



ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code : 1064

Zhong Hua

Interim Report 2006



* For identification purpose only



UNAUDITED INTERIM RESULTS

The Board of Directors (the “Directors”) of Zhong Hua International Holdings Limited (the “Company”) would like to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2006 (the “Interim Results”), together with the comparative figures for the corresponding period in 2005, as follows:

未經審核中期業績

中華國際控股有限公司(「本公司」)董事會(「董事會」)宣佈，本公司及其附屬公司(統稱「本集團」)截至二零零六年六月三十日止六個月之未經審核綜合業績(「中期業績」)，連同二零零五年同期之比較數字如下：

CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合收益表

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元
		Notes 附註	
TURNOVER	營業額	2	6,399
Cost of sales	銷售成本		(9,248)
			11,139
			(10,897)
Gross profit/(loss)	毛利／(毛損)		(2,849)
Other income	其他收入		242
Change in fair value of investment properties	投資物業公平值變動		1,048
Administrative expenses	行政開支		-
Other operating expenses, net	其他經營開支淨額		10,700
Finance costs	財務費用	3	(11,456)
			(9,831)
			(5,361)
			(3,091)
LOSS BEFORE TAX	稅前虧損	4	(15,269)
Tax	稅項	5	(1,383)
			(3,601)
LOSS FOR THE PERIOD	期間虧損		(16,652)
ATTRIBUTABLE TO:	歸屬於：		
Equity holders of the Company	本公司權益持有人		
Minority Interests	少數股東權益		(16,652)
			(10,202)
			-
			11
			(16,652)
			(10,191)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	本公司普通股權益持有人應佔每股虧損		
- BASIC	- 基本	7	HK(3.21) cents港仙
- DILUTED	- 攤薄		HK(2.48) cents港仙
			N/A不適用
			HK(2.31) cents港仙

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

		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	114,959	118,176
Investment properties	投資物業	286,890	285,000
Intangible assets	無形資產	13,860	16,490
Goodwill	商譽	79,788	79,788
Prepaid rental	預付租金	16,842	17,179
Deposits and other receivable	按金及其他應收款項	-	40,000
Pledged deposits	已抵押存款	401	354
Total non-current assets	非流動資產總額	512,740	556,987
CURRENT ASSETS	流動資產		
Trade receivables	貿易應收款項	32,365	45,954
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	66,393	18,541
Cash and cash equivalents	現金及現金等值項目	154,443	133,151
Total current assets	流動資產總額	253,201	197,646
CURRENT LIABILITIES	流動負債		
Trade payables	貿易應付款項	(31,526)	(31,333)
Tax payable	應付稅項	(18,424)	(16,895)
Other payables and accruals	其他應付款項及應計負債	(27,456)	(22,773)
Interest-bearing bank and other borrowings	計息銀行貸款及其他借款	(32,781)	(31,762)
Convertible Bond	可換股債券	-	(29,782)
Deferred income	遞延收入	(18,057)	(18,057)
Total current liabilities	流動負債總額	(128,244)	(150,602)
NET CURRENT ASSETS	流動資產淨額	124,957	47,044
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	637,697	604,031
NON-CURRENT LIABILITIES	非流動負債		
Interest-bearing bank and other borrowings	計息銀行貸款及其他借款	(22,811)	(22,893)
Deferred tax liabilities	遞延稅項負債	(55,242)	(55,093)
Total non-current liabilities	非流動負債總額	(78,053)	(77,986)
Net assets	淨資產	559,644	526,045
CAPITAL AND RESERVES	資本及儲備		
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益		
Issued capital	已發行股本	113,248	98,048
Reserves	儲備	446,396	427,997
Minority interests	少數股東權益	559,644	526,045
Total equity	總權益	-	-
		559,644	526,045


**CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY**
簡明綜合股權變動報表

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (Unaudited) (未經審核)	2005 二零零五年 (Unaudited) (未經審核)
		HK\$'000 千港元	HK\$'000 千港元
		Notes 附註	
Total equity at 1 January	於一月一日之權益總額	526,045	524,531
Issue of shares, including share premium	發行股份，包括股份溢價	11 5,100	15,660
Shares issued upon conversion of convertible bond	因轉換可換股債券而發行之股份	11 29,833	-
Shares issued upon exercise of a share option	於行使購股權時發行之股份	11 3,800	-
Employee share option scheme	僱員購股權計劃	11 1,855	-
Shares issued under employee share option scheme	根據僱員購股權計劃發行之股份	11 6,160	-
Acquisition of an additional interests in a subsidiary	收購附屬公司額外權益	11 -	(16,094)
Exchange differences on translation of the financial statements of overseas subsidiaries	換算海外附屬公司財務報表產生之匯兌差額	11 3,503	29
Net income and expense recognised directly in equity	於權益直接確認之收益及開支淨額	3,503	29
Loss for the period attributable to:	期間虧損，歸屬於：	11	
Equity holders of the Company	本公司權益持有人	(16,652)	(10,202)
Minority interests	少數股東權益	-	11
		(16,652)	(10,191)
Total equity at 30 June	於六月三十日之總權益	559,644	513,935

**CONDENSED CONSOLIDATED
CASH FLOW STATEMENT**

簡明綜合現金流量報表

		For the six months ended 30 June 2006 截至二零零六年 六月三十日止 六個月 (Unaudited) (未經審核) HK\$'000 千港元	For the six months ended 30 June 2005 截至二零零五年 六月三十日止 六個月 (Unaudited) (未經審核) HK\$'000 千港元
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	經營業務之現金 流入／(流出)淨額	8,887	(4,419)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	投資業務之現金 流出淨額	(366)	(24,307)
NET CASH INFLOW FROM FINANCING ACTIVITIES	融資活動之現金 流入淨額	12,771	3,957
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等值 項目增加／(減少)	21,292	(24,769)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	期初之現金及現金 等值項目	133,151	106,254
CASH AND CASH EQUIVALENTS AT END OF PERIOD	期終之現金及現金 等值項目	154,443	81,485
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS Cash and bank balances	現金及現金等值項目 結餘分析 現金及銀行結存	154,443	81,485



1. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2005, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are mandatory for the accounting period beginning on or after 1 January 2006:

HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS – Int 4	Determining whether an Arrangement contains a Lease

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

1. 主要會計政策

本簡明綜合中期財務報表是按照香港會計準則（「HKAS」）第34號「中期財務報告」編制的。除了以下會影響本集團且在二零零六年一月一日或以後開始的會計期間強制採用的新的和修訂的香港財務報告準則（「HKFRS」，也包括HKAS和解釋公告），本中期財務報表中採用的會計政策和編製基礎都與截至二零零五年十二月三十一日止年度的財務報表一致：

HKAS 21 (修訂本)	海外業務的投資淨額
HKAS 39 (修訂本)	公平值期權
HKAS 39及HKFRS 4 (修訂本)	財務擔保合約
HKFRS-Int 4	決定一項是否包含租賃的安排

採納上述HKFRS對本集團簡明綜合中期財務報表的會計政策並無產生重大影響。

2. SEGMENT INFORMATION

2. 分類資料

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

下表為本集團按業務分類呈列之有關收入及業績之資料。

For the six months ended 30 June (Unaudited)

截至六月三十日止六個月 (未經審核)

Segment revenue:	Property investment 物業投資		Leasing of equipment 租賃設備		Telecommunication and other related services 電話及其他有關服務		Corporate and others 公司及其他		Consolidated 綜合	
	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元
Segment revenue:										
Sales to external customers 銷售予外界客戶	4,355	2,909	1,868	1,824	176	6,406	-	-	6,399	11,139
Other revenue and gains 其他收入及收益	-	10,700	-	-	-	-	-	-	-	10,700
Total	4,355	13,609	1,868	1,824	176	6,406	-	-	6,399	21,839
Segment results	4,199	13,225	(2,280)	(2,124)	(6,266)	(8,004)	(9,383)	(7,347)	(13,730)	(4,250)
Interest income									1,048	751
Finance costs									(2,587)	(3,091)
Loss before tax									(15,269)	(6,590)
Tax									(1,383)	(3,601)
Loss for the period									(16,652)	(10,191)

