



**FORM OF RULE 12G3-2(b) TRANSMITTAL LETTER TO THE SEC**

13<sup>th</sup> October, 2004

**Re: China Strategic Holdings Limited – File No. 82-3596**

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549  
U.S.A.



**SUPPL BY COURIER**

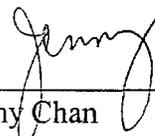
Ladies and Gentlemen,

In connection with Rule 12g3-2(b) exemption of China Strategic Holdings Limited (“CSH”), CSH hereby furnishes the Securities and Exchange Commission with the following documents:-

1. Announcement dated 13<sup>th</sup> September, 2004;
2. Announcement dated 17<sup>th</sup> September, 2004;
3. Announcement dated 21<sup>st</sup> September, 2004;
4. Announcement dated 30<sup>th</sup> September, 2004;
5. Form AC1 dated 29<sup>th</sup> June, 2004;
6. Form D2A dated 30<sup>th</sup> September, 2004;
7. Form D3 dated 30<sup>th</sup> September, 2004; and
8. 2004 Interim Report.

The CSH file number (82-3596) appears on the upper right hand corner of the first page of each document.

Yours faithfully,  
For and on behalf of  
China Strategic Holdings Limited

  
\_\_\_\_\_  
Jenny Chan  
Secretary

Encl.

JC/DT/CSH04

**PROCESSED**

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FINANCIAL**



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## CHINA STRATEGIC HOLDINGS LIMITED

*(Incorporated in Hong Kong with limited liability)*

(stock code: 235)

### DELAY IN DESPATCH OF CIRCULAR

The Company has made an application to the Stock Exchange for a further extension of time for the despatch of the Circular to on or before 17th September, 2004.

Reference is made to the announcement of the Company dated 7th July, 2004 (the "Announcement") in relation to the acquisition of property interests in the PRC by the Group which constitutes a very substantial acquisition of the Company and the announcements of the Company dated 27th July, 2004, 12th August, 2004 and 27th August, 2004 in relation to the delay in despatch of the circular. Capitalised terms used in this announcement shall have the same meanings as defined in the Announcement, unless the context herein requires otherwise.

Pursuant to Rule 14.38 of the Listing Rules, the Company is required to despatch a circular (the "Circular") to the Shareholders within 21 days after publication of the Announcement, which is on or before 28th July, 2004. On 27th July, 2004, the Company applied to and was granted by the Stock Exchange an extension of time for the despatch of the Circular from 28th July, 2004 to 13th August, 2004. On 12th August, 2004, the Company applied to and was granted by the Stock Exchange to further extend the despatch of the Circular from 13th August, 2004 to 27th August, 2004, which was further extended to 13th September, 2004. As more time is needed for the finalisation of the pro forma financial information of the Group for inclusion in the Circular, the Company has applied to the Stock Exchange under Rule 14.38 of the Listing Rules for a further extension of time for despatch of the Circular from 13th September, 2004 to on or before 17th September, 2004.

By Order of the board of directors of  
**China Strategic Holdings Limited**  
Jenny Chan  
Company Secretary

Hong Kong, 13th September, 2004

As at the date of this announcement, the board of Directors comprises Dr. Chan Kwok Keung, Charles, Dr. Yap, Allan, Mr. Li Wa Kin, Ms. Chau Mei Wah, Rosanna, Ms. Chan Ling, Eva as executive Directors, Mr. Chan Kwok Hung and Mr. Lui Siu Tsuen, Richard as alternate Directors to Dr. Chan Kwok Keung, Charles and Dr. Yap, Allan respectively and Mr. David Edwin Bussmann and Ms. Fung Wan Yiu, Agnes as independent non-executive Directors.



## CHINA STRATEGIC HOLDINGS LIMITED 中策集團有限公司

(Incorporated in Hong Kong with limited liability)  
Stock code: 235

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of CHINA STRATEGIC HOLDINGS LIMITED (the "Company") will be held at 11th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tung, Kowloon, Hong Kong on 5th October, 2004 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

"THAT the execution of the agreement dated 16th June, 2004 ("Agreement") made between Manwide Holdings Limited ("Manwide"), an indirect non wholly owned subsidiary of the Company, as the purchaser, and 上海久盛投資有限公司 (Shanghai Jiu Sheng Investment Company Limited), as the vendor, for the acquisition of certain interest in a parcel of land situated at Nos. 219 and 229, Jiang Ning Road, Jing An District, Shanghai, the People's Republic of China and the 24-storey building together with the 2 levels of underground car parks being erected thereupon at a consideration of RMB450 million subject to variations according to the terms of the Agreement, and the transactions contemplated under the Agreement and the performance by Manwide thereof be and are hereby confirmed, ratified and approved and that any one or more of the directors of the Company be and are hereby authorized to sign, seal, execute, perfect and deliver such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such action as he or she or they may consider necessary or desirable for the purpose of giving effect to the Agreement and completing the transactions contemplated by the Agreement with such changes as any such director(s) may consider necessary, desirable or expedient."

By order of the board  
China Strategic Holdings Limited  
Dr. Chan Kwok Keung, Charles  
Chairman

Hong Kong, 17th September, 2004

#### Notes:

- (1) Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and to vote instead of him. A proxy need not be a shareholder of the Company.
- (2) In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the share registrars of the Company, Standard Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
- (3) Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto to if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (5) As at the date hereof, the board of directors of the Company comprises Dr. Chan Kwok Keung, Charles, Dr. Yap, Allan, Mr. Li Wa Kin, Ms. Chau Mei Wah, Rosanna, Ms. Chan Ling, Eva as executive directors, Mr. Chan Kwok Hung and Mr. Lui Siu Tsuen, Richard as alternate directors to Dr. Chan Kwok Keung, Charles and Dr. Yap, Allan respectively and Mr. David Edwin Bussmann and Ms. Fung Wan Yiu, Agnes as independent non-executive directors.



**CHINA STRATEGIC HOLDINGS LIMITED**  
**中策集團有限公司**

(Incorporated in Hong Kong with limited liability)  
 (Stock Code: 235)

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2004**

The directors of China Strategic Holdings Limited (the "Company") announce that the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2004 together with comparative figures for the same period in 2003 are as follows:-

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	Notes	Six months ended 30th June, 2004	Six months ended 30th June, 2003
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Turnover		106,571	1,735,605
Cost of sales		(68,128)	(1,494,160)
Gross profit		38,443	241,445
Other operating income	4	44,926	47,041
Distribution costs		(21,363)	(99,561)
Administrative expenses	5	(23,575)	(76,490)
Other expenses		(102,739)	(16,206)
(Loss) profit from operations	6	(64,308)	96,229
Net (loss) gain on disposal of interests in subsidiaries		(5,266)	4,784
Net gain (loss) on deemed disposal/liquidation of interests in associates		27,881	(36,767)
Share of results of associates		(29,060)	(125,012)
Finance costs		(9,298)	(28,716)
Loss before taxation	7	(80,051)	(89,482)
Taxation		(761)	(7,469)
Loss before minority interests		(80,812)	(96,951)
Minority interests		(13,734)	(35,751)
Net loss for the period		(94,546)	(132,702)
Loss per share	8	(10.8) cents	(16.0) cents
- Basic		N/A	N/A
- Diluted		N/A	N/A

**CONDENSED CONSOLIDATED BALANCE SHEET**

	30th June, 2004	31st December, 2003
	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-Current Assets	35,936	43,156
Property, plant and equipment	21,960	9,325
Goodwill	614,841	823,147
Interests in associates	183,345	31,286
Receivables - due after one year	167,024	217,683
Investments in securities	46,685	-
Deposit paid for acquisition of a property	1,069,791	1,124,597

**Continuing operations**

Investment in securities  
 HK\$'000

1,606,194

79,001

(6,839)

**Discontinuing operations**

Manufacturing and trading of pharmaceutical products  
 HK\$'000  
 (Note b)

129,411

(855)

For the period ended 30th June, 2003

TURNOVER

External

RESULT

Segment result

Unallocated corporate expenses

Exchange gain

Interest income

Dividend income

Profit from operations

Notes:

(a) Following the disposal of Tung Fong Hung Investments Limited and its subsidiaries which was engaged in the manufacturing and trading of pharmaceutical products in May 2004, the business segment of manufacturing and trading of pharmaceuticals was regarded as discontinuing operations during the period ended 30th June, 2004.

(b) Following the disposal of interests in subsidiaries which were engaged in business of manufacturing and trading of (i) in September 2003, the business segment of manufacturing and trading of tyre products was regarded as discontinuing operations during the period ended 30th June, 2003.

Geographical segments

The following provides an analysis of the Group's turnover by geographic market, irrespective of the origin of the goods:

Turnover ended 30th June, 2004	Turnover ended 30th June, 2003
HK\$'000	HK\$'000
10,309	21,672
96,262	2,430
106,571	19,006
	1,185
	633
	44,926

The People's Republic of China, other than Hong Kong (the "PRC")  
 Hong Kong  
 Overseas

**4. OTHER OPERATING INCOME**

Interest income  
 Exchange gain  
 Gain on disposal of investments in securities  
 Dividend income from listed investments  
 Others

**5. OTHER EXPENSES**

Unrealised holding loss on investments in securities

Six months ended 30th June, 2004  
 HK\$'000  
 36,462

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By Order of the board of directors of  
**China Strategic Holdings Limited**  
Jenny Chan  
Company Secretary

Hong Kong, 13th September, 2004.

*As at the date of this announcement, the board of Directors comprises Dr. Chan Kwok Keung, Charles, Dr. Yap, Allan, Mr. Li Wa Kin, Ms. Chau Mei Wah, Rosanna, Ms. Chan Ling, Eva as executive Directors, Mr. Chan Kwok Hung and Mr. Lui Siu Tsuen, Richard as alternate Directors to Dr. Chan Kwok Keung, Charles and Dr. Yap, Allan respectively and Mr. David Edwin Bussmann and Ms. Fung Wan Yiu, Agnes as independent non-executive Directors.*



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By order of the board  
**China Strategic Holdings Limited**  
**Dr. Chan Kwok Keung, Charles**  
*Chairman*

Hong Kong, 17th September, 2004

#### Notes:

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Non-Current Assets			
Property, plant and equipment	35,936	43,156	
Goodwill	21,960	9,325	
Interests in associates	614,841	823,147	
Receivables - due after one year	183,345	31,286	
Investments in securities	167,024	217,683	
Deposit paid for acquisition of a property	46,685	-	
	<u>1,069,791</u>	<u>1,124,597</u>	
Current Assets			
Other assets	227,050	226,718	
Inventory	18,043	66,976	
Trade debtors	7,551	13,718	
Receivables due from associates	6,885	6,294	
Receivables - due within one year	233,689	370,459	
Other receivables, deposits and prepayments	102,040	57,677	
Investments in securities	104,456	2,930	
Bank balances and cash	217,757	319,875	
	<u>917,471</u>	<u>1,064,647</u>	
Current Liabilities			
Creditors, other payables and accrued charges	46,584	84,946	
Payables - due within one year	222,671	34,611	
Payables due to associates	185	185	
Income and other tax payable	3,360	3,064	
Bank loans and other borrowings - due within one year	13,714	38,284	
	<u>286,514</u>	<u>161,090</u>	
Net Current Assets	630,957	903,557	
	<u>1,700,748</u>	<u>2,028,154</u>	
Capital and Reserves			
Share capital	88,160	85,660	
Reserves	1,350,053	1,447,720	
	<u>1,438,213</u>	<u>1,533,380</u>	
Minority Interests	262,535	250,160	
	-	144	
Bank loans and other borrowings - due after one year	-	244,470	
Payables - due after one year	-	244,614	
	<u>1,700,748</u>	<u>2,028,154</u>	

Notes:

1. BASIS OF PREPARATION  
The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), and with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES  
The condensed financial statements have been prepared under the historical cost convention, as modified for valuation of investments in securities.  
The accounting policies adopted are consistent with those followed in the preparation of the Group's financial statements for the year ended 31st December, 2003.

3. SEGMENT INFORMATION  
Business segments  
The Group's primary format for reporting segment information is business segments.  
An analysis of the Group's turnover and contribution to operating results by business segments is as follows:

	Continuing operations	Discontinuing operations
Investment in securities	HK\$'000	HK\$'000
Manufacturing and trading of battery products	HK\$'000	HK\$'000
Manufacturing and trading of pharmaceutical products	HK\$'000	HK\$'000
Sub-total	HK\$'000	HK\$'000

For the period ended

Dividend income from listed investments	17,000
Others	1,185
	633
	<u>44,926</u>

5. OTHER EXPENSES

Unrealised holding loss on investments in securities	2004
Allowance for bad and doubtful debts	HK\$'000
Allowance for receivables	36,462
Allowance for amounts due from associates	9,460
Amortisation of goodwill arising on acquisition of subsidiaries	56,000
Others	499
	155
	163
	<u>102,739</u>

6. (LOSS) PROFIT FROM OPERATIONS  
(Loss) profit from operations has been arrived at after charging:

Depreciation and amortisation of property, plant and equipment	2004
	HK\$'000
	2,602

7. TAXATION

The charge (credit) comprises:	2004
Hong Kong Profits Tax	HK\$'000
Taxation in other jurisdictions	585
Deferred tax credit	176
Taxation attributable to the Company and its subsidiaries	761

Hong Kong Profits Tax was provided for at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits of the Group.

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

8. LOSS PER SHARE  
The calculation of the basic loss per share is based on the net loss for the period of approximately HK\$94,546,000 (HK\$132,702,000 for the six months ended 30th June, 2003) and on the weighted average of 873,525,856 (829,468,000 for the six months ended 30th June, 2003) ordinary shares in issue during the period.

The computation of diluted loss per share does not assume the exercise of the share options as their exercise would result in a decrease in loss per share.

INTERIM DIVIDEND

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

ANALYSIS OF THE GROUP'S PERFORMANCE

The Group's turnover for the six months ended 30th June, 2004 totaled HK\$106.6 million, representing 93.9% from HK\$1,735.6 million over the last corresponding period. The turnover for the first half-year generated from manufacturing and trading of batteries products and the pharmaceutical products operations segment of pharmaceutical products operation was treated as discontinuing operations during the period following the disposal of this operation in May 2004.

The Group's unaudited consolidated loss for the six months ended 30th June, 2004 reduced by 28.8% to HK\$10.1 million as compared to HK\$132.7 million in the last corresponding period. The net loss incurred for the period attributable to the allowance for receivables and provision for unrealized holding loss in investments in securities during the period.

LIQUIDITY AND FINANCIAL RESOURCES  
During the first half of 2004, the Group financed its operations mainly through cash generated from its banking facilities provided by its principal bankers and proceeds from disposal of investments in securities and bank loans. The Group's short-term bank loans and other borrowings decreased from approximately HK\$38.3 million in December, 2003 to approximately HK\$13.7 million as at 30th June, 2004, representing a significant decrease. There was no long-term bank loans and other borrowings at 30th June, 2004 under review compared with the HK\$0.1 million at 31st December, 2003. The gearing ratio, calculated to the total long-term bank loans and borrowings divided by total shareholders' funds remains nil as at 30th June, 2004 and 31st December, 2003. The total borrowings of HK\$13.7 million were mainly denominated in HK dollars and Renminbi, and the majority were all within one year. Non-HK dollar denominated loans are directly related to the Group's businesses in the currencies concerned.

As at 30th June, 2004, total bank borrowings and other borrowings of the Group amounted to approximately million and over 90% of the Group's bank borrowings bear interest at fixed rates and the remaining were variable rates.

During the period under review, capital expenditure aggregated to approximately HK\$1.5 million and was generated from operations, cash on hand or by bank borrowings or a combination of both as required. Cash and bank balances amounted to approximately HK\$217.8 million, and is mainly denominated in Hong Renminbi and Australian dollars. The Group does not expect significant exposure to exchange rate and fluctuations. As a result, the Group did not enter into any foreign exchange contracts, currency swaps or derivatives.

