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.

(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擁有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，該前董事聲稱其擁有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。

The Company has filed an acknowledgement of service to defend the proceedings. 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.

本公司已提交送達認收書以提出抗辯。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。

(b) In November 2005, a writ of summons was filed against the Company by a third party (the "Plaintiff") which alleged that a cheque drawn in the name of the Company in the sum of HK\$33,000,000 was returned by the bank upon presentation by the Plaintiff. The Plaintiff's claim against the Company is for a sum of HK\$33,000,000 and interest thereon. In December 2005, the Plaintiff totally discontinued the legal action. The Company did not or will not commit to pay any amount to the Plaintiff.

(b) 於二零零五年十一月，一名第三方（「原告人」）向本公司發出傳訊令狀。原告人指一張提取本公司名下金額33,000,000港元之支票於兌現時被銀行退回。原告人向本公司提出之索償為金額33,000,000港元連同其利息。於二零零五年十二月，原告人終止法律索償。本公司並不會及將不會承諾付予任何款額予原告人。

PROSPECTS

The Group is principally engaged in property investment, leasing of point-of-sale equipment and provision of telecommunication and other related services 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 months. 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.

EMPLOYEES AND REMUNERATION POLICY

The Group employed about 50 full time staff in Hong Kong, Chongqing and Guangzhou as at 30 June 2005. 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.

前景

本集團主要在中國從事物業投資、租賃銷售點設備及提供電訊及其他相關服務之業務。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數月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。

僱員及薪酬政策

於二零零五年六月三十日，本集團在香港、重慶及廣州共僱用約50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。

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 2005, 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:

於二零零五年六月三十日，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（「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 所持股份數目、身份及權益性質 透過受控法團持有	Percentage of the issued share capital 佔已發行股本百分比
Ho Tsam Hung	何湛雄	270,000,000 (Note 1) (附註1)	5.74%
Ho Kam Hung	何鑑雄	270,000,000 (Note 2) (附註2)	5.74%

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:

- (1) 270,000,000 shares are beneficially held by Ho Tsam Hung through Morgan Estate Assets Limited.
- (2) 270,000,000 shares are beneficially held by Ho Kam Hung through Morcambe Corporation.

附註：

- (1) 270,000,000股由何湛雄透過Morgan Estate Assets Limited實益持有。
- (2) 270,000,000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 2005, the following Directors of the Company had interests in the non-voting deferred shares in certain of the Company's subsidiaries:

於二零零五年六月三十日，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	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%

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	Percentage of the issued share capital 佔已發行股本百分比
		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%

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 2005, 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，於二零零五年六月三十日，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. No share option was granted under the New Scheme since the adoption date on 11 June 2002.

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。自新計劃於二零零二年六月十一日採納日期以來，概無根據新計劃授出任何購股權。

SUBSTANTIAL SHAREHOLDERS

主要股東

As at 30 June 2005, 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:

於二零零五年六月三十日，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
High Rank Enterprises Limited – Note 1 – 附註1	Directly beneficially owned 直接實益擁有人	883,000,000	18.78%
Morgan Estate Assets Limited – Note 2 – 附註2	Directly beneficially owned 直接實益擁有人	270,000,000	5.74%
On Tai Profits Limited – Note 3 – 附註3	Directly beneficially owned 直接實益擁有人	270,000,000	5.74%
Morcambe Corporation – Note 4 – 附註4	Directly beneficially owned 直接實益擁有人	270,000,000	5.74%
Ms. Yeung Ching Yi – Note 5 楊靜儀女士 – 附註5	Spouse 配偶	270,000,000	5.74%
Ms. Liang Gui Fen – Note 6 梁桂芬女士 – 附註6	Spouse 配偶	270,000,000	5.74%
Ms. Ye Jia Li – Note 7 葉家禮女士 – 附註7	Spouse 配偶	270,000,000	5.74%

SUBSTANTIAL SHAREHOLDERS (Cont'd)

Note 1 – Each of Mr. Ho Tsam Hung and Mr. Ho Kam Hung, being the executive Directors, and a former Director, is interested in approximately 31.58% of the issued share capital of High Rank Enterprises Limited.