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

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



3. FINANCE COSTS

3. 財務費用

		For the six months ended 30 June	
		截至六月三十日	
		止六個月	
		2006	2005
		二零零六年	二零零五年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
Interest on bank loans	銀行貸款利息	2,411	2,353
Interest on finance lease	分期付款利息	-	150
Interest on convertible bond	可換股債券利息	176	588
		2,587	3,091

4. LOSS BEFORE TAX

4. 稅前虧損

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

本集團之稅前虧損乃經扣除／(計入)下列各項：

		For the six months ended 30 June	
		截至六月三十日	
		止六個月	
		2006	2005
		二零零六年	二零零五年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
Depreciation	折舊	7,315	7,184
Amortisation of intangible assets	無形資產攤銷	2,828	3,840
Provision for doubtful debts	呆賬撥備	-	5,880
Interest income	利息收入	(1,013)	(751)
Net rental income	租金收入淨額	(4,355)	(2,909)
Write back of other receivables	其他應收款項回撥	(575)	(519)

5. TAX

5. 稅項

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

		2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (Unaudited) (未經審核) HK\$'000 千港元
Provision for the period:	期內撥備：		
Hong Kong	香港	-	-
Elsewhere	其他地區	1,383	70
Deferred taxation	遞延稅項	-	3,531
		1,383	3,601

No provision for Hong Kong profits tax has been made as the Group did not generate any taxable profits in Hong Kong during the six months ended 30 June 2006 (the "Period") (2005: Nil).

由於本集團於截至二零零六年六月三十日止六個月（「期間」）並無在香港產生任何應課稅溢利，故未就香港利得稅作出撥備（二零零五年：無）。

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

其他地區應課稅溢利稅項根據本集團經營業務所在國家之現有法例、詮釋及慣例，按該等國家之現行稅率計算。

6. INTERIM DIVIDEND

6. 中期股息

The Directors do not recommend the payment of an interim dividend for the Period (2005: Nil).

董事不建議派付期間之中期股息（二零零五年：無）。



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

The calculation of basic loss per share for the Period is based on the loss attributable to ordinary equity holders of the Company of HK\$16,652,000 (2005: net loss of HK\$10,202,000) and the weighted average number of 518,103,178 (2005: 411,408,151, adjusted to reflect the capital reorganisation on 27 April 2006 as further detailed in note 11 to the financial statements) ordinary shares in issue during the Period.

A diluted loss per share for the Period has not been disclosed as the share option outstanding during the Period had an anti-dilutive effect on the basic loss per share for the Period.

The calculation of diluted loss per share for the six months ended 30 June 2005 is based on the loss attributable to ordinary equity holders of the Company of HK\$9,716,000, after adjusting for the interest saved upon the deemed conversion of all convertible bond. The weighted average number of ordinary shares used in the calculation is the 411,408,151 ordinary shares in issue during the six months ended 30 June 2005, as used in the basic loss per share calculation; and the weighted average of 10,000,000 ordinary shares assumed to have been issued on the deemed conversion of all convertible bonds during the six months ended 30 June 2005. The above number of shares has been adjusted to reflect the capital reorganisation on 27 April 2006 as further detailed in note 11 to the financial statements.

7. 本公司普通股權益持有人應佔每股虧損

期間每股基本虧損乃根據本公司普通股權益持有人應佔虧損16,652,000港元（二零零五年：淨虧損10,202,000港元）及期間已發行普通股之加權平均數518,103,178股（二零零五年：411,408,151股，經調整以反映於二零零六年四月二十七日之股本重組詳情載於財務報表附註11）計算。

由於期間尚未行使之購股權對期間之每股基本虧損有反攤薄影響，故並無呈列期間之每股攤薄虧損。

截至二零零五年六月三十日止六個月，每股攤薄虧損乃於所有可換股債券獲轉換時積累之利息作出調整後，根據本公司普通股權益持有人應佔之虧損9,716,000港元而計算。計算上述每股攤薄虧損時所使用之普通股加權平均數為截至二零零五年六月三十日止六個月已發行普通股數目411,408,151股（與計算每股基本虧損所使用者相同），加上假設於截至二零零五年六月三十日止六個月視為於所有可換股債券獲轉換時普通股之加權平均數10,000,000股上述股數經調整以反映於二零零六年四月二十七日之股本重組詳情載於財務報表附註11。