SIGNIFICANT INVESTMENTS

Depreciation and amortisation of property, plant and equipment	2,602
<b>7. TAXATION</b>	
The charge (credit) comprises:	
Hong Kong Profits Tax	3081
Taxation in other jurisdictions	HK\$'000
Deferred tax credit	585
Taxation attributable to the Company and its subsidiaries	176
Hong Kong Profits Tax was provided for at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits of the Group.	761
Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.	
The Group has no significant unrecognised deferred taxation at reporting date or during both periods.	
<b>8. LOSS PER SHARE</b>	
The calculation of the basic loss per share is based on the net loss for the period of approximately HK\$94,546,000 (approximately HK\$132,702,000 for the six months ended 30th June, 2003) and on the weighted average of 873,325,856 (829,468,413 for the six months ended 30th June, 2003) ordinary shares in issue during the period.	
The computation of diluted loss per share does not assume the exercise of the share options as their exercise would result in a decrease in loss per share.	

**INTERIM DIVIDEND**  
The directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2004 (2003: Nil).

**ANALYSIS OF THE GROUP'S PERFORMANCE**

The Group's turnover for the six months ended 30th June, 2004 totaled HK\$106.6 million, representing a decrease of 93.9% from HK\$1,735.6 million over the last corresponding period. The turnover for the first half-year decreased from manufacturing and trading of batteries products and the pharmaceutical products operation, the segment of pharmaceutical products operation was treated as discontinuing operations during the period under following the disposal of this operation in May 2004.

The Group's unaudited consolidated loss for the six months ended 30th June, 2004 reduced by 28.8% to HK\$94.4 million as compared to HK\$132.7 million in the last corresponding period. The net loss incurred for the period was attributable to the allowance for receivables and provision for unrealized holding loss in investments in securities during the period.

**LIQUIDITY AND FINANCIAL RESOURCES**

During the first half of 2004, the Group financed its operations mainly through cash generated from its business and banking facilities provided by its principal bankers and proceeds from disposal of investments in securities and subordinated debt. The Group's short-term bank loans and other borrowings decreased from approximately HK\$38.3 million as at December, 2003 to approximately HK\$13.7 million as at 30th June, 2004, representing a significant decrease of 64.5%. There was no long-term bank loans and other borrowings at 30th June, 2004 under review compared with the HK\$0.1 million at 31st December, 2003. The gearing ratio, calculated to the total long-term bank loans and other borrowings divided by total shareholders' funds remains nil as at 30th June, 2004 and 31st December, 2003. The total borrowings of HK\$13.7 million were mainly denominated in HK dollars and Renminbi, and the maturity dates were all within one year. Non-HK dollar denominated loans are directly related to the Group's businesses in the of the currencies concerned.

As at 30th June, 2004, total bank borrowings and other borrowings of the Group amounted to approximately 1.5 million and over 90% of the Group's bank borrowings bear interest at fixed rates and the remaining were at floating rates.

During the period under review, capital expenditure aggregated to approximately HK\$1.5 million and was used primarily for expansion of existing facilities. The Group's capital expenditures will continue to be funded primarily from cash generated from operations, cash on hand or by bank borrowings or a combination of both as required.

Cash and bank balances amounted to approximately HK\$217.8 million, and is mainly denominated in Hong Kong, Renminbi and Australian dollars. The Group does not expect significant exposure to exchange rate and interest rate fluctuations. As a result, the Group did not enter into any foreign exchange contracts, currency swaps or other derivatives.

**SIGNIFICANT INVESTMENTS**

**China Enterprises Limited (carried on business in Hong Kong as China Tire Holdings Limited)**  
For the period under review, China Enterprises Limited ("China Enterprises") continued to look at strategic investment opportunities with a view to expanding business portfolios. Wing On Travel (Holdings) Limited ("Wing On") is a business related affiliate which continues to benefit from the upward rebound to the travel business of Hong Kong. The negative impacts brought by the outbreak of the Severe Acute Respiratory Syndrome ("SARS") subsided during the corresponding period. After disposing of its investments in Yinchuan C.S.I. (Greatwall) Rubber Company Limited, Happiness Tire Industries Corporation Limited and 25% interest in Hangzhou Zhongce Rubber Company Limited, Zhongce ("Zhongce") which are principally engaged in the manufacturing and trading of tires products in the PRC and other parts of the world, China Enterprises maintains minimal involvement in the manufacturing and trading of tires products in Shanghai, the PRC and the property being erected thereon which comprises two levels of underground car-park and a 24-storey building for a consideration of RMB450 million. It is the intention of the management of China Enterprises to continue seeking appropriate investment opportunities in hotel and travel related businesses in the PRC in the positive outlooks in this sector in the coming future.

Current Liabilities	84,946
Creditors, other payables and accrued charges	34,611
Payables - due within one year	185
Payables due to associates	3,064
Income and other tax payable	38,284
Bank loans and other borrowings - due within one year	161,090
Net Current Assets	903,557
Capital and Reserves	2,028,154
Share capital	85,660
Reserves	1,447,720
Minority Interests	1,533,380
Non-Current Liabilities	250,160
Bank loans and other borrowings - due after one year	144
Payables - due after one year	244,470
	244,614
	2,028,154

Notes:

- BASIS OF PREPARATION**  
The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

- PRINCIPAL ACCOUNTING POLICIES**  
The condensed financial statements have been prepared under the historical cost convention, as modified for valuation of investments in securities.

- SEGMENT INFORMATION**  
Business segments  
The Group's primary format for reporting segment information is business segments.

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

	Continuing operations		Discontinuing operations	
	Investment in securities HK\$'000	Manufacturing and trading of battery products HK\$'000	Manufacturing and trading of pharmaceutical products HK\$'000	Sub-total HK\$'000
For the period ended 30th June, 2004				
<b>TURNOVER</b>				
External	10,309	10,309	96,262	106,571
<b>RESULT</b>				
Segment result	(20,815)	102	6,777	(13,936)
Unallocated corporate expenses				(19,659)
Allowance for receivables				(56,000)
Exchange gain				2,430
Interest income				21,672
Dividend income				1,185
Loss from operations				(64,308)

Consolidated  
HK\$'000

(Note a)

(Page 2)

#### **MRI Holdings Limited**

MRI Holdings Limited ("MRI") (ASX code: MRI) continues as an investment company under the ASX guidelines.

MRI has made considerable effort to identify suitable investments, which fit the criteria, laid down by the ASX but as yet has not done so. As a result the MRI currently has approximately half of its current assets in cash and consequently MRI is currently suspended from trading until such time as it makes a suitable investment.

MRI has seen fit to appoint a receiver to Fruit Projects Australia to protect its investment under the secured convertible note and the receivership is proceeding satisfactorily at this point in time.

MRI is currently investigating several investment proposals with a view to making an approved investment and applying for a lifting of the trading suspension of its shares.

#### **PROSPECTS**

Following the successful consolidation of the existing tire business of the Group, the Group acquired a parcel of land in Zhuhai, the PRC in 2003 as a first step to venture into the industrial properties market in the ever-developing China. Zhuhai being one of the special economic zone in the Pearl river delta plays an important role in the dynamic industrial development in the southern China. Being a close neighbour to Macau and will soon be linked up with Hong Kong directly by a newly built cross-delta bridge, the Board believes Zhuhai will definitely become an industrial backyard of Hong Kong.

To look for profitable investment opportunities for the ultimate interest of our shareholders in the long and medium run, the Board has proposed to proceed with the real estate development project located in Shanghai, the PRC. Shanghai, a cosmopolitan and the landmark city representing the business prosperity of modern China and the fusion of culture from the East and West, has a great potential in its hotel and accommodation business. The Board is of the view that the development right of the land into prestigious service apartments will possess tremendous potential in making positive contribution to the Group in the near future.

Although there are signs of recovery local economy after the implementation of the Closer Economic Partnership Arrangement between Hong Kong and the PRC, the formation of the Nine plus Two joint forum of the municipal government of nine major south China cities, the chief executive of Macau and the chief executive of Hong Kong together with the expected early-completion of the Disneyland in Hong Kong, the Board is of the view that the economy of the special administration region will remain gloomy and uncertain in the near term. Hence, the Board will maintain a cautiously optimistic attitude toward the development of the Group and would continue exercising cautions in allocating its resources in order to preserve the shareholders long term interest and maximizing return to shareholders.

#### **CORPORATE DEVELOPMENTS**

The Group acquired the entire interest in a company from an independent third party by the end of 2003 which is engaged in land development project in珠海中策產業園 located in Long Shan Development Area, Doumen District, Zhuhai City, the PRC and is to be jointly developed with 珠海市龍山工業區管理委員會. The Group now is entitled to have the exclusive development right to the project and the right to obtain the land for development.

China Enterprises entered into a conditional agreement dated 13th January, 2004 with Wing On (as subsequently amended on 17th March, 2004 and 4th May, 2004) in relation to the issue of 2% convertible note to China Enterprises or its nominee for a consideration of HK\$155,000,000 attaching the right to convert into new shares of Wing On during a period of three years from the date of issue of the convertible note, at an initial conversion price of HK\$0.02 per share of Wing On, subject to adjustment.

In March 2004, the Company entered into a conditional sale and purchase agreement with Cheung Tai Hong (B.V.I.) Limited ("Cheung Tai Hong"), a wholly-owned subsidiary of Cheung Tai Hong Holdings Limited, in relation to the disposal of the entire equity interests in Tung Fong Hung Investment Limited to Cheung Tai Hong for a total consideration of HK\$42,000,000.

As stated in the joint announcement dated 8th March, 2004 of Pacific Century Premium Developments Limited ("PCPD" formerly known as Dong Fang Gas Holdings Limited, an associated company of the Company at that time), and PCCW Limited ("PCCW"), PCPD conditionally agreed to purchase (i) the entire issued share capital of Ipswich Holdings Limited and its subsidiaries ("Property Group"), being the group of companies holding PCP Beijing, PCCW Tower, other investment properties and related property and facilities management companies of PCCW and its subsidiaries and (ii) the loans of approximately HK\$3,529 million, in aggregate, of interest-bearing loans owing by the relevant members of the Property Group to PCCW (comprising of HK\$2,359 million and US\$150 million of such loans.

and (iii) certain property interests. The consideration for the above transaction amounting to HK\$6,557 million will be satisfied by (a) as to HK\$2,967 million by the allotment and issue of approximately 1,648 million new shares of PCPD to PCCW credited as fully paid at an issue price of HK\$1.80 per share; and (b) as to the remaining HK\$3,590 million by the issue of the convertible note by PCPD to PCCW or as it may direct. Upon completion of the foresaid proposals, PCPD become the flagship of PCCW for property development business in Hong Kong and the PRC. After completion of the transaction, the Group's interests in PCPD was decreased from 43.06% to 2.83%.

On 30th March 2004, the Group entered into a conditional agreement to acquire 80% interests of the issued share capital of and the shareholder's loan to Talent Cosmos Limited for a consideration of HK\$30 million from independent third parties. Talent Cosmos Limited is an investment holding company and its subsidiaries are principally engaged in manufacturing of batteries.

The sale and purchase agreement dated 16th June, 2004 has been entered into between the Group and Shanghai Jiu Sheng Investment Company Limited in relation to the acquisition of the interest in a parcel of land situated at Nos. 219 and 229, Jiang Ning Road, Jing An District, Shanghai, the PRC and the building being erected thereon which comprises two levels of underground car parks and a 24-storey building by the Group for a total consideration of RMB450,000,000.

#### **NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME**

As at 30th June, 2004, the Group employed approximately 525 staff. Remuneration packages comprised of salary and year-end bonuses based on individual merits. 25,000,000 share options were granted and then exercised during the period ended 30th June, 2004.

#### **COMMITMENTS**

At 30th June, 2004, the Group has commitment of approximately HK\$377 million which is contracted for but not provided in the interim financial report in respect of acquisition of a property located in Shanghai, PRC (31.12.2003: Nil).

#### **CONTINGENT LIABILITIES**

At 30th June 2004, the Group had contingent liabilities in respect of guarantees in favour of banks for facilities granted to outsiders of approximately HK\$59.3 million (31.12.2003: HK\$0.8 million).

At 31st December, 2003, the Group also had contingent liabilities in respect of guarantees in favour of banks for facilities granted to an associate of approximately HK\$32.3 million.

#### **PLEDGE OF ASSETS**

At 30th June, 2004, investment in securities with a carrying value of HK\$94.7 million (31.12.2003: HK\$140.4 million) were pledged to secure margin credit facilities and banking facilities granted to the Group.

At 31st December, 2003, shares in an associate with net assets value attributable to the Group of approximately HK\$83.6 million were also pledged to secure credit facilities granted to the associates of the Group.

#### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

#### **CODE OF BEST PRACTICE**

None of the directors of the Company is aware of any information that would reasonably indicate that this is not complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim report, except that the Independent Non-Executive Directors of the Company are not appointed for specific terms as subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Articles of Association.

#### **AUDIT COMMITTEE**

The audit committee of the Company comprises Mr. David Edwin Bussmann and Ms. Fung Wan Yiu, Agnes who are Independent Non-Executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial report for the six months ended 30th June, 2004.

#### **PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE**

A detailed interim results announcement containing all information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website (<http://www.hkex.com.hk>) in due course.

By Order of the Board  
**Dr. Chan Kwok Keung, Charles**  
Chairman

Hong Kong, 21st September, 2004

*As at the date of this announcement, the Board comprises Dr. Chan Kwok Keung, Charles, Dr. Yap, Allan, Mr. Li Wa Kin, Ms. Chau Mei Wah, Rosanna, Ms. Chan Ling, Eva as executive directors, Mr. Chan Kwok Hung and Mr. Lui Siu Tsuen, Richard as alternate directors to Dr. Chan Kwok Keung, Charles and Dr. Yap, Allan respectively and Mr. David Edwin Bussmann and Ms. Fung Wan Yiu, Agnes as independent non-executive directors.*



## CHINA STRATEGIC HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)  
(Stock Code : 235)

### APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board of Directors (the "Board") of China Strategic Holdings Limited (the "Company") is pleased to announce that Mr. Wong King Lam, Joseph has been appointed as an independent non-executive director of the Company and a member of the audit committee with effect from 30th September, 2004.

Mr. Wong King Lam, aged 52, is currently the chief executive officer of a renowned automobile services company in Hong Kong. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He has more than 24 years' extensive experience in auditing, corporate and financial management with a number of companies in different business sectors which include an international accounting firm and a local listed company.

Mr. Wong has been appointed as an independent non-executive director of Hanny Holdings Limited which is a substantial shareholder of the Company with effect from 30th September, 2004. He is also an independent non-executive director of Tungtex (Holdings) Company Limited and Wing On Travel (Holdings) Limited. All of the above companies are public companies whose shares are listed on The Stock Exchange of Hong Kong Limited. Save as disclosed above, Mr. Wong does not have any directorship in any listed companies in the past three years. He has not previously held any position with the Company or its subsidiaries and, save as disclosed above, does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company. As at the date of this announcement, Mr. Wong does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Future Ordinance.

There is no service contract entered into between the Company and Mr. Wong. He will have no fixed term of service with the Company and will hold office until the next annual general meeting of the Company and will be eligible for re-election at the meeting in accordance with the Articles of Association of the Company. The director's fee payable to Mr. Wong will be determined by the Board and subject to the approval of the shareholders of the Company.

Save as disclosed above, there are no other matters in relation to the appointment of Mr. Wong that need to be brought to the attention of the shareholders of the Company.

The Board wishes to express its warmest welcome to Mr. Wong for joining the Company.

As at the date of this announcement, the Board comprises of:-

*Executive Directors:*

Dr. Chan Kwok Keung, Charles  
Dr. Yap, Allan  
Mr. Li Wa Kin  
Ms. Chau Mei Wah, Rosanna  
Ms. Chan Ling, Eva  
Mr. Chan Kwok Hung  
(Alternate to Dr. Chan Kwok Keung, Charles)  
Mr. Lui Siu Tsuen, Richard  
(Alternate to Dr. Yap, Allan)

*Independent Non-Executive Directors:*

Mr. David Edwin Bussmann  
Ms. Fung Wan, Yiu, Agnes  
Mr. Wong King Lam, Joseph

By order of the Board  
Chan Yan Yan, Jenny  
Secretary

Hong Kong, 30th September, 2004

**重要事項 Important Notes**

**AMENDED**

- 填表前請參閱〈填表須知〉。  
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.  
Please print in black ink.