Note 2 – Morgan Estate Assets Limited is wholly owned by Mr. Ho Tsam Hung.

Note 3 – On Tai Profits Limited is wholly owned by a former Director.

Note 4 – Morcambe Corporation is wholly owned by Mr. Ho Kam Hung.

Note 5 – As Ms. Yeung Ching Yi is the spouse of Mr. Ho Tsam Hung, she is deemed to be interested in the 270,000,000 shares held by Morgan Estate Assets Limited.

Note 6 – As Ms. Liang Gui Fen is the spouse of a former Director, she is deemed to be interested in the 270,000,000 shares held by On Tai Profits Limited.

Note 7 – As Ms. Ye Jia Li is the spouse of Mr. Ho Kam Hung, she is deemed to be interested in the 270,000,000 shares held by Morcambe Corporation.

Save as disclosed above and convertible bonds as at 30 June 2005, the Directors and the chief executive were not aware of any other person who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

主要股東 (續)

附註1 – 何湛雄先生及何鑑雄先生均為執行董事以及一名前任董事，各持有High Rank Enterprises Limited已發行股本約31.58%權益。

附註2 – Morgan Estate Assets Limited由何湛雄先生全資擁有。

附註3 – On Tai Profits Limited由一名前任董事全資持有。

附註4 – Morcambe Corporation由何鑑雄先生全資擁有。

附註5 – 因楊靜儀女士為何湛雄先生配偶，故楊靜儀女士被視為於Morgan Estate Assets Limited所持有之270,000,000股股份中擁有權益。

附註6 – 因梁桂芬女士為一名前任董事配偶，故梁桂芬女士被視為於On Tai Profits Limited所持有之270,000,000股股份中擁有權益。

附註7 – 因葉家禮女士為何鑑雄先生配偶，故葉家禮女士被視為於Morcambe Corporation所持有之270,000,000股股份中擁有權益。

除上文所披露者外及除可換股債券外，於二零零五年六月三十日，董事及主要行政人員並不知悉有任何人士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本公司股份及相關股份中之權益或淡倉。

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company complied with the Code on Corporate Governance Practice (the "Code") (with the exception of Code Provision C.2 on internal controls which did not become effective during the Period) as set out in Appendix 14 of the Listing Rules throughout the Period, except for the following deviations:

Code Provision A.4.1

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

All non-executive directors of the Company during the Period were not appointed for specific terms, but are subject to retirement by rotation in accordance with the Company's Bye-laws.

In order to comply with the Code's practice, all existing non-executive directors of the Company who have not been appointed with specific terms will have a specific term with effective from January 2006.

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.

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C.2條有關內部監控除外，此守則條文於期間內並未生效）：

守則條文A.4.1條

守則條文A.4.1條訂明，非執行董事的委任應有指定任期，並須接受重新選舉。

於期間內，本公司全體非執行董事均無指定任期，惟須根據本公司細則輪值告退。

為遵守守則常規，本公司所有無指定任期之現有非執行董事將由二零零六年一月起擁有指定任期。

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。

CODE ON CORPORATE GOVERNANCE PRACTICE (Cont'd)

Code Provision B.1.1

Code B.1.1 stipulates that issuers should establish a remuneration committee with specific terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.

The Directors adopted the formation of the remuneration committee in December 2005.

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 and approved by the Audit Committee of the Company.

By order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 19 December 2005

企業管治常規守則 (續)

守則條文B.1.1條

守則條文B.1.1條訂明，發行人應設立具有特定成文權責範圍之薪酬委員會，有關權責範圍清楚說明委員會的權限及職責。薪酬委員會之絕大部分成員應為獨立非執行董事。

董事於二零零五年十二月採納成立薪酬委員會。

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及批准。

承董事會命
執行董事
何鑑雄

香港，二零零五年十二月十九日