8. TRADE RECEIVABLES

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

		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核)		31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核)	
		HK\$'000 千港元	Percentage 百分比	HK\$'000 千港元	Percentage 百分比
Within 6 months	6個月內	2,002	6	5,088	11
More than 6 months but within 1 year	超過6個月但 不超過1年內	5,140	16	5,986	13
More than 1 year but within 2 years	超過1年但 不超過2年內	6,046	19	16,895	37
More than 2 years	超過2年	15,089	47	13,938	30
Not due at balance sheet date	於結算日 仍未到期	4,088	12	4,047	9
		32,365	100	45,954	100
Portion classified as current assets	列為流動 資產之部份	(32,365)		(45,954)	
Non-current assets	非流動資產	-		-	

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

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

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

8. 貿易應收款項

本集團貿易應收款項於結算日(撥備淨額)之賬齡分析如下:

本集團一般授予買家3至12個月信貸期。

本集團貿易應收款項之賬齡根據銷售協議所列分期付款到期日營業額確認日計算。

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



9. TRADE PAYABLES

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

9. 貿易應付款項

本集團之貿易應付款項於結算日之賬齡分析如下：

		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核)		31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核)	
		HK\$'000 千港元	Percentage 百分比	HK\$'000 千港元	Percentage 百分比
Within 6 months	6個月內	-	-	-	-
More than 6 months but within 1 year	超過6個月但 不超過1年內	-	-	-	-
More than 1 year but within 2 years	超過1年但 不超過2年內	-	-	105	1
More than 2 years but within 3 years	超過2年但 不超過3年內	81	1	-	-
Over 3 years	超過3年	31,445	99	31,228	99
		31,526	100	31,333	100

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

本集團貿易應付款項之賬齡分析根據收取貨物或服務提供日起計算。

10. CONVERTIBLE BOND

The convertible bond (the “Bond”) bears interest at 2.75% per annum and is due for repayment on 18 August 2006. The Bond is convertible into a total of 20,000,000 shares with a par value of HK\$0.2 each of the Company, at the conversion price of HK\$1.5 per share at any time from 19 November 2004 up to the day falling fourteen days prior to the maturity date of the Bond on 18 August 2006. Further details of the terms and conditions of the Bond are set out in the announcement of the Company dated 19 July 2004.

The fair value of the liability component of the Bond was determined, upon issuance, using the prevailing market interest rate for similar debt without a conversion option and was carried as a current liability. The residual amount was assigned to the conversion option as the equity component that was recognised in shareholders’ equity.

On 24 February 2006, the Bond was converted into 20,000,000 shares at HK\$1.5 per share. The above number of shares and the conversion price have been adjusted to reflect the capital reorganisation on 27 April 2006 as further detailed in note 11 to the financial statements.

10. 可換股債券

可換股債券(「債券」)，按年利率2.75厘計息並於二零零六年八月十八日到期還款。債券附有換股權，持有人可於二零零四年十一月十九日至到期日二零零六年八月十八日前十四天之期間內隨時按換股價每股1.5港元將其轉換為合計20,000,000股本公司每股面值0.2港元之股份。債券之條款及細則之進一步詳情載於本公司日期為二零零四年七月十九日之公佈內。

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

於二零零六年二月二十四日，債券按每股1.5港元轉換為20,000,000股股份。上述股數及轉換價經調整以反映於二零零六年四月二十七日之股本重組詳情載於財務報表附註11。