公司編號 Company Number

29649

**1 公司名稱 Company Name**

**China Strategic Holdings Limited**  
**中策集團有限公司**

- 2 本陳述書的附表一載列本公司於下述財政年度終結日期的所有附屬公司的詳情**  
**The particulars of all the Subsidiaries of the Company as at the closing date of the financial year as stated below are contained in Schedule 1 of this Statement**

財政年度的終結日期  
Closing Date of the Financial Year

31	12	2003
日 DD	月 MM	年 YYYY

本陳述書包括 \_\_\_\_\_ 頁附表。

This Statement includes 8 page(s) of Schedule.

簽署 Signed :

姓名 Name : Chan Yan Yan, Jenny  
董事 Director / 秘書 Secretary \*

日期 Date : 29<sup>th</sup> June, 2004

日 DD / 月 MM / 年 YYYY

\*請刪去不適用者 Delete whichever does not apply

(註 Note 4)

提交人的資料 **Presentor's Reference**

請勿填寫本欄 **For Official Use**

姓名 Name: Treasure Way Services Limited

地址 Address: 8/F., Paul Y. Centre, 51 Hung To Road  
Kwun Tong, Kowloon, Hong Kong

電話 Tel: 2372 0130 傳真 Fax: 2810 6982

電郵地址 E-mail Address:

檔號 Reference:

指明編號 1/2004 (2004年2月)  
Specification No. 1/2004 (Feb. 2004)

收件日期 RECEIVED

06-09-2004

公司註冊處(行政組)  
COMPANIES REGISTRY  
(Administration Section)

## 附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee)
		Ordinary	(註 Note)	(註 Note)
Acrow Limited	BVI	US\$1	100	
APEC.com Limited	HK	HK\$2	100	
B2B Limited	HK	HK\$2		100
Capital Canton Limited	BVI	US\$1		100
Capital Passion Limited	BVI	US\$1	100	
Carling International Limited	BVI	US\$1	100	
Century Lead Limited	BVI	US\$1		100
Champion Palace Development Limited	HK	HK\$2		100
Chase Manor Development Limited	HK	HK\$10,000		100
China Advertising Holdings Limited	HK	HK\$2	100	
China Audio & Communications Limited	HK	HK\$2	100	
China Automobile (Holdings) Limited	HK	HK\$2	100	
China B2B Net.com Limited	HK	HK\$2	100	
China Barter Trade.com Limited	HK	HK\$2	100	
China Broadcasts (Holdings) Limited	HK	HK\$2	100	
China Cable (BVI) Limited	BVI	US\$3	100	
China Cement Holdings Limited	HK	HK\$20	100	
China Computer Limited	HK	HK\$20	100	
China Data Center Limited	HK	HK\$2		100
China Diesel Power Limited	HK	HK\$2	100	
China Digital Corporation Limited	HK	HK\$2	100	

### 註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

The percentage may be stated to the nearest whole number per cent except where it is between 49% and 50% or between 50% and 51%, in either of which cases, it shall be stated to as many decimal places as would be required to indicate the percentage, to one significant figure, of the proportion of the nominal value of the issued shares of that class represented by one share.

## 附屬公司的詳情 Particulars of Subsidiaries

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		<b>Ordinary</b>	(註 Note)	(註 Note)
China e-Barter.com Limited	HK	HK\$2	100	
China e Bay.com Limited	HK	HK\$2	100	
China e-commerce.com Limited	HK	HK\$2	100	
China e-Link.com Limited	HK	HK\$2	100	
China e-Printing.com Limited	HK	HK\$2	100	
China Electric Corporation Limited	HK	HK\$2	100	
China Electronics Industries Limited	HK	HK\$2	100	
China Energy Holdings Limited	HK	HK\$2	100	
China Financial Net.com Limited	HK	HK\$2	100	
China Food Holdings Limited	HK	HK\$2	100	
China Grains.com Limited	HK	HK\$2	100	
China I.T. Net.com Limited	HK	HK\$2	100	
China Information Highway Holdings Limited	HK	HK\$2		100
China Internet Capital Group Limited	HK	HK\$2	100	
China Internet Global Alliance Limited	HK	HK\$10,000	100	
China Internet Holdings Limited	HK	HK\$2		100
China Logistic.com Limited	HK	HK\$2	100	
China Micro Systems Limited	HK	HK\$2	100	
China Pharmaceuticals Pty Ltd	Australia	A\$1		100
China Resources Holdings Limited	BVI	US\$1		100
China Strategic (B.V.I.) Limited	BVI	US\$1	100	
China Strategic Investment Pty Ltd	Australia	A\$2		100

**註 Note**

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附屬公司的詳情 **Particulars of Subsidiaries**

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		Ordinary	(註 Note)	(註 Note)
China Technologies Limited	HK	HK\$2	100	
China Telecom International Limited	HK	HK\$2	51	
China Television (Holdings) Limited	HK	HK\$2	100	
China University Online Limited	HK	HK\$2	100	
China VU.com Limited	HK	HK\$2	100	
China Wireless Limited	HK	HK\$2	100	
China WTO.com Limited	HK	HK\$2	100	
China Youth Net.com Limited	Cayman Islands	US\$1,000	100	
Citybest Limited	BVI	US\$1	100	
Com.com Limited	HK	HK\$2	100	
Concept Millennium Limited	BVI	US\$1	100	
Container Limited	BVI	US\$1		100
Cosmos Profit International Limited	HK	HK\$2		100
Crown Dragon Limited	BVI	US\$1	100	
CSI Land Group Limited	HK	HK\$2	100	
Diao Yu Tai (Holdings) Pte Ltd	Singapore	S\$5,000,000	100	
Dom.com Limited	HK	HK\$737,680	100	
Earnfull Industrial Limited	HK	HK\$10,000,000		90
Ease Wealth Limited	BVI			100
EAsia Limited	HK	HK\$2		100
Easy Legend Limited	BVI	US\$1		100
Eco Tour Educational Fund Limited	HK	Limited by guarantee	-	
E-Invest Technology Limited	BVI	US\$1		US\$1

**註 Note**

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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## 附屬公司的詳情 Particulars of Subsidiaries

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Ever Excellent Limited	BVI	US\$1	100	
Evergrowth Properties Limited	BVI	US\$1	100	
Exalt Investment Limited	HK	HK\$10,000		100
Excelbond Limited	BVI	US\$1	100	
Expert Commerce Limited	BVI	US\$1		100
Expert Solution Limited	BVI	US\$1		100
Fast Settle Development Company Limited	HK	HK\$2		100
Favour Leader Limited	BVI	US\$1		100
Favour Rich Ltd.	BVI	US\$1		100
Future Returns Limited	BVI	US\$1	100	
Glory Dynamic Limited	BVI	US\$1		100
Glory Eagle Limited	BVI	US\$1	100	
Gold Crown (Far East) Limited	HK	HK\$2		100
Gold Day Ltd.	BVI	US\$2		100
Gold Label Investments Limited	BVI	US\$1	100	
Golden Flower Limited	BVI	US\$1		100
Golden Stong International Limited	HK	HK\$2		100
Good Trend Enterprises Limited	BVI	US\$1	100	
Grand Orient Limited	BVI	US\$1	100	
Great Joint Profits Limited	BVI	US\$1		100
Great Windfall Agents Limited	BVI	US\$1		100
Grotto Profits Limited	BVI	US\$1	100	
Happy Access Limited	BVI	US\$1	100	
Happy Invest Limited	BVI	US\$1		100
Hollywood & Co., Limited	HK	HK\$2		100

### 註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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**附屬公司的詳情 Particulars of Subsidiaries**

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		Ordinary	(註 Note)	(註 Note)
Honest Map Limited	BVI	US\$1		100
Honest Sincere Limited Hongkong	BVI	US\$1	100	
Macau Telecom Holdings Limited	HK	HK\$2	100	
Hongkong Pharmaceutical Industries Corporation Limited	HK	HK\$2	100	
In Century Limited	BVI	US\$1	100	
Jean-Marie Wellness Biotech Corporation Limited	BVI	US\$1		100
Jumbo Ever Limited	HK	HK\$2		100
Jumbo Win Holdings Limited	HK	HK\$2		100
Kamthorn Limited	BVI	US\$1	100	
Katmon Limited	BVI	US\$1	100	
Leading Returns Limited	BVI	US\$1		100
Longnew Limited	BVI	US\$1		100
Market Connection Limited	BVI	US\$1	100	
MBK China Strategic Limited	HK	HK\$10,000,000	60	
Million Good Limited	BVI	US\$1		100
MRI Infrastructure Holdings Limited	Bermuda	US\$12,000		100
MRI Services (Overseas) Limited	BVI	US\$1		100
NSource Limited	BVI	US\$1		100
NSource (Hong Kong) Limited	HK	HK\$2		100
Oriental Sunrise Pte Limited	Singapore	-		100
Oriental Well Investments Limited	HK	HK\$2		100
Orion (B.V.I.) Tire Corporation	BVI	US\$100		60
Orion Tire Corporation	USA			60

**註 Note**

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

The percentage may be stated to the nearest whole number per cent except where it is between 49% and 50% or between 50% and 51%, in either of which cases, it shall be stated to as many decimal places as would be required to indicate the percentage, to one significant figure, of the proportion of the nominal value of the issued shares of that class represented by one share.

## 附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee)
		Ordinary	(註 Note)	(註 Note)
Pacific Essense Ltd.	BVI	US\$1		100
Pawsley Limited	BVI	US\$1	100	
Perfect City Limited	BVI	US\$1		100
Premier Zhou En Lai Foundation Limited	HK	HK\$2	100	
Principal Diamond Limited	BVI	US\$10		80
Quality Best Limited	BVI	US\$1	100	
Regal Tender Limited	BVI	US\$1		100
Ruby Enterprises Limited	HK	HK\$2,377,500	100	
Ruby Services Limited	BVI	US\$1	100	
Ruby Uniforms Limited	HK	HK\$10,000	100	
See Ying Limited	BVI	US\$1	100	
Sifford Limited	BVI	US\$1	100	
Sincere Ocean Limited	BVI	US\$1		100
Sino Gold Investments Limited	BVI	US\$1		100
Strawberg Limited	BVI	US\$1	100	
Super Age Investment Limited	HK	HK\$2		100
Super Assets Limited	BVI	US\$1	100	
Super Park Development Limited	HK	HK\$2		100
Super Plus Limited	BVI	US\$1		100
Super Solutions Limited	BVI	US\$1		100
TFH (China) Holdings Limited	HK	HK\$2		100
TFH Consultation Services Limited	HK	HK\$2		100
TFH Management Holdings Limited	BVI	US\$1		100
TFH Management Limited	HK	HK\$2		100

### 註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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## 附屬公司的詳情 Particulars of Subsidiaries

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		Ordinary	(註 Note)	(註 Note)
TFH Manufacturing Company Limited	HK	HK\$2		100
TFH Supplies Company Limited	HK	HK\$2		100
Time Fortune International Limited	HK	HK\$10		100
Top Growth Resources Limited	BVI	US\$1		100
Total Pacific Limited	HK	HK\$2		100
Treasure Way Services Limited	HK	HK\$10,000	100	
Tung Fong Hung (China) Limited	HK	HK\$2		100
Tung Fong Hung Foods Limited	HK	HK\$2		100
Tung Fong Hung Foods Company, B.C. Ltd.	Canada	-		100
Tung Fong Hung (Marketing) Limited	HK	HK\$2		100
Tung Fong Hung Medicine (BVI) Limited	BVI	US\$2		100
Tung Fong Hung Medicine (Retail) Limited	HK	HK\$2		100
Tung Fong Hung Medicine Company (Macau) Limited	Macau	-		100
Tung Fong Hung Medicine Company, Limited	HK	HK\$10,011		100
Tung Fong Hung Medicine Company, Limited Taiwan Branch	Taiwan	-		100
Tung Fong Hung Medicine Services Limited	HK	HK		100
Tung Fong Hung Nominees Limited	BVI	US\$2		100

### 註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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## 附屬公司的詳情 Particulars of Subsidiaries

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		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee)  (註 Note)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee)  (註 Note)
United China Internet Capital Limited	HK	HK\$10,000,000	100	
Universal Focus Ltd.	BVI	US\$1		100
Universal Supreme Ltd.	BVI	US\$1		100
Ventures Kingdom Limited	BVI	US\$1		100
Venture Leader Limited	BVI	US\$1	100	
Vision Leader Limited	BVI	US\$1		100
World Place Limited	HK	HK\$2		100
Wai Cheong Limited	BVI	US\$1	100	
Wealth Faith Limited	BVI	US\$1		100
Wealth Merit Ltd.	BVI	US\$10		100
Wealthy Gain Limited	BVI	US\$1		100
Wealthy Mark Limited	BVI	US\$1		100
Winning Effort Limited	BVI	US\$1	100	
Worbird Limited	BVI	US\$1	100	
Zhuhai Zhongce Property Investment Limited	BVI	US\$1		100
東方紅(中山)保健食品廠有限公司 Tung Fong Hung (Zhong Shan) Health Foodstuff Manufactory Ltd.	PRC	US\$600,000		100
黑龍江金保華農業有限公司	PRC	HK\$10,000,000		100
廣州市東方紅保健品有限公司	PRC	HK\$2,300,000		100
哈爾濱東方綠種業有限公司	PRC	RMB1,100,000		100

### 註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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**重要事項 Important Notes**

- 填表前請參閱〈填表須知〉。  
請用黑色墨水列印
- Please read the accompanying notes before completing this form.  
Please print in black ink.

公司編號 Company Number

29649

**1 公司名稱 Company Name**

**China Strategic Holdings Limited**  
中策集團有限公司

**2 更改詳情 Details of Change**

**A. 離任秘書／董事的資料 Particulars of Secretary/Director Ceasing to Act**

(如涉及超過一名秘書／董事，請用續頁 A 填報 Use Continuation Sheet A if more than 1 secretary/director is involved).

請在有關空格內加 ✓ 號 Please tick the relevant box(es)

(註 Note 7)

身份 Capacity  秘書 Secretary  董事 Director  候補董事 Alternate Director

代替 Alternate to

**個人秘書／董事的姓名 Name of Individual Secretary/Director**

中文姓名 Name in Chinese

英文姓氏 Surname in English

英文名字 Other Names in English

(註 Note 8)

身份證明  
Identification

香港身份證號碼 HK Identity Card Number

海外護照號碼 Overseas Passport Number

或 OR

(註 Note 9)

法人團體秘書／董事的中文及英文名稱

Chinese and English Names of Corporate Secretary/Director

離任原因  
Reason for Cessation

辭職／其他  
Resignation/Others

去世  
Deceased

(註 Note 10)

離任日期  
Date of Cessation

日 DD

月 MM

年 YYYY

(註 Note 11)

請述明上述離任董事／候補董事在離任日期後，是否繼續擔任公司的  
候補董事／董事職位

是 Yes

Please indicate whether the Director/Alternate Director ceasing to act will  
continue to hold office as Alternate Director/Director in the Company after  
the date of cessation

否 No

(註 Note 5)

提交人的資料 Presentor's Reference

姓名 Name: Treasure Way Services Limited

地址 Address: 8/F., Paul Y. Centre, 51 Hung To Road  
Kwun Tong, Kowloon, Hong Kong

電話 Tel: 2372 0130 傳真 Fax: 2810 6982

電郵地址 E-mail Address:

檔號 Reference:

指明編號 1/2004 (2004 年 2 月)  
Specification No. 1/2004 (Feb. 2004)

請勿填寫本欄 For Official Use

收件日期 RECEIVED

12 -10- 2004

公司註冊處(行政組)  
COMPANIES REGISTRY  
(Administration Section)

2 更改詳情 Details of Change (續上頁 cont'd)

B. 獲委任的個人秘書／董事的資料 Particulars of Individual Secretary／Director Appointed

(如委任超過一名個人秘書／董事，請用續頁 B 填報)

(Use Continuation Sheet B if more than 1 individual secretary／director is appointed)

請在有關空格內加 ✓ 號 Please tick the relevant box(es)

(註 Note 12)

身份 Capacity	<input type="checkbox"/> 秘書 Secretary	<input checked="" type="checkbox"/> 董事 Director	<input type="checkbox"/> 候補董事 Alternate Director	代替 Alternate to
----------------	--	--	---	-----------------

中文姓名  
Name in Chinese

黃 景 霖

英文姓名 Name in English	Wong	King Lam, Joseph
	姓氏 Surname	名字 Other Names

前用姓名  
Previous Names

別名  
Alias

(註 Note 13)

住址 Residential Address	5 <sup>th</sup> Floor, 152C Prince Edward Road, Kowloon	Hong Kong
		國家 Country

(註 Note 14)

電郵地址  
E-mail Address

(註 Note 15)

身份證明 Identification

a 香港身份證號碼  
Hong Kong Identity Card Number

E431863(7)

b 海外護照  
Overseas Passport

簽發國家 Issuing Country	號碼 Number
----------------------	-----------

委任日期 Date of Appointment

30	09	2004
日 DD	月 MM	年 YYYY

(註 Note 16)

請述明董事／候補董事在獲得上述委任時，是否公司現任的候補董事／董事  
Please indicate whether the Director／Alternate Director whose appointment is reported above is already an existing Alternate Director／Director in the Company at the time of the above appointment

是 Yes  
 否 No

2 更改詳情 Details of Change (續上頁 cont'd)

(註 Note 17) C. 獲委任的法人團體秘書／董事的資料 Particulars of Corporate Secretary／Director Appointed

(如委任超過一名法人團體秘書／董事，請用續頁 C 填報)

(Use Continuation Sheet C if more than 1 corporate secretary／director is appointed)

請在有關空格內加 ✓ 號 Please tick the relevant box(es)

(註 Note 18)

身份  秘書  董事  候補董事  
Capacity Secretary Director Alternate Director

代替 Alternate to

(註 Note 19)

中文名稱  
Name in Chinese

(註 Note 19)

英文名稱  
Name in English

(註 Note 20)

地址  
Address

國家 Country

(註 Note 21)

電郵地址  
E-mail Address

公司編號 Company Number

(只適用於在香港註冊的法人團體)

(Only applicable to body corporate registered in Hong Kong)

委任日期 Date of Appointment

日 DD

月 MM

年 YYYY

(註 Note 22)

請述明董事／候補董事在獲得上述委任時，是否公司現任的候補董事／董事  
Please indicate whether the Director／Alternate Director whose appointment is reported above is already an existing Alternate Director／Director in the Company at the time of the above appointment

是 Yes

否 No

本通知書包括 \_\_\_\_\_ 張續頁 A、\_\_\_\_\_ 張續頁 B 及 \_\_\_\_\_ 張續頁 C。

This Notification includes \_\_\_\_\_ 0 \_\_\_\_\_ Continuation Sheet(s) A, \_\_\_\_\_ 0 \_\_\_\_\_ Continuation Sheet(s) B and \_\_\_\_\_ 0 \_\_\_\_\_ Continuation Sheet(s) C.

簽署 Signed :

姓名 Name : Chan Yan Yan, Jenny  
董事 Director / 秘書 Secretary \*

日期 Date : 30<sup>th</sup> September, 2004  
日 DD / 月 MM / 年 YYYY

\*請刪去不適用者 Delete whichever does not apply

重要事項 Important Note

- 請用黑色墨水列印。  
Please print in black ink.

公司編號 Company Number

29649

公司名稱 Company Name

China Strategic Holdings Limited  
中策集團有限公司

本人  
I,

Wong King Lam, Joseph 黃景霖

(請填報姓名 Please state full name)

同意出任上述公司的  
consent to act as the above company's

請在有關空格內加 ✓ 號 Please tick the relevant box(es)

董事，  
Director

候補董事，  
Alternate Director

代替 Alternate to

(請填報獲代替行事的董事姓名或名稱 Please state full name of the principal director)

生效日期為  
with effect from

30	09	2004
日 DD	月 MM	年 YYYY

，並確認本人已年滿十八歲。  
，and confirm that I have attained the age of 18 years.

簽署 Signed :

日期 Date : 30 September 2004

日 DD / 月 MM / 年 YYYY

提交人的資料 Presentor's Reference

姓名 Name: Treasure Way Services Limited

地址 Address: 8/F., Paul Y. Centre, 51 Hung To Road  
Kwun Tong, Kowloon, Hong Kong

電話 Tel: 2372 0130

傳真 Fax:

電郵地址 E-mail Address:

檔號 Reference:

指明編號 2/2004 (修訂) (2004年2月)  
Specification No. 2/2004 (Revision) (Feb. 2004)

請勿填寫本欄 For Official Use

收件日期 RECEIVED  
12 -10- 2004  
公司註冊處(行政組)  
COMPANIES REGISTRY  
(Administration Section)



中策集團有限公司  
China Strategic Holdings Limited

Interim Report 2004  
二零零四年中期報告

Independent Review Report	獨立審閱報告	2
Condensed Consolidated Income Statement	簡明綜合收益表	4
Condensed Consolidated Balance Sheet	簡明綜合資產負債表	5
Condensed Consolidated Statement of Changes in Equity	簡明綜合股權變動表	7
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Notes to the Condensed Financial Statements	簡明財務報表附註	10
Management Discussion and Analysis	管理層討論及分析	27
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# Deloitte.

## 德勤

### TO THE BOARD OF DIRECTORS OF CHINA STRATEGIC HOLDINGS LIMITED

*(Incorporated in Hong Kong with limited liability)*

#### INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 4 to 26.

#### DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### 致中策集團有限公司董事會 (於香港註冊成立之有限公司)

#### 引言

本核數師行受 貴公司委托審閱載於第4至第26頁之中期財務報告。

#### 董事之責任

香港聯合交易所有限公司證券上市規則規定，中期財務報告須按照香港會計師公會頒佈的《會計實務準則》第25號「中期財務報告」及其他有關規定編製。編製中期財務報告是董事的責任，並已由董事審批。

吾等之責任在於根據受聘之協定條款審閱中期財務報告，就此達成獨立結論，並僅向閣下全體匯報，而有關結論不作其他用途。吾等並不就本報告之內容向任何其他人士承擔任何責任。

**REVIEW WORK PERFORMED**

We conducted our review in accordance with the Statement of Auditing Standards No. 700 "Engagements to Review Interim Financial Reports" issued by HKICPA. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

**REVIEW CONCLUSION**

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2004.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
21st September, 2004

**審閱工作**

本行的審閱工作是按照香港會計師公會頒佈《核數準則》第700號「審閱中期財務報告」進行。審閱範圍主要包括對集團管理層作出查詢及運用分析性程序對中期財務報告作出分析，並據此評估所採用之會計政策及呈報形式是否一致（另作披露者除外）。審閱工作並不包括審核程序（如測試內部監控系統和核實資產、負債及交易活動）。由於審閱的工作範圍遠較審核工作少，因此只能提供較審核工作為低的可靠程度。所以，本行不會對中期財務報告作出審核意見。

**審閱結論**

本核數師之審閱工作有別於審核，而基於審閱結果，本行並不察覺須對截至二零零四年六月三十日止六個月的中期財務報告作出任何重大的修改。

**德勤•關黃陳方會計師行**  
執業會計師  
香港  
二零零四年九月二十一日

		Six months ended 30th June, 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元 (unaudited) (未經審核)	2003 二零零三年 HK\$'000 千港元 (unaudited) (未經審核)
	Notes 附註		
Turnover	營業額	106,571	1,735,605
Cost of sales	銷售成本	<u>(68,128)</u>	<u>(1,494,160)</u>
Gross profit	毛利	38,443	241,445
Other operating income	其他經營收入	44,926	47,041
Distribution costs	分銷成本	(21,363)	(99,561)
Administrative expenses	行政支出	(23,575)	(76,490)
Other expenses	其他支出	(102,739)	(16,206)
(Loss) profit from operations	經營(虧損)溢利	(64,308)	96,229
Net (loss) gain on disposal of interests in subsidiaries	出售附屬公司權益之 (虧損)收益淨額	(5,266)	4,784
Net gain (loss) on deemed disposal/liquidation of interests in associates	視作聯營公司出售 權益/清盤之收益 (虧損)淨額	27,881	(36,767)
Share of results of associates	所佔聯營公司之業績	(29,060)	(125,012)
Finance costs	融資成本	(9,298)	(28,716)
Loss before taxation	稅前虧損	(80,051)	(89,482)
Taxation	稅項	(761)	(7,469)
Loss before minority interests	未計少數股東權益之虧損	(80,812)	(96,951)
Minority interests	少數股東權益	(13,734)	(35,751)
Net loss for the period	期間虧損淨額	<u>(94,546)</u>	<u>(132,702)</u>
Loss per share	每股虧損		
- Basic	- 基本	<u>(10.8) cents 仙</u>	<u>(16.0) cents 仙</u>
- Diluted	- 攤薄	<u>N/A 不適用</u>	<u>N/A 不適用</u>

Condensed Consolidated  
Balance Sheet  
At 30th June, 2004

簡明綜合資產負債表

於二零零四年六月三十日

			30th June, 2004 二零零四年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	31st December, 2003 二零零三年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
<b>Non-Current Assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	9	35,936	43,156
Goodwill	商譽		21,960	9,325
Interests in associates	於聯營公司之權益	10	614,841	823,147
Receivables - due after one year	應收賬款 - 一年後到期	11	183,345	31,286
Investments in securities	證券投資	12	167,024	217,683
Deposit paid for acquisition of a property	收購一項物業所付訂金	13	46,685	-
			<u>1,069,791</u>	<u>1,124,597</u>
<b>Current Assets</b>	<b>流動資產</b>			
Other asset	其他資產	14	227,050	226,718
Inventories	存貨		18,043	66,976
Trade debtors	應收貿易賬款	15	7,551	13,718
Receivables due from associates	應收聯營公司款項		6,885	6,294
Receivables - due within one year	應收賬款 - 一年內到期	11	233,689	370,459
Other receivables, deposits and prepayments	其他應收款項、按金及 預付款項	16	102,040	57,677
Investments in securities	證券投資	12	104,456	2,930
Bank balances and cash	銀行結餘及現金		217,757	319,875
			<u>917,471</u>	<u>1,064,647</u>
<b>Current Liabilities</b>	<b>流動負債</b>			
Creditors, other payables and accrued charges	應付賬款、其他應付款項 及應計費用	17	46,584	84,946
Payables - due within one year	應付款項 - 一年內到期	18	222,671	34,611
Payables due to associates	應付聯營公司款項		185	185
Income and other tax payable	應付所得稅及其他應付稅項		3,360	3,064
Bank loans and other borrowings - due within one year	銀行貸款及其他 借款 - 一年內到期		13,714	38,284
			<u>286,514</u>	<u>161,090</u>
<b>Net Current Assets</b>	<b>流動資產淨值</b>		<u>630,957</u>	<u>903,557</u>
			<u>1,700,748</u>	<u>2,028,154</u>

			30th June, 2004 二零零四年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	31st December, 2003 二零零三年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
		Notes 附註		
<b>Capital and Reserves</b>	<b>資本及儲備</b>			
Share capital	股本	19	88,160	85,660
Reserves	儲備		1,350,053	1,447,720
			<u>1,438,213</u>	<u>1,533,380</u>
<b>Minority Interests</b>	<b>少數股東權益</b>		<u>262,535</u>	<u>250,160</u>
<b>Non-Current Liabilities</b>	<b>非流動負債</b>			
Bank loans and other borrowings - due after one year	銀行貸款及其他借款 - 一年後到期		-	144
Payables - due after one year	應付款項 - 一年後到期	18	-	244,470
			<u>-</u>	<u>244,614</u>
			<u>1,700,748</u>	<u>2,028,154</u>

Condensed Consolidated  
Statement of Changes in  
Equity

For the six months ended 30th June, 2004

簡明綜合股權變動表

截至二零零四年六月三十日止六個月

		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Special capital reserve 特別資本儲備 HK\$'000 千港元 (Note b) (附註b)	Capital redemption reserve 資本贖回儲備 HK\$'000 千港元	Goodwill on consolidation 綜合時產生之商譽 HK\$'000 千港元 (Note c) (附註c)	Exchange reserve 匯兌儲備 HK\$'000 千港元	Other non-distributable reserves 其他不可分派儲備 HK\$'000 千港元 (Note b) (附註b)	Deficit 虧損 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1st January, 2003	二零零三年一月一日	82,947	1,897,348	414,881	233	128,953	(6,873)	35,839	(814,275)	1,734,053
Exchange adjustment	匯兌調整	-	-	-	-	-	293	-	-	293
Share of net reserves movement of associates	應佔聯營公司儲備變動淨額	-	-	-	-	-	662	-	-	662
Net gain not recognised in the condensed consolidated income statement	並未於簡明綜合收益表確認之收益淨額	-	-	-	-	-	955	-	-	955
Realised on disposal of interests in subsidiaries	出售附屬公司權益時變現	-	-	-	-	(111)	-	(7,072)	-	(7,183)
Realised on deemed disposal/liquidation of interests in associates	視作聯營公司出售權益/清盤時變現	-	-	-	-	(20,333)	(127)	-	-	(20,460)
Appropriated from retained profits	調撥自保留溢利	-	-	-	-	-	-	1,319	(1,319)	-
Net loss for the period	期內虧損淨額	-	-	-	-	-	-	-	(132,702)	(132,702)
At 1st July, 2003	二零零三年七月一日	82,947	1,897,348	414,881	233	108,509	(6,045)	30,086	(948,296)	1,574,663
Exchange adjustment	匯兌調整	-	-	-	-	-	(2)	-	-	(2)
Share of net reserves movement of associates	應佔聯營公司儲備變動淨額	-	-	-	-	-	1,428	(172)	-	1,256
Net gain (loss) not recognised in the condensed consolidated income statement	並未於簡明綜合收益表確認之收益(虧損)淨額	-	-	-	-	-	1,426	(172)	-	1,254
Exercise of warrants	發行認股權證	2,713	1,628	-	-	-	-	-	-	4,341
Realised on disposal of interests in subsidiaries	出售附屬公司權益時變現	-	-	-	-	6,963	(3,848)	(10,791)	17,863	10,187
Realised on deemed disposal/liquidation of interests in associates	視作聯營公司出售權益/清盤時變現	-	-	-	-	-	(1)	(238)	-	(239)
Appropriated from retained profits	調撥自保留溢利	-	-	-	-	-	-	20	(20)	-
Net loss for the period	期內虧損淨額	-	-	-	-	-	-	-	(56,826)	(56,826)
At 31st December, 2003	二零零三年十二月三十一日	85,660	1,898,976	414,881	233	110,472	(8,468)	18,905	(987,279)	1,533,380
Exchange adjustment	匯兌調整	-	-	-	-	-	(5,077)	-	-	(5,077)
Share of net reserves movement of associates	應佔聯營公司儲備變動淨額	-	-	-	-	-	-	20	-	20
Net (loss) gain not recognised in the condensed consolidated income statement	並未於簡明綜合收益表確認之(虧損)收益淨額	-	-	-	-	-	(5,077)	20	-	(5,057)
Issue of shares on exercise of share options	行使購股權發行股份	2,500	1,940	-	-	-	-	-	-	4,440
Realised on disposal of interests in subsidiaries	出售附屬公司權益時變現	-	-	-	-	-	12	-	-	12
Realised on deemed disposal/liquidation of interests in associates	視作聯營公司出售權益/清盤時變現	-	-	-	-	-	(16)	-	-	(16)
Net loss for the period	期內虧損淨額	-	-	-	-	-	-	-	(94,546)	(94,546)
At 30th June, 2004	二零零四年六月三十日	88,160	1,900,916	414,881	233	110,472	(13,549)	18,925	(1,081,825)	1,438,213

Notes:

- (a) The special capital reserve represents the amount arisen as a result of capital reduction carried out by the Company in 2001.
- (b) The other non-distributable reserves of the Group included statutory reserves required to be appropriated from the profit after taxation of the subsidiaries of the People's Republic of China ("PRC") under PRC laws and regulations. The amount of the appropriation is at the discretion of the PRC subsidiaries' board of directors.
- (c) The goodwill on consolidation as at 30th June, 2004 included HK\$9,492,000 (31.12.2003: HK\$9,492,000) which represented goodwill arising for acquisition of subsidiaries. No goodwill arising from acquisition of associates were included in goodwill on consolidation.