11. RESERVES

11. 儲備

	Issued capital 已發行股本 (Unaudited) (未經審核) HK\$'000 千港元	Share premium account 股份溢價 (Unaudited) (未經審核) HK\$'000 千港元	Contributed surplus 繳入盈餘 (Unaudited) (未經審核) HK\$'000 千港元	Capital reserve 資本儲備 (Unaudited) (未經審核) HK\$'000 千港元	Equity component of convertible bond 可換股債券之權益部分 (Unaudited) (未經審核) HK\$'000 千港元	Other reserve 其他儲備 (Unaudited) (未經審核) HK\$'000 千港元	Exchange fluctuation reserve 匯兌波動儲備 (Unaudited) (未經審核) HK\$'000 千港元	Retained profits/ losses (accumulated) 保留溢利/ (累計虧損) (Unaudited) (未經審核) HK\$'000 千港元	Total 合計 (Unaudited) (未經審核) HK\$'000 千港元	Minority interests 少數股東權益 (Unaudited) (未經審核) HK\$'000 千港元
At 1 January 2005 二零零五年一月一日	78,388	303,964	80,258	-	707	-	442	44,689	506,448	16,083
Exchange adjustment on translation of financial statements of overseas subsidiaries 換算海外附屬公司財務報表產生之匯兌調整	-	-	-	-	-	-	29	-	29	-
Acquisition of additional interests in a subsidiary 收購附屬公司額外權益	-	-	-	-	-	-	-	-	-	-
Issue of new shares (Loss)/profit for the period 發行新股 (虧損)/溢利	15,660	-	-	-	-	-	-	-	15,660	(16,094)
At 30 June 2005 and 1 July 2005 於二零零五年六月三十日及 二零零五年七月一日	94,048	303,964	80,258	-	707	-	471	34,487	513,935	-
Exchange adjustment on translation of financial statements of overseas subsidiaries 換算海外附屬公司財務報表產生之匯兌調整	-	-	-	-	-	-	6,199	-	6,199	-
Issue of new shares 發行新股	4,000	3,200	-	-	-	-	-	-	7,200	-
Issue of a share option 發行期權	-	-	-	-	-	2,280	-	-	2,280	-
Loss for the period 於二零零五年十二月三十一日及 二零零六年一月一日	98,048	307,164	80,258	-	707	2,280	6,670	30,918	526,045	-
Exchange adjustment on translation of financial statements of overseas subsidiaries 換算海外附屬公司財務報表產生之匯兌調整	-	-	-	-	-	-	3,503	-	3,503	-
Issue of new shares 發行新股	3,400	1,700	-	-	-	-	-	-	5,100	-
Conversion of the Bond 債券轉換	4,000	26,540	-	-	(707)	-	-	-	29,833	-
Shares issued upon exercise of a share option 因行使期權而發行之股份	2,000	1,800	-	-	-	-	-	-	3,800	-
Employee share option scheme 僱員持股計劃	-	-	-	1,855	-	-	-	-	1,855	-
Shares issued under employee share option scheme 根據僱員持股計劃發行之股份	5,800	2,118	-	(1,758)	-	-	-	-	6,160	-
Loss for the period 於二零零六年六月三十日 (未經審核)	113,248	339,322	80,258	97	-	2,280	10,173	(16,652)	559,644	-

11. RESERVES (Cont'd)

On 10 April 2006, the Company proposed a capital reorganisation (the "Reorganisation") to consolidate every ten ordinary shares of HK\$0.02 each in the issued and unissued share capital of the Company into one ordinary share of HK\$0.20 each (the "Consolidated Shares"). Pursuant to the Reorganisation, the authorised share capital of the Company was increased from HK\$120 million to HK\$200 million by the creation of 400 million additional Consolidated Shares of HK\$0.2 each in the capital of the Company. The Reorganisation was approved by shareholders at the special general meeting on 27 April 2006.

12. CONTINGENT LIABILITIES

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

11. 儲備 (續)

於二零零六年四月十日，本公司建議進行股本重組（「重組」），將本公司已發行及未發行股本中每十股每股面值0.02港元之普通股合併為一股每股面值0.20港元之普通股（「合併股份」）。根據重組，本公司之法定股本藉增設400,000,000股每股面值0.2港元之合併股份由120,000,000港元增至200,000,000港元。重組已獲股東於二零零六年四月二十七日舉行之股東特別大會上批准。

12. 或然負債

於結算日，本集團並未於財務報表作出撥備之或然負債如下：

	30 June 2006	31 December 2005
	二零零六年 六月三十日	二零零五年 十二月三十一日
	(Unaudited)	(Audited)
	(未經審核)	(經審核)
	HK\$'000	HK\$'000
	千港元	千港元
Guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties	4,014	3,395
就銀行向本集團物業若干買家批出之按揭貸款所作之擔保		



13. PLEDGE OF ASSETS

The Group's bank loans were supported by certain of the Group's investment properties, a corporate guarantee executed by the Company and corporate guarantees provided by entities in the PRC.