The goodwill on consolidation as at 30th June, 2004 included HK\$71,739,000 (31.12.2003: HK\$71,739,000) which represented negative goodwill arising from acquisition of subsidiaries and HK\$48,225,000 (31.12.2003: HK\$48,225,000) which represented negative goodwill attributable to associates.

附註：

- (a) 特別資本儲備指本公司於二零零一年削減股本所產生之金額。
- (b) 本集團之其他不可分派儲備指根據中華人民共和國(「中國」)法規須自中國附屬公司除稅後溢利撥出之法定儲備。轉撥金額由中國附屬公司之董事會決定。
- (c) 於二零零四年六月三十日綜合賬目產生之商譽代表收購附屬公司產生之商譽9,492,000港元(二零零三年十二月三十一日：9,492,000港元)。綜合賬目產生之商譽內並無收購聯營公司產生之商譽。

於二零零四年六月三十日綜合賬目產生之商譽代表收購附屬公司產生之負商譽71,739,000港元(二零零三年十二月三十一日：71,739,000港元)，以及代表聯營公司應佔之負商譽48,225,000港元(二零零三年十二月三十一日：48,225,000港元)。

Condensed Consolidated  
Cash Flow Statement  
For the six months ended 30th June, 2004

簡明綜合現金流量表

截至二零零四年六月三十日止六個月

		Six months ended 30th June, 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元 (unaudited) (未經審核)	2003 二零零三年 HK\$'000 千港元 (unaudited) (未經審核)
Net cash (outflow) inflow from operating activities	經營業務之現金(流出) 流入淨額	(82,826)	11,941
Net cash generated from (used in) investing activities	投資活動之現金 流入(流出)淨額	15,820	(320,554)
Net cash (used in) generated from financing activities	融資之現金(流出) 流入淨額	(30,978)	205,883
Net decrease in cash and cash equivalents	現金及現金等額減少淨額	(97,984)	(102,730)
Cash and cash equivalents at beginning of the period	期初之現金及現金等額	314,744	401,935
Effect of foreign exchange rate changes	匯率變動之影響	(5,805)	(367)
Cash and cash equivalents at end of the period	期終之現金及現金等額	<u>210,955</u>	<u>298,838</u>
Analysis of the balances of cash and cash equivalents	現金及現金等額結餘分析		
Bank balances and cash	銀行結餘及現金	217,757	317,998
Bank overdraft	銀行透支	(6,802)	(19,160)
		<u>210,955</u>	<u>298,838</u>

## 1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for valuation of investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's financial statements for the year ended 31st December, 2003.

## 1. 編製基準

簡明財務報表已根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄16之適用披露規定及香港會計師公會頒佈之會計實務準則（「會計實務準則」）第25號「中期財務報告」之規定編製。

## 2. 主要會計政策

簡明財務報表乃根據過往成本法編製，並就證券投資之估值作出調整。

所採納之會計政策與編製本集團於截至二零零三年十二月三十一日止年度之財務報表所採用者一致。

3. SEGMENT INFORMATION

Business segments

The Group's primary format for reporting segment information is business segments.

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

3. 分部資料

業務分部

本集團呈報首要分部資料之形式為按業務分類。

本集團按業務分部劃分之營業額及對經營業績之貢獻分析如下：

	Continuing operations 持續經營業務			Discontinuing operations 正終止經營業務	Consolidated 綜合
	Investment in securities 投資證券 HK\$'000 千港元	Manufacturing and trading of battery products 製造及買賣 電池產品 HK\$'000 千港元	Sub-total 小計 HK\$'000 千港元	Manufacturing and trading of pharmaceutical products 製造及買賣 藥品 HK\$'000 千港元 (Note a) (附註 a)	
For the period ended 30th June, 2004	截至二零零四年六月三十日止期間				
TURNOVER	營業額				
External	-	10,309	10,309	96,262	106,571
RESULT	業績				
Segment result	(20,815)	102	(20,713)	6,777	(13,936)
Unallocated corporate expenses	未分攤企業支出				
Allowance for receivables	應收賬款撥備				
Exchange gain	滙兌收益				
Interest income	利息收入				
Dividend income	股息收入				
Loss from operations	經營虧損				

3. SEGMENT INFORMATION (continued)

3. 分部資料(續)

Business segments (continued)

業務分部(續)

		Continuing operations	Discontinuing operations		Consolidated
		持續經營業務	正終止經營業務		
		Investment in securities	Manufacturing and trading of tire products	pharmaceutical products	
		投資證券	製造及買賣		綜合
		HK\$'000	輪胎產品	藥品	綜合
		千港元	HK\$'000	HK\$'000	HK\$'000
			千港元	千港元	千港元
			(Note b)		
			(附註b)		
For the period ended	截至二零零三年				
30th June, 2003	六月三十日止期間				
<b>TURNOVER</b>	<b>營業額</b>				
External	對外	-	1,606,194	129,411	1,735,605
<b>RESULT</b>	<b>業績</b>				
Segment result	分部業績	(6,839)	79,001	(855)	71,307
Unallocated corporate expenses	未分攤企業支出				(13,374)
Exchange gain	匯兌收益				17,429
Interest income	利息收入				19,232
Dividend income	股息收入				1,635
Profit from operations	經營溢利				96,229

Notes:

附註:

- (a) Following the disposal of Tung Fong Hung Investment Limited and its subsidiaries which was engaged in the manufacturing and trading of pharmaceutical products in May 2004, the business segment of manufacturing and trading of pharmaceutical products was regarded as discontinuing operations during the period ended 30th June, 2004.
- (b) Following the disposal of interests in subsidiaries which were engaged in the business of manufacturing and trading of tire products in September 2003, the business segment of manufacturing and trading of tire products was regarded as discontinuing operations during the period ended 30th June, 2003.

- (a) 於二零零四年五月出售Tung Fong Hung Investment Limited及其從事製造及買賣藥品之附屬公司後，製造及買賣藥品之業務分部被視為於截至二零零四年六月三十日止期間之正終止經營業務。
- (b) 於二零零三年九月出售從事製造及買賣輪胎之附屬公司之權益後，製造及買賣輪胎之業務分部被視為於截至二零零三年六月三十日止期間之正終止經營業務。

3. SEGMENT INFORMATION (continued)

Geographical segments

The following provides an analysis of the Group's turnover by geographic market, irrespective of the origin of the goods/services:

3. 分部資料(續)

地區分部

本集團按地區市場劃分之營業額分析如下(當中並無計及貨品/服務之來源地):

		Turnover 營業額	
		Six months ended 30th June, 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
The PRC, other than Hong Kong	中國 不包括香港	10,309	1,626,858
Hong Kong	香港	96,262	91,115
Overseas	海外	-	17,632
		<u>106,571</u>	<u>1,735,605</u>

4. OTHER OPERATING INCOME

4. 其他經營收入

		Six months ended 30th June, 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Interest income	利息收入	21,672	19,232
Exchange gain	滙兌收益	2,430	17,429
Gain on disposal of investments in securities	出售證券投資之收益	19,006	5,187
Dividend income from listed investments	上市投資之股息收入	1,185	1,635
Others	其他	633	3,558
		<u>44,926</u>	<u>47,041</u>

5. OTHER EXPENSES

5. 其他支出

		Six months ended 30th June, 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Unrealised holding loss on investments in securities	持有證券投資之未變現虧損	36,462	12,026
Allowance for bad and doubtful debts	呆壞賬撥備	9,460	-
Allowance for receivables	應收賬款撥備	56,000	-
Allowance for amounts due from associates	聯營公司欠款撥備	499	-
Amortisation of goodwill arising on acquisition of subsidiaries	攤銷收購附屬公司產生之商譽	155	814
Others	其他	163	3,366
		<u>102,739</u>	<u>16,206</u>

6. (LOSS) PROFIT FROM OPERATIONS

6. 經營(虧損)溢利

(Loss) profit from operations has been arrived at after charging:

經營(虧損)溢利已扣除下列各項：

		Six months ended 30th June, 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Depreciation and amortisation of property, plant and equipment	折舊及攤銷物業、廠房及設備	<u>2,602</u>	<u>24,012</u>

7. TAXATION

7. 稅項

		Six months ended 30th June, 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
The charge (credit) comprises:	稅項支出(回撥)包括:		
Hong Kong Profits Tax	香港利得稅	585	706
Taxation in other jurisdictions	其他司法權區之稅項	176	7,533
Deferred tax credit	遞延稅項抵免	-	(770)
		<u>761</u>	<u>7,469</u>
Taxation attributable to the Company and its subsidiaries	本公司及其附屬公司 應佔稅項		

Hong Kong Profits Tax was provided for at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits of the subsidiaries of the Group.

香港利得稅乃根據本集團附屬公司估計應課稅溢利按稅率17.5%(二零零三年: 17.5%)作出撥備。

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

其他司法權區之稅項乃按個別司法權區之適用稅率計算。

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

於公佈日期或兩段期間, 本集團概無任何重大未確認遞延稅項。

8. LOSS PER SHARE

8. 每股虧損

The calculation of the basic loss per share is based on the net loss for the period of approximately HK\$94,546,000 (approximately HK\$132,702,000 for the six months ended 30th June, 2003) and on the weighted average of 873,325,856 (829,468,413 for the six months ended 30th June, 2003) ordinary shares in issue during the period.

每股基本虧損乃根據期內之虧損淨額約94,546,000港元(截至二零零三年六月三十日止六個月: 約132,702,000港元)及期內已發行普通股之加權平均數873,325,856股(截至二零零三年六月三十日止六個月: 829,468,413股)計算。

The computation of diluted loss per share does not assume the exercise of the share options as their exercise would result in a decrease in loss per share.

由於行使購股權會導致每股虧損減少, 故此計算每股攤薄虧損時並不假設購股權已獲行使。

## 9. PROPERTY, PLANT AND EQUIPMENT

During the period, property, plant and equipment with an aggregate net book value of approximately HK\$35 million were disposed of as a result of the disposal of subsidiaries.

The Group also acquired property, plant and equipment with an aggregate net book value of approximately HK\$30 million as a result of the acquisition of subsidiaries.

## 10. INTERESTS IN ASSOCIATES

In March 2004, Pacific Century Premium Development Limited ("PCPD", formerly known as Dong Fang Gas Holdings Limited whose shares are listed on the Stock Exchange), a then 43.06% owned associate of the Group, entered into agreements with PCCW Limited ("PCCW", a company whose shares are listed on the Stock Exchange) to acquire various property interests from PCCW for a consideration of approximately HK\$6,557 million which was satisfied by the issue of new shares and convertible notes by PCPD to PCCW or as it may direct. The above transaction was completed in May 2004 and the Group's interest in PCPD was decreased from 43.06% to 2.83% and PCPD ceased to be an associate of the Group.

## 9. 物業、廠房及設備

本集團於本期間由於出售附屬公司而出售賬面淨值合共約35,000,000港元之物業、廠房及設備。

收購附屬公司後，本集團亦收購總賬面淨值約30,000,000港元之物業、廠房及設備。

## 10. 於聯營公司之權益

於二零零四年三月，本集團當時擁有43.06%權益之聯營公司盈科大衍地產發展有限公司（「盈大地產」，前稱東方燃氣集團有限公司，其股份於聯交所上市）與電訊盈科有限公司（「電訊盈科」，其股份於聯交所上市）訂立協議，以約6,557,000,000港元之代價收購電訊盈科多項物業權益，該筆代價以盈大地產向電訊盈科發行新股及可換股票據或其另行指示之方式支付。以上交易已於二零零四年五月完成，而本集團於盈大地產之權益由43.06%減至2.83%，因此盈大地產不再屬於本集團之聯營公司。

## 11. RECEIVABLES

At 30th June, 2004, the amount included receivables of approximately HK\$106 million before allowance (31.12.2003: HK\$128 million) and HK\$118 million before allowance (31.12.2003: HK\$115 million) due from Danwei Limited ("Danwei") and Lucklong Venture Limited ("Lucklong") respectively. Ms. Chau Mei Wah, Rosanna ("Ms. Chau"), a director of the Company, is the former director of Danwei and Lucklong. Mr. Lau Ko Yuen, the former alternate director to Ms. Chau, is a director of substantial shareholder of the Company and a director of Danwei and Lucklong. Shares of certain property holding companies held by Danwei and Lucklong were pledged to the Group as securities to the loans.

Other than the above amounts of approximately HK\$224 million (31.12.2003: HK\$243 million) which were secured, the remaining balances of receivables were unsecured. All receivables bear interest at prevailing market rates.

During the period, allowance for receivables of HK\$56 million (30.6.2003: Nil) has been recognised in the condensed consolidated income statement.

## 12. INVESTMENTS IN SECURITIES

During the period, the Group acquired certain investments at a consideration of approximately HK\$9 million and disposed of certain investments with a carrying value of approximately HK\$45 million. An amount of HK\$125 million was transferred from interests in associates as a result of dilution of interests in associates, as explained in note 10. In addition, an unrealised loss on investment in securities of approximately HK\$36 million (six months ended 30.6.2003: HK\$12 million) has been recognised in the condensed consolidated income statement during the period.

## 11. 應收賬款

於二零零四年六月三十日，應收款項包括應收 Danwei Limited (「Danwei」) 款項 (未計撥備) 約106,000,000港元 (二零零三年十二月三十一日：約128,000,000港元) 及應收 Lucklong Venture Limited (「Lucklong」) 款項 (未計撥備) 約118,000,000港元 (二零零三年十二月三十一日：約115,000,000港元)。本公司董事周美華女士 (「周女士」) 乃 Danwei 及 Lucklong 之前任董事。周女士之前替任董事劉高原先生乃本公司主要股東之董事，亦為 Danwei 及 Lucklong 之董事。Danwei 及 Lucklong 持有之若干物業控股公司之股份已抵押予本集團，作為上述貸款之抵押品。

扣除上文所述約224,000,000港元 (二零零三年十二月三十一日：約243,000,000港元) 之數額已有抵押外，其餘應收款項結餘並無抵押。所有應收款項均按當時市場利率計算。

本集團於期內之應收款項折扣為56,000,000港元 (二零零三年六月三十日：無)，並已於簡明綜合收益表確認。

## 12. 證券投資

本集團期內以約9,000,000港元之代價收購若干投資，並出售賬面值約45,000,000港元之若干投資。基於附註10所述之聯營公司權益攤薄，一筆125,000,000港元之款項已自聯營公司撥出。此外，一筆約36,000,000港元證券投資之未實現虧損 (截至二零零三年六月三十日止六個月：12,000,000港元)，已於期內在簡明綜合收益表確認。

### 13. DEPOSIT PAID FOR ACQUISITION OF A PROPERTY

In June 2004, a wholly-owned subsidiary of China Enterprises Limited (a non wholly-owned subsidiary of the Company whose shares are traded on the Over the Counter Bulletin Board of the United States of America) entered into a conditional agreement with third party to acquire a property located in Shanghai, PRC for a consideration of RMB450,000,000 in which RMB50,000,000 was paid as deposit. The transaction was not yet completed at the date of this report.

### 14. OTHER ASSET

The amount represents cost incurred in connection with a land development project in the PRC. The project is a land development of 珠海中策產業園 (formerly known as 珠海市龍山智業產業園) located in Long Shan Development Area, Doumen District, Zhuhai City and is to be jointly developed with 珠海市龍山工業區管理委員會. The Group is entitled to have the exclusive development right to the project and also the right to obtain the land for the development ("Other Asset"). The Group is also entitled to sell the Other Asset to investors at consideration to be agreed among themselves.

### 13. 收購一項物業所付訂金

於二零零四年六月，一間由China Enterprises Limited(並非由本公司全資擁有之附屬公司，其股份於美國場外交易議價板買賣)之全資擁有附屬公司與第三方訂立有條件協議，以人民幣450,000,000元之代價收購位於中國上海之一項物業，其中人民幣50,000,000元為按金。該項交易於本報告日期仍未完成。

### 14. 其他資產

此數額指國內土地發展項目產生之成本。該項目為珠海中策產業園(前稱珠海市龍山智業產業園)之土地發展項目。位於珠海市斗門區龍山發展區，將與珠海市龍山工業區管理委員會共同發展。本集團享有項目之獨家發展權及享有權利取得土地以再發展(「其他資產」)。本集團亦有權按協定代價將其他資產售予投資者。

**15. TRADE DEBTORS**

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

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

**15. 應收貿易賬款**

本集團一般給予貿易客戶90日至180日不等之信貸期，截至報告日期之應收貿易賬款賬齡分析如下：

30.6.2004	31.12.2003
二零零四年	二零零三年
六月三十日	十二月三十一日
HK\$'000	HK\$'000
千港元	千港元
6,668	12,011
636	762
247	945
<u>7,551</u>	<u>13,718</u>

**16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

During the period, a wholly-owned subsidiary of MRI Holdings Limited (a non wholly-owned subsidiary of the Company whose shares are traded in the Australia Stock Exchange) paid approximately HK\$45 million refundable deposit for a potential investment project.

**16. 其他應收款項、按金及預付款項**

MRI Holdings Limited (一間本公司非全資擁有之附屬公司，其股份於澳洲證券交易所買賣) 之全資擁有附屬公司於本期間就一項潛在投資計劃支付約45,000,000港元之可退回按金。

**17. CREDITORS, OTHER PAYABLES AND ACCRUED CHARGES**

The aged analysis of the trade creditors at the reporting date is as follows:

**17. 應付賬款、其他應付款項及應計費用**

於結算日，貿易應付賬款之賬齡分析如下：

		30.6.2004 二零零四年 六月三十日 HK\$'000 千港元	31.12.2003 二零零三年 十二月三十一日 HK\$'000 千港元
0 - 90 days	0至90日	3,606	39,468
91 - 180 days	91至180日	4,664	1,413
Over 180 days	180日以上	1,245	813
Creditors	應付賬款	9,515	41,694
Other payables and accrued charges	其他應付款項及應計費用	37,069	43,252
		<b>46,584</b>	<b>84,946</b>

**18. PAYABLES**

Included in payables due within one year was an amount of HK\$179 million due to Nation Cheer Investment Limited ("Nation Cheer"), which is a wholly-owned subsidiary of a substantial shareholder of the Company. The amount due to Nation Cheer at 31st December, 2003 of HK\$193 million was included in payables due after one year and classified as payables due within one year at 30th June, 2004 since the terms of payable due to Nation Cheer was changed to repayable on demand. All payables are unsecured, bear interest at prevailing market rate and are repayable on demand.

**18. 應付款項**

一年內到期之應付款項包括應付志恒投資有限公司(「志恒」)之款項179,000,000港元，志恒乃本公司一名主要股東之全資擁有附屬公司。於二零零三年十二月三十一日，應付志恒之款項為193,000,000港元，已包括入一年後到期之應付款項內，由於應付志恒之款項條款改為須於要求時償還，故此款項已被分類為二零零四年六月三十日止一年內到期之應付款項。所有應付款項均為無抵押、按市場利率計息及須於要求時償還。

19. SHARE CAPITAL

19. 股本

		Number of shares 股份數目	Value 價值 HK\$'000 千港元
Authorised:	法定:		
Ordinary shares of HK\$0.10 each at 31st December, 2003 and 30th June, 2004	每股面值0.10港元之普通股 於二零零三年十二月 三十一日及二零零四年 六月三十日	8,000,000,000	800,000
Issued and fully paid:	已發行及繳足:		
Ordinary shares of HK\$0.10 each at 31st December, 2003	每股面值0.10港元之普通股 於二零零三年十二月 三十一日	856,595,087	85,660
Issue of shares	發行新股	25,000,000	2,500
At 30th June, 2004	於二零零四年六月三十日	881,595,087	88,160

During the period ended 30th June, 2004, 25,000,000 ordinary shares of HK\$0.10 each were issued at a price of HK\$0.1776 per share as a result of exercise of share options. The shares issued during the period rank pari passu with the then existing shares in all respect.

截至二零零四年六月三十日期內，行使購股權導致每股面值0.10港元之25,000,000股普通股以每股0.1776港元發行。該等於期內發行之股份在各方面與當時各現有股份地位相等。

## 20. COMMITMENTS

At 30th June, 2004, the Group has commitment of approximately HK\$377 million which is contracted for but not provided in the interim financial report in respect of acquisition of a property located in Shanghai, PRC (31.12.2003: Nil).

## 21. CONTINGENT LIABILITIES

At 30th June, 2004, the Group had contingent liabilities in respect of guarantees in favour of banks for facilities granted to outsiders of approximately HK\$59.3 million (31.12.2003: HK\$0.8 million).

At 31st December, 2003, the Group also had contingent liabilities in respect of guarantees in favour of banks for facilities granted to an associate of approximately HK\$32.3 million.

## 22. PLEDGE OF ASSETS

At 30th June, 2004, investment in securities with a carrying value of approximately HK\$94,673,000 (31.12.2003: approximately HK\$140,438,000) were pledged to secure margin credit facilities and banking facilities granted to the Group.

At 31st December, 2003, shares in an associate with net assets value attributable to the Group of approximately HK\$83,622,000 were also pledged to secure credit facilities granted to the associates of the Group.

## 20. 承擔

於二零零四年六月三十日，本集團於中期財務報告中就收購位於中國上海之物業而已作出訂約但未撥備之承擔約為377,000,000港元(二零零三年十二月三十一日：零)。

## 21. 或然負債

於二零零四年六月三十日，本集團因就外界人士所獲信貸約59,300,000港元(二零零三年十二月三十一日：800,000港元)，向銀行提供擔保而衍生之或然負債。

於二零零三年十二月三十一日，本集團亦就聯營公司所獲信貸約32,300,000港元向銀行提供擔保而衍生之或然負債。

## 22. 資產抵押

於二零零四年六月三十日，賬面值約為94,673,000港元(二零零三年十二月三十一日：約為140,438,000港元)之投資證券已予抵押，作為批予本集團之孖展戶口信貸及銀行信貸之擔保。

於二零零三年十二月三十一日，本集團攤佔聯營公司資產淨值約為83,622,000港元之股份已予抵押，作為批予本集團聯營公司信貸之擔保。

**23. RELATED PARTY TRANSACTIONS**

During the period, the Group had the following significant transactions with related parties:

**23. 關連人士交易**

本集團於本期間曾與關連人士進行下列重大交易：

Name of company 公司名稱	Notes 附註	Nature of transactions 交易性質	Six months ended 30th June, 截至六月三十日止六個月	
			2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Lucklong	(i)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	2,984	2,967
Danwei	(i)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	3,081	3,314
Hanny Magnetics Limited ("Hanny Magnetics")	(i)	Loan interest expenses paid and payable by the Group 本集團已付及應付之貸款利息開支	-	1,953
Nation Cheer 志恒	(i)	Loan interest expenses paid and payable by the Group 本集團已付及應付之貸款利息開支	6,234	4,085
China Velocity Group Limited ("China Velocity") 中國高速(集團)有限公司 (「中國高速」)	(ii)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	-	1,685
Apex Quality Group Limited ("Apex")	(ii)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	2,690	-
Chief Atlantic Profits Limited	(iv)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	303	-
Wing On Travel (Holdings) Limited ("Wing On") 永安旅遊(控股)有限公司(「永安」)	(iii)	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	3,722	-
Mass Success International Ltd.	(v)	Rental expenses paid and payable by the Group 本集團已付及應付之租金支出	288	-
PCPD 盈科大衍地產發展有限公司 (「盈大地產」)	(vi)	Management fee received and receivable by the Group 本集團已收及應收之管理收入	200	-

23. RELATED PARTY TRANSACTIONS (continued)

Notes:

- (i) Danwei and Lucklong are companies of which a director of a substantial shareholder of the Company, is also a director of Danwei and Lucklong.
- (ii) Hanny Magnetics and Nation Cheer are wholly-owned subsidiaries of a substantial shareholder of the Company.
- (iii) China Velocity, Apex and Wing On are associates of the Group.
- (iv) Chief Atlantic Profits Limited is a wholly-owned subsidiary of a former associate of the Group.
- (v) Mass Success International Ltd. is an associate of a substantial shareholder of the Company.
- (vi) PCPD is a former associate of the Group.

The above transactions were carried out in accordance with the terms agreed between the relevant parties.

23. 關連人士交易 (續)

註：

- (i) Danwei及Lucklong之董事為本公司主要股東之董事。
- (ii) Hanny Magnetics及志恒均為本公司主要股東之全資附屬公司。
- (iii) 中國高速、Apex及永安為本集團之聯營公司。
- (iv) Chief Atlantic Profits Limited為本集團前聯營公司之全資附屬公司。
- (v) Mass Success International Ltd.為本公司主要股東之聯營公司。
- (vi) 盈大地產為本集團之前聯營公司。

上述交易根據有關各方同意之條款進行。

**24. ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

**(i) Discontinuing Operations**

On 19th March, 2004, the Company and Cheung Tai Hong (B.V.I.) Limited ("CTH"), a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of Cheung Tai Hong Holdings Limited ("CTHH"), a company whose shares are listed on the Stock Exchange, entered into a conditional agreement pursuant to which CTH agreed to acquire from the Group the entire equity interest in Tung Fong Hung Investment Limited ("TFH") for a consideration of HK\$42 million by the issue of the promissory note of HK\$6.5 million and as to HK\$35.5 million in cash. TFH and its subsidiaries were engaged in the business of manufacturing and trading of chinese and western pharmaceutical products. The disposal was completed on 6th May, 2004, and the operation of pharmaceutical products was regarded as discontinuing operation during the period ended 30th June, 2004.

The results of the operations of pharmaceutical products for the period ended 30th June, 2004 up to the date of disposal were as follows:

**24. 收購及出售附屬公司**

**(i) 正終止經營業務**

於二零零四年三月十九日，本公司與 Cheung Tai Hong (B.V.I.) Limited ("CTH")，一間於英屬處女群島註冊成立之公司兼為其股份於聯交所上市公司祥泰行集團有限公司(「祥泰行」)之全資附屬公司)訂立一項有條件協議，據此，CTH同意向本集團收購Tung Fong Hung Investment Limited(「東方紅」)全部股本權益，代價為42,000,000港元，其中6,500,000港元以承兌票據支付，35,500,000港元以現金支付。東方紅及其附屬公司從事中西醫藥產品之製造及買賣業務。是次出售於二零零四年五月六日完成，而醫藥產品之業務於截至二零零四年六月三十日止期間被視為正終止經營之業務。

於截至二零零四年六月三十日止期間及直至出售日期，醫藥產品之經營業績如下：

		HK\$'000 千港元
Turnover	營業額	<u>96,262</u>
Profit for the period	期內溢利	<u>3,853</u>

**24. ACQUISITION AND DISPOSAL OF  
SUBSIDIARIES (continued)**

**24. 收購及出售附屬公司 (續)**

**(i) Discontinuing Operations (continued)**

The assets and liabilities of TFH and its subsidiaries at the date of disposal were as follows:

**(i) 正終止經營業務 (續)**

東方紅及其附屬公司於出售日期之資產及負債如下：

		HK\$'000 千港元
Assets	資產	141,765
Liabilities	負債	(103,681)
		<u>38,084</u>

**(ii) Acquisition**

On 30th March, 2004, the Group acquired 80% of the issued share capital and its shareholder loans of Talent Cosmos Limited for a cash consideration of HK\$30 million. Talent Cosmos Limited and its subsidiaries were engaged in the manufacturing and trading of battery products. This transaction has been accounted for using the purchase method of accounting.

**(ii) 收購**

於二零零四年三月三十日，本集團收購才宇有限公司80%已發行股本及股東貸款，現金代價為30,000,000港元。才宇有限公司與其附屬公司從事電池製造及貿易業務。該項交易以會計購買方法入賬。

The assets and liabilities acquired at the date of acquisition are as follows:

於收購日期之資產及負債如下：

		HK\$'000 千港元
Assets	資產	55,620
Liabilities	負債	(45,136)
		10,484
Minority interests	少數股東權益	(2,444)
		<u>8,040</u>

## ANALYSIS OF THE GROUP'S PERFORMANCE

The Group's turnover for the six months ended 30th June, 2004 totaled HK\$106.6 million, representing a decrease of 93.9% from HK\$1,735.6 million over the last corresponding period. The turnover for the first half-year was mainly generated from manufacturing and trading of batteries products and the pharmaceutical products operation, the business segment of pharmaceutical products operation was treated as discontinuing operations during the period under review following the disposal of this operation in May 2004.

The Group's unaudited consolidated loss for the six months ended 30th June, 2004 reduced by 28.8% to approximately HK\$94.5 million as compared to approximately HK\$132.7 million in the last corresponding period. The net loss incurred for the period was mainly attributable to the allowance for receivables and provision for unrealised holding loss in investments in securities during the period.

## 本集團業務分析

本集團截至二零零四年六月三十日止六個月之營業額合共為106,600,000港元，較去年同期1,735,600,000港元下降93.9%。上半年營業額主要來自電池產品及藥品之製造及買賣業務。於二零零四年五月出售藥品業務後，該業務分部於回顧期內被視為正終止經營業務。

本集團於截至二零零四年六月三十日止六個月之未經審核綜合虧損由去年同期約132,700,000港元減少28.8%至約94,500,000港元。期內產生淨虧損主要由於就應收賬款作出撥備及就期內持有證券投資之未變現虧損作出撥備。

## LIQUIDITY AND FINANCIAL RESOURCES

During the first half of 2004, the Group financed its operations mainly through cash generated from its business activities, banking facilities provided by its principal bankers and proceeds from disposal of investments in securities and its subsidiaries.

The Group's short-term bank loans and other borrowings decreased from approximately HK\$38.3 million as at 31st December, 2003 to approximately HK\$13.7 million as at 30th June, 2004, representing a significant decrease of 64.3%. There was no long-term bank loans and other borrowings at 30th June, 2004 under review compared with the approximately HK\$0.1 million at 31st December, 2003. The gearing ratio, calculated to the total long-term bank loans and other borrowings divided by total shareholders' funds remains nil as at 30th June, 2004 and 31st December, 2003. The Group's total borrowings of HK\$13.7 million were mainly denominated in HK dollars and Renminbi, and the maturity profile were all within one year. Non-HK dollar denominated loans are directly related to the Group's businesses in the countries of the currencies concerned.

As at 30th June, 2004, total bank borrowings and other borrowings of the Group amounted to approximately HK\$13.7 million and over 90% of the Group's bank borrowings bear interest at fixed rates and the remaining were at floating rates.

During the period under review, capital expenditure aggregated to approximately HK\$1.5 million and was used primarily for expansion of existing facilities. The Group's capital expenditures will continue to be funded primarily from cash generated from operations, cash on hand or by bank borrowings or a combination of both as required.

## 流動資金及財務資源

於二零零四年上半年，本集團主要以業務所得現金、主要往來銀行提供之信貸及出售證券投資及其附屬公司之所得款項作為營運資金。

本集團之短期銀行貸款及其他借款由二零零三年十二月三十一日約38,300,000港元減至二零零四年六月三十日約13,700,000港元，跌幅達64.3%。相對於二零零三年十二月三十一日約100,000港元而言，於二零零四年六月三十日回顧期內概無任何長期銀行貸款及其他借貸。資本負債比率（即長期銀行貸款及其他借貸總額除以股東資金總額）於二零零四年六月三十日及二零零三年十二月三十一日均維持於零。本集團之總借貸約13,700,000港元主要以港元及人民幣計算，還款期全部均於一年以內。並非以港元計算之貸款乃由本集團業務所在之國家以當地有關貨幣直接計算。

於二零零四年六月三十日，本集團之總銀行借貸及其他借貸約為13,700,000港元。本集團超過90%之銀行借貸以固定利率計息，餘下部分則以浮動利率計息。

於回顧期間，資本開支合計約為1,500,000港元，主要用於擴充現有設施。本集團之資本開支將繼續以經營業務產生之現金、手頭現金或銀行借貸或於需要時結合兩者而撥付。

Cash and bank balances amounted to approximately HK\$217.8 million, and is mainly denominated in Hong Kong dollars, Renminbi and Australian dollars. The Group does not expect significant exposure to exchange rate and interest rate fluctuations. As a result, the Group did not enter into any foreign exchange contracts, currency swaps or other financial derivatives.

現金及銀行結餘約達217,800,000港元並主要以港元、人民幣及澳元計算。本集團並不預期將遇到重大匯率及利率波動風險。因此，本集團並無訂立任何重大外匯合約、貨幣掉期或其他金融衍生工具。

#### SIGNIFICANT INVESTMENTS

#### 重要投資

##### **China Enterprises Limited (carried on business in Hong Kong as China Tire Holdings Limited)**

##### **China Enterprises Limited (「在香港以China Tire Holdings Limited之名義經營業務」)**

For the period under review, China Enterprises Limited ("China Enterprises") continued to look at strategic investment opportunities with a view to expanding business portfolios. Wing On is a travel business related affiliate which continues to benefit from the upward rebound to the travel business of Hong Kong after the negative impacts brought by the outbreak of the Severe Acute Respiratory Syndrome ("SARS") subsided over the corresponding period. After disposing of its investments in Yinchuan C.S.I. (Greatwall) Rubber Company Limited, Double Happiness Tire Industries Corporation Limited and 25% interest in Hangzhou Zhongce Rubber Company Limited ("Hangzhou Zhongce") which are principally engaged in the manufacturing and trading of tires products in the PRC and other countries abroad in 2003, China Enterprises maintains minimal involvement in the manufacturing and trading of tires products through its 26% held interest in Hangzhou Zhongce.

於回顧期間，China Enterprises Limited (「China Enterprises」)繼續尋求策略投資機會，以增加業務範疇。永安為一家從事旅遊業務之聯營公司，自相應期間爆發嚴重急性呼吸道綜合症(「沙士」)帶來之負面影響減退後，持續於香港正在復甦之旅遊業中得益。二零零三年，China Enterprises於出售其於銀川中策(長城)橡膠有限公司及雙喜輪胎工業股份有限公司之投資及於杭州中策橡膠有限公司(「杭州中策」)之25%權益後，僅透過其於杭州中策持有餘下之26%權益在製造及買賣輪胎業作最低限度之參與。杭州中策主要於國內及海外其他國家從事製造及買賣輪胎產品之業務。

In June 2004, China Enterprises entered into a conditional agreement for the proposed acquisition of a property situated in Shanghai, the PRC and the property being erected thereon which comprises two levels of underground car-parks and a 24-storey building for a consideration of RMB450 million. It is the intention of the management of China Enterprises to continue seeking appropriate investment opportunities in hotel and travel related businesses in the PRC in view of the positive outlooks in this sector in the coming future.

#### **MRI Holdings Limited**

MRI Holdings Limited ("MRI") (ASX code: MRI) continues as an investment company under the ASX guidelines.

MRI has made considerable effort to identify suitable investments, which fit the criteria, laid down by the ASX but as yet has not done so. As a result the MRI currently has approximately half of its current assets in cash and consequently MRI is currently suspended from trading until such time as it makes a suitable investment.

MRI has seen fit to appoint a receiver to Fruit Projects Australia to protect its investment under the secured convertible note and the receivership is proceeding satisfactorily at this point in time.

MRI is currently investigating several investment proposals with a view to making an approved investment and applying for a lifting of the trading suspension of its shares.

二零零四年六月，China Enterprises訂立一份有條件協議，建議收購位於中國上海之物業及建於其上之物業，包括一個兩層地下停車場及一座24層樓高之大廈，代價為人民幣450,000,000元。鑑於中國酒店及旅遊相關行業前景樂觀，China Enterprises管理層現擬持續於此行業物色適當之投資機會。

#### **MRI Holdings Limited**

MRI Holdings Limited ("MRI") (ASX編號：MRI) 根據ASX指引繼續為投資公司。

MRI已作出相當努力物色符合ASX標準之合適投資，惟尚未作出任何投資。MRI現時有過半數之流動資產為現金，直至作出適當投資之前，MRI已暫停任何買賣。

MRI為Fruit Projects Australia委聘管理人乃恰當之舉，以保障其於已抵押可兌換票據之投資。至目前為止，委聘管理人一事進展令人滿意。

MRI現正審閱若干投資建議以進行已獲批准之投資，以及申請終止暫停股份買賣。

## PROSPECTS

Following the successful consolidation of the existing tire business of the Group, the Group acquired a parcel of land in Zhuhai, the PRC in 2003 as a first step to venture into the industrial properties market in the ever-developing China. Zhuhai being one of the special economic zone in the Pearl river delta plays an important role in the dynamic industrial development in the southern China. Being a close neighbour to Macau and will soon be linked up with Hong Kong directly by a newly built cross-delta bridge, the Board believes Zhuhai will definitely becomes an industrial backyard of Hong Kong.

To look for profitable investment opportunities for the ultimate interest of our shareholders in the long and medium run, the Board has proposed to proceed with the real estate development project located in Shanghai, the PRC. Shanghai, a cosmopolitan and the landmark city representing the business prosperity of modern China and the fusion of culture from the East and West, has a great potential in its hotel and accommodation business. The Board is of the view that the development right of the land into prestigious service apartments will possess tremendous potential in making positive contribution to the Group in the near future.

## 展望

本集團在成功合併現有之輪胎業務後，亦於二零零三年在中國珠海購置一幅土地，作為進軍發展迅速之中國工業物業市場之第一步。珠海作為珠三角其中一個經濟特區，在南中國蓬勃之工業發展中擔當重要角色。董事會認為，珠海毗鄰澳門，於港珠澳跨海大橋落成後便可直接貫通香港，因此珠海在工業方面定必會成為香港之後花園。

為物色盈利可觀之投資機會，從而最終提升本公司股東之長遠及中期利益，董事會建議繼續進行位於中國上海之房地產發展項目。上海作為一個大都會，亦為象徵現代中國商業繁榮之地標城市，融合中西文化，在酒店及住宿業務方面發展潛力龐大。董事會認為，有關土地發展權可發展成高尚服務住宅，潛力優厚，故可為本集團於短期內帶來正面貢獻。

Although there are signs of recovery in the local economy after the implementation of the Closer Economic Partnership Arrangement between Hong Kong and the PRC, the formation of the "Nine plus Two" joint forum of the municipal government of nine major south China cities, the chief executive of Macau and the chief executive of Hong Kong together with the expected early-completion of the Disneyland in Hong Kong, the Board is of the view that the economy of the special administration region will remain gloomy and uncertain in the near term. Hence, the Board will maintain a cautiously optimistic attitude towards the development of the Group and would continue exercising cautions in allocating its resources in order to preserve the shareholders long term interest and maximizing return to shareholders.

#### CORPORATE DEVELOPMENTS

The Group acquired the entire interest in a company from an independent third party by the end of 2003 which is engaged in land development project in 珠海中策產業園 located in Long Shan Development Area, Doumen District, Zhuhai City, the PRC and is to be jointly developed with 珠海市龍山工業區管理委員會. The Group now is entitled to have the exclusive development right to the project and the right to obtain the land for development.

China Enterprises entered into a conditional agreement dated 13th January, 2004 with Wing On (as subsequently amended on 17th March, 2004 and 4th May, 2004) in relation to the issue of 2% convertible note to China Enterprises or its nominee for a consideration of HK\$155,000,000 attaching the right to convert into new shares of Wing On during a period of three years from the date of issue of the convertible note, at an initial conversion price of HK\$0.02 per share of Wing On, subject to adjustment.

繼香港與內地推行更緊密經貿關係安排、南中國九個主要城市市政府成立「九加二」合作論壇、澳門行政首長及香港行政首長相繼預期香港迪士尼提早落成後，本港經濟雖因而呈復甦跡象，但董事會認為特區之經濟短期內將持續不穩。然而，董事會對本集團之發展將保持審慎樂觀態度，並會繼續謹慎分配資源，以保障股東之長期利益並為股東帶來最大回報。

#### 公司發展

二零零三年底，本集團已向一位獨立第三方收購一間公司之全部權益，該公司參與珠海中策產業園之土地發展項目，此項目位於中國珠海市斗門區龍山發展區，將與珠海市龍山工業區管理委員會共同發展。本集團現享有該項目之獨家發展權及享有權利取得土地以作發展。

二零零四年一月十三日，China Enterprises與永安訂立了一份有條件協議（其後經二零零四年三月十七日及二零零四年五月四日修訂），內容有關由永安向China Enterprises或其代名人發行2%可換股票據，代價為155,000,000港元。該等可換股票據附有權力，可於發行可換股票據日期起3年內按初步換股價每股0.02港元（可予調整）轉換為永安之新股份。

In March 2004, the Company entered into a conditional sale and purchase agreement with Cheung Tai Hong (B.V.I.) Limited ("Cheung Tai Hong"), a wholly-owned subsidiary of Cheung Tai Hong Holdings Limited, in relation to the disposal of the entire equity interests in Tung Fong Hung Investment Limited to Cheung Tai Hong for a total consideration of HK\$42,000,000.

As stated in the joint announcement dated 8th March, 2004 of Pacific Century Premium Developments Limited ("PCPD" formerly known as Dong Fang Gas Holdings Limited, an associated company of the Company at that time), and PCCW Limited ("PCCW"), PCPD conditionally agreed to purchase (i) the entire issued share capital of Ipswich Holdings Limited and its subsidiaries ("Property Group"), being the group of companies holding PCP Beijing, PCCW Tower, other investment properties and related property and facilities management companies of PCCW and its subsidiaries and (ii) the loans of approximately HK\$3,529 million, in aggregate, of interest-bearing loans owing by the relevant members of the Property Group to PCCW (comprising of HK\$2,359 million and US\$150 million of such loans and (iii) certain property interests. The consideration for the above transaction amounting to HK\$6,557 million will be satisfied by (a) as to HK\$2,967 million by the allotment and issue of approximately 1,648 million new shares of PCPD to PCCW credited as fully paid at an issue price of HK\$1.80 per share; and (b) as to the remaining HK\$3,590 million by the issue of the convertible note by PCPD to PCCW or as it may direct. Upon completion of the foresaid proposals, PCPD become the flagship of PCCW for property development business in Hong Kong and the PRC. After completion of the transaction, the Group's interests in PCPD was decreased from 43.06% to 2.83%.

二零零四年三月，本公司與Cheung Tai Hong (B.V.I.) Limited (「Cheung Tai Hong」，為祥泰行集團有限公司之全資附屬公司) 訂立一份有條件買賣協議，內容有關向Cheung Tai Hong出售Tung Fong Hung Investment Limited全部股本權益，總代價為42,000,000港元。

誠如於二零零四年三月八日，盈科大衍地產發展有限公司(「盈大地產」，前稱東方燃氣集團有限公司，當時為本公司之一間聯營公司)及電訊盈科有限公司(「電訊盈科」)發表之聯合公佈所載，盈大地產有條件同意購買(i) Ipswich Holdings Limited及其附屬公司(「物業集團」)之全部已發行股本，而物業集團乃持有北京盈科中心、電訊盈科中心及電訊盈科及其附屬公司旗下其他投資物業及相關物業及設施管理公司之集團公司；及(ii)物業集團有關成員公司欠負電訊盈科之總額約3,529,000,000港元之計息貸款(包括2,359,000,000港元及150,000,000美元之貸款)；及(iii)若干物業權益。上述交易之代價達6,557,000,000港元，而其支付方式為(a)2,967,000,000港元以盈大地產向電訊盈科配發及發行約1,648,000,000股入賬列作繳足股本新盈大地產股份的方式支付，發行價為每股盈大地產股份1.80港元；及(b)餘額3,590,000,000港元以盈大地產向電訊盈科(或按其指示)發行可換股票據的方式支付。完成上述計劃後，盈大地產將成為電訊盈科於香港及中國物業發展業務之旗艦。於該項交易完成後，本集團於盈大地產之權益將由43.06%減至2.83%。

On 30th March 2004, the Group entered into a conditional agreement to acquire 80% interests of the issued share capital of and the shareholder's loan to Talent Cosmos Limited for a consideration of HK\$30 million from independent third parties. Talent Cosmos Limited is an investment holding company and its subsidiaries are principally engaged in manufacturing of batteries.

The sale and purchase agreement dated 16th June, 2004 has been entered into between the Group and Shanghai Jiu Sheng Investment Company Limited in relation to the acquisition of the interest in a parcel of land situated at Nos. 219 and 229, Jiang Ning Road, Jing An District, Shanghai, the PRC and the building being erected thereon which comprises two levels of underground car parks and a 24-storey building by the Group for a total consideration of RMB450,000,000.

#### NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 30th June, 2004, the Group employed approximately 525 staff. Remuneration packages comprised of salary and year-end bonuses based on individual merits.

25,000,000 share options were granted and then exercised during the period ended 30th June, 2004.

二零零四年三月三十日，本集團訂立有條件協議向獨立第三方收購才宇有限公司80%已發行之股本權益及其股東貸款，代價為30,000,000港元。才宇有限公司為投資控股公司，其附屬公司主要從事電池製造。

二零零四年六月十六日，本集團與上海久盛投資有限公司訂立買賣協議，內容有關本集團收購位於中國上海市靜安區江寧路219號及229號之一幅土地及建於其上之大廈之權益，包括一個兩層地下停車場及一座24層樓高之大廈，總代價為人民幣450,000,000元。

#### 僱員數目、薪酬政策及購股權計劃

於二零零四年六月三十日，本集團約有525名僱員。薪酬包括薪金及按個別表現計算之年終花紅。

截至二零零四年六月三十日止期間，授出並隨後行使25,000,000股購股權。

## INTERIM DIVIDEND

The directors of the Company ("the Directors") do not recommend the payment of an interim dividend for the six months ended 30th June, 2004 (2003: Nil).

## DIRECTORS' INTERESTS

As at 30th June, 2004, the interests and short positions of the Directors in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO") or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

## (I) The Company

Shares and (in respect of equity derivatives) Underlying Shares

Name of Director 董事姓名	Long position/ short position 好倉／淡倉	Nature of interest 權益性質 (Note 1) (附註1)	Number of ordinary shares held 所持普通股 數目	Approximate percentage of shareholding 概約持股 百分比
Chan Kwok Keung, Charles (Note 2) 陳國強(附註2)	Long Position 好倉	Corporate 法團	258,819,795	29.36%

## 中期股息

本公司董事(「董事」)建議不派發截至二零零四年六月三十日止六個月之中期股息(二零零三年：無)。

## 董事權益

於二零零四年六月三十日，本公司董事(「董事」)於本公司或其任何相關法團(按證券及期貨條例(「證券及期貨條例」)第XV部之涵義)之股份、債券或相關股份擁有之權益及淡倉，或根據證券及期貨條例第352條須列入本公司存置之登記冊內或根據上市公司董事進行證券交易之標準守則須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉如下：

## (I) 本公司

股份及(就股本衍生工具)相關股份

## (II) Associated Corporation

## (II) 相關法團

Shares and (in respect of equity derivatives) Underlying Shares

股份及(就股本衍生工具)相關股份

Name of Director 董事姓名	Name of company 公司名稱	Nature of interest 權益性質	Long position/ short position 好倉/淡倉	Number of ordinary shares held 所持普通股數目 (Note3) (附註3)	Approximate percentage of shareholding 概約持股百分比
Chan Kwok Keung, Charles 陳國強	Wing On Travel (Holdings) Limited 永安旅遊(控股)有限公司	Personal 個人	Long position 好倉	17,280,000	0.10%

Notes:

附註:

- Share(s) of HK\$0.10 each in the capital of the Company.
- Chan Kwok Keung, Charles is deemed to be interested in 258,819,795 shares in the Company held by Calisan Developments Limited ("Calisan") by virtue of his interest in Chinaview International Limited ("Chinaview") which has a controlling interest in Calisan. Details of which are disclosed under the heading "Substantial Shareholders".
- Share(s) of HK\$0.01 each in the capital of Wing On Travel (Holdings) Limited.

1. 本公司股本中每股面值0.10港元之股份。

2. 由於陳國強擁有 Chinaview International Limited (「Chinaview」) 之權益，而 Chinaview 擁有 Calisan Developments Limited (「Calisan」) 之控股權益，因而被視為擁有 Calisan 所持有之 258,819,795 股本公司股份之權益。有關詳情於「主要股東」項下披露。

3. 永安旅遊(控股)有限公司股本中每股面值0.01港元之股份。

Save as disclosed above, as at 30th June, 2004 none of the Company's directors or chief executive of the Company or their associates had any interest or short position whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies.

除上文披露者外，於二零零四年六月三十日，本公司之董事或行政總裁或彼等各自之聯繫人士於本公司或其任何相關法團之股份或相關股份及債券中，概無擁有(不論實益或非實益)根據證券及期貨條例第352條須予記錄或根據上市公司董事進行證券交易之標準守則須知會本公司及聯交所之任何權益或淡倉。

## Share Options

Pursuant to the Share Option Scheme adopted on 4th June, 2002, the Company has granted certain eligible persons options to subscribe for shares of the Company during the six months ended 30th June, 2004. Details of the grant of share options and a summary of movement of the share options during the period are set out below.

## 購股權

根據本公司於二零零二年六月四日採納之購股權計劃，本公司截至二零零四年六月三十日止六個月內授出可認購本公司之購股權予若干合資格人士。於本期內，有關批授購股權之詳情及購股權之變動概要如下：

Eligible person	No. of share options 購股權數目				Balance as at 30/06/2004 截至於二零零四年六月三十日止之結餘	Date of grant 批授日期	Exercise price per share option 每股購股權之行使價	Exercisable period 行使期
	Balance as at 01/01/2004 於二零零四年一月一日止之結餘	Granted during the period 期內已批授	Exercised during the period 期內已行使	Cancelled/Lapsed during the period 期內註銷/失效 (HK\$) (港元)				
Employees 僱員	-	25,000,000	25,000,000	-	-	08/01/2004 二零零四年一月八日	0.1776	08/01/2004 - 07/01/2009 二零零四年一月八日至二零零九年一月七日
Total合計	-	25,000,000	25,000,000	-	-			

- Employees are employees of the Group (other than the Directors) working under employment contracts with the Group which are regarded as "continuous contracts" for the purpose of the Employment Ordinance (Cap. 57 of the Laws of Hong Kong).
  - The closing price of the shares of the Company immediately before the options granted on 8th January, 2004 was HK\$0.178.
  - The weighted average closing prices of the shares immediately before the dates of exercise exercised by the employees were HK\$0.3940, HK\$0.4003, HK\$0.4505, HK\$0.4698, HK\$0.4753 respectively.
- 僱員即本集團之僱員(除董事以外)，與本集團有僱傭合約，並就僱傭條例(香港法例第57章)視為「持續合約」。
  - 緊接二零零四年一月八日批授購股權前，本公司之股份收市價為0.178港元。
  - 緊接僱員行使購股權之行使日期前，股份之加權平均收市價分別為0.3940港元、0.4003港元、0.4505港元、0.4698港元及0.4753港元。

During the period ended 30th June, 2004, 25,000,000 share options were granted and exercised under the share option scheme adopted on 4th June, 2002 and no share option was cancelled and lapsed.

The Directors do not consider it is appropriate to disclose the value of the share options granted during the six months ended 30th June, 2004 because the Directors are of the view that the value of the share options generally depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of assumptions. Accordingly the Directors believe that any calculation of the value of share options will not be meaningful and may be misleading to shareholders in these circumstances.

截至二零零四年六月三十日止期內，根據二零零二年六月四日所採納之購股權計劃，已批授及行使25,000,000股購股權，期內並無購股權被註銷或失效。

董事認為不適宜披露截至二零零四年六月三十日止六個月內已批授之購股權價值，原因為董事認為購股權價值一般視乎多項變數而定，而該等變數乃難以確定或只能在多項假設情況之下確定。有鑑於此，董事相信任何購股權價值之計算均無意義，甚至或會誤導股東。

## Substantial Shareholders

## 主要股東

As at 30th June, 2004, the following companies or persons had an interest or short position in the shares and the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO and which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

於二零零四年六月三十日，根據證券及期貨條例第336條本公司須予存置之股東名冊紀錄，下列公司或人士於本公司股份及相關股份中擁有根據證券及期貨條例第XV部第2及第3分節須向本公司披露之權益或淡倉。

Name 姓名	Capacity 身份	Notes 附註	Number of shares 股份數目	Percentage of issued share capital 已發行股本百分比
Calisan	Beneficial owner 實益擁有人	1	258,819,795	29.36%
Great Decision Limited	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Paul Y. - ITC Investments Group Limited	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Paul Y. - ITC Construction Holdings (B.V.I.) Limited	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Paul Y. - ITC Construction Holdings Limited 保華德祥建築集團有限公司	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Hollyfield Group Limited	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
ITC Investment Holdings Limited	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
ITC Corporation Limited 德祥企業集團有限公司	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Galaxyway Investments Limited	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%

## Substantial Shareholders (continued)

## 主要股東(續)

Name 姓名	Capacity 身份	Notes 附註	Number of shares 股份數目	Percentage of issued share capital 已發行股本百分比
Chinaview	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Dr. Chan Kwok Keung, Charles 陳國強博士	Interest held by controlled corporation 受控制法團持有之權益	1	258,819,795	29.36%
Ms. Ng Yuen Lan, Macy 伍婉蘭女士	Interest held by family 家族權益	2	258,819,795	29.36%
Well Orient Limited 威倫有限公司	Beneficial owner 實益擁有人	3	258,819,794	29.36%
Powervote Technology Limited	Interest held by controlled corporation 受控制法團持有之權益	3	258,819,794	29.36%
Hanny Magnetics (B.V.I.) Limited	Interest held by controlled corporation 受控制法團持有之權益	3	258,819,794	29.36%
Hanny Holdings Limited 錦興集團有限公司	Interest held by controlled corporation 受控制法團持有之權益	3	258,819,794	29.36%

## Notes:

1. Dr. Chan Kwok Keung, Charles ("Dr. Chan") owns the entire interest of Chinaview which in turn owns the entire interest in Galaxyway Investments Limited ("Galaxyway"). Galaxyway owns more than one-third of the entire issued ordinary share capital of ITC Corporation Limited ("ITC"). ITC owns the entire interest of ITC Investment Holdings Limited ("ITC Investment"). ITC Investment owns the entire interest in Hollyfield Group Limited ("Hollyfield"). Hollyfield owns more than one-third of the entire issued share capital of Paul Y. - ITC Construction Holdings Limited ("Paul Y."). Paul Y. owns the entire interest of Paul Y. - ITC Construction Holdings (B.V.I.) Limited ("PYBVI") which in turn owns the entire interest in Paul Y. - ITC Investments Group Limited ("PYITCIG"). PYITCIG owns the entire interest of Great Decision Limited ("GDL") which in turn owns the entire interest in Calisan. Accordingly, GDL, PYITCIG, PYBVI, Paul Y., Hollyfield, ITC Investment, ITC, Galaxyway, Chinaview and Dr. Chan are deemed to be interested 258,819,795 shares of the Company which are held by Calisan.
2. Ms. Ng Yuen Lan, Macy is a spouse of Dr. Chan and deemed to be interested in 258,819,795 shares of the Company held by Calisan.
3. Well Orient Limited ("WOL") is wholly-owned by Powervote Technology Limited ("PTL") which is in turn owned by Hanny Magnetics (B.V.I.) Limited ("Hanny Magnetics"). Hanny Magnetics is wholly-owned by Hanny Holdings Limited ("Hanny"). PTL, Hanny Magnetics and Hanny were deemed to be interested in 258,819,794 shares of the Company which were held by WOL.

All the interests stated above represent long positions. As at 30th June, 2004, no short positions were recorded in the Register of Interests in Shares and Short Positions required to be kept under Section 336 of the SFO.

## 附註：

1. 陳國強博士(「陳博士」)擁有Chinaview全部權益，而Chinaview擁有Galaxyway Investments Limited(「Galaxyway」)全部權益。Galaxyway擁有德祥企業集團有限公司(「德祥企業」)超過三分之一全部已發行普通股。德祥企業擁有ITC Investment Holdings Limited(「ITC Investment」)之全部權益，而ITC Investment則擁有Hollyfield Group Limited(「Hollyfield」)之全部權益。Hollyfield擁有保華德祥建築集團有限公司(「保華德祥」)超過三分之一全部已發行股本。保華德祥擁有Paul Y. - ITC Construction Holdings (B.V.I.) Limited(「PYBVI」)全部權益。PYBVI擁有Paul Y. - ITC Investments Group Limited(「PYITCIG」)全部權益。PYITCIG擁有Great Decision Limited(「GDL」)全部權益，而GDL擁有Calisan全部權益。因此，GDL、PYITCIG、PYBVI、保華德祥、Hollyfield、ITC Investment、德祥企業、Galaxyway、Chinaview及陳博士被視為於Calisan所持有之258,819,795股本公司股份中擁有權益。
2. 伍婉蘭女士為陳博士之配偶，被視為於Calisan所持有之258,819,795股本公司股份中擁有權益。
3. 威倫有限公司(「威倫」)由Powervote Technology Limited(「PTL」)全資擁有，而PTL則由Hanny Magnetics (B.V.I.) Limited(「Hanny Magnetics」)全資擁有。Hanny Magnetics由錦興集團有限公司(「錦興」)全資擁有。PTL、Hanny Magnetics及錦興被視為於威倫所持有之258,819,794股本公司股份中擁有權益。

上述所有權益均代表好倉。於二零零四年六月三十日，根據證券及期貨條例第336條須予存置之股份權益及淡倉登記冊中，並無任何淡倉紀錄。

## Continuing Disclosure Obligation

## 持續披露責任

(1) As at 30th June, 2004, the financial assistance given to the Company's affiliated companies by the Group to Wing On Travel (Holdings) Limited and its subsidiaries ("Wing On Group") aggregated to approximately HK\$118.95 million, representing more than 8% of the Company's market capitalization of approximately HK\$342.06 million as at 30th June, 2004 (the "Market Capitalisation").

(1) 於二零零四年六月三十日，本集團向本公司之聯營公司永安旅遊(控股)有限公司及其附屬公司(「永安集團」)提供之財政援助合計約118,950,000港元，佔本公司於二零零四年六月三十日約342,060,000港元市值(「市值」)8%以上。

Details of financial assistance given to the Company's affiliated companies as at 30th June, 2004:

本公司於二零零四年六月三十日向聯營公司提供之財政援助詳情如下：

Affiliated companies 聯營公司	Group's interest 本集團之權益 (%)	Principal Advances 本金墊款 (million) (百萬)	Interest Rate Per annum 年利率	Note(s) 附註
Wing On Group 永安集團	32.21	HK\$32.20 32.20港元	Prime+2% 最優惠利率+2%	1
		HK\$17.48 17.48港元	Prime 最優惠利率	2
		HK\$63.50 63.50港元	Prime 最優惠利率	3
		Rmb5.54 人民幣5.54元	6%	1
		Rmb0.59 人民幣0.59元	Nil 零	4
Total 合計		HK\$118.93 118.93港元		

## Notes:

## 附註：

- |  |                            |
|--|----------------------------|
| 1. The advances are unsecured and repayable on 2nd January, 2006.              | 1. 墊付乃無抵押及須於二零零六年一月二日償還。   |
| 2. The advance is unsecured and repayable on 29th January, 2005.               | 2. 墊付乃無抵押及須於二零零五年一月二十九日償還。 |
| 3. The advances is unsecured and repayable on 9th June, 2005.                  | 3. 墊付乃無抵押及須於二零零五年六月九日償還。   |
| 4. The advance is unsecured, interest free and has no fixed term of repayment. | 4. 墊付乃無抵押、免息及無固定還款期。       |

- (2) As at 30th June, 2004, the guarantees of HK\$45.5 million were given for banking facilities granted by the Company to Tung Fong Hung Investment Limited ("Tung Fong Hung") and its subsidiaries which were previous wholly-owned subsidiaries of the Company and Jean-Marie Pharmacal Co., Limited, an affiliated company of Tung Fong Hung. The Company is currently arranging the guarantees to be released.
- (2) 於二零零四年六月三十日，45,500,000港元之抵押已獲提供，藉以擔保本公司向Tung Fong Hung Investment Limited（「Tung Fong Hung」）及其附屬公司（先前為本公司之全資附屬公司）及Tung Fong Hung之聯營公司正美藥品有限公司授出之銀行信貸。本公司現正安排解除該擔保。
- (3) Pursuant to Rule 13.22 of the Listing Rules, the financial information of the affiliated companies and the Group's attributable interest in these affiliated companies based on their financial position as at 30th June, 2004 are presented below:
- (3) 根據上市規則第13.22條，按照聯繫公司於二零零四年六月三十日之財務資料，聯繫公司之財務狀況及本集團應佔該等聯繫公司之權益載列如下：

		Consolidated financial position as at 30.6.2004 於二零零四年 六月三十日之 綜合財務狀況 (HK\$'000) 千港元	The Group's attributable Interest  本集團 應佔權益 (HK\$'000) 千港元
Non-current assets	非流動資產	1,835,806	951,068
Current assets	流動資產	717,222	238,825
Current liabilities	流動負債	(456,946)	(184,518)
Non-current liabilities	非流動負債	(1,449,259)	(681,383)
Minority interests	少數股東權益	(321,120)	(120,077)
Net assets	淨資產	<u>325,703</u>	<u>203,915</u>

**MODEL CODE**

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

**標準守則**

本公司已採納上市規則附錄10所載之標準守則作為其有關董事之證券交易之標準守則。於對所有董事作出指定之查詢後，董事已遵守上市規則附錄10所載之標準守則所述之規定標準。

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

**CODE OF BEST PRACTICE**

None of the directors of the Company is aware of any information that would reasonably indicate that this is not complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim report, except that the Independent Non-Executive Directors of the Company are not appointed for specific terms as subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Articles of Association.

**AUDIT COMMITTEE**

The audit committee of the Company comprises Mr. David Edwin Bussmann and Ms. Fung Wan Yiu, Agnes who are Independent Non-Executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial report for the six months ended 30th June, 2004.

By Order of the Board  
**Dr. Chan Kwok Keung, Charles**  
Chairman

Hong Kong, 21st September, 2004

**購買、出售或贖回上市證券**

本公司及其附屬公司於期內概無購買、出售或贖回本公司上市證券。

**最佳應用守則**

就本公司董事所知，並無任何資料足以合理顯示本公司於中期報告所述之整個會計期間不遵守上市規則附錄14所載之最佳應用守則，惟本公司獨立非執行董事並無特定任期而須根據本公司組織章程細則輪流告退及於股東週年大會上膺選連任。

**審核委員會**

本公司審核委員會由獨立非執行董事卜思問先生及馮蘊瑤女士組成。審核委員會與管理層已審閱本集團所採用之會計準則及慣例，並商討審核、內部控制及財務匯報程序等事宜，其中包括審閱截至二零零四年六月三十日止六個月之未經審核中期財務報告。

承董事會命  
主席  
**陳國強博士**

香港，二零零四年九月二十一日



中策集團有限公司

China Strategic Holdings Limited