13. 資產抵押

本集團之銀行貸款乃以本集團若干投資物業、本公司簽訂之公司擔保及若干中國實體提供的公司擔保作為支持。

14. COMMITMENTS

14. 承擔

(a) Capital commitments

(a) 資本承擔

		Group 本集團	
		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Capital commitments in respect of: Contracted, but not provided for Property development project	有關下列各項 之資本承擔： 已訂約但 未撥備 物業發展 項目	35,902	35,902

14. COMMITMENTS (Cont'd)

14. 承擔 (續)

(b) Commitments under operating leases

(b) 經營租約承擔

(i) As lessor

(i) 作為出租人

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

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

At 30 June 2006, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

於二零零六年六月三十日，本集團根據不可撤銷之經營租約與其租客訂立之未來最低租約應收款項及到期日如下：

		Group	
		本集團	
		30 June	31 December
		2006	2005
		二零零六年	二零零五年
		六月三十日	十二月三十一日
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
		HK\$'000	HK\$'000
		千港元	千港元
Within one year	於一年內	12,968	12,838
In the second to fifth years, inclusive	於第二至第五年 (包括首尾兩年)	6,696	13,048
		19,664	25,886



14. COMMITMENTS (Cont'd)

14. 承擔 (續)

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

(b) 經營租約承擔 (續)

(ii) As lessee

(ii) 作為承租人

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

本集團根據經營租約安排租用辦公室物業及輸送綫路，所議定之租期介乎一至兩年。

At 30 June 2006, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

於二零零六年六月三十日，本集團根據不可撤銷之經營租約未來最低應付租金款項及到期日如下：

		Group 本集團	
		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Within one year	於一年內	771	879
In the second to fifth years, inclusive	於第二至第五年 (包括首尾兩年)	125	442
		896	1,321

15. LITIGATION

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

The Company has filed an acknowledgement of service to defend the proceedings. Having consulted the Group's legal counsel, the directors concluded that no provision for the proceedings is required in this stage.

15. 訴訟

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

本公司已提交送達認收書以提出抗辯，經諮詢本集團的法律顧問，董事認為，現階段毋須就司法程序作出撥備。



16. POST BALANCE SHEET EVENTS

Pursuant to a subscription agreement and a supplemental agreement dated on 31 August 2005 and 23 September 2005 respectively between the Company and Hero Grand Investments Limited (the "Subscriber"), an independent third party, the Subscriber had conditionally agreed to subscribe for 20,000,000 new shares (the "Subscription Shares") at a subscription price of HK\$0.36 per share, and the Company had conditionally agreed to grant an option (the "Option") to the Subscriber at a price of HK\$2,280,000. Pursuant to the terms of the deed of the Option, the Subscriber will be entitled to subscribe a maximum of 57,000,000 new shares (the "Option Shares") at an exercise price of HK\$0.38 per share, subject to adjustments, anytime from the date of the completion of the supplemental agreement and up to 31 December 2006. 20,000,000 Subscription Shares and 10,000,000 Option Shares at an exercise price of HK\$0.38 were allotted and issued in October 2005 and April 2006 respectively.

Subsequent to the balance sheet date, on 11 August 2006 and 22 August 2006, the Subscriber served notices for subscription of 25,000,000 and 22,000,000 Option Shares respectively at an exercise price of HK\$0.38. The 25,000,000 and 22,000,000 Option Shares were allotted and issued on 14 August 2006 and 23 August 2006 respectively, and a gross proceed of HK\$17,860,000 was raised by the Company.

The above number of shares, subscription price and exercise price have been adjusted to reflect the capital reorganisation on 27 April 2006 as further detailed in note 11 to the financial statements.

16. 結算日後事項

根據本公司與Hero Grand Investments Limited(「認購人」)(獨立第三方)訂立之日期分別為二零零五年八月三十一日及二零零五年九月二十三日之認購協議補充協議，認購人有條件同意按每股0.36港元之認購價認購20,000,000股新股(「認購股份」)，且本公司有條件同意向認購人授予一項價格為2,280,000港元之購股權(「購股權」)。根據購股權契據之條款，認購人有權自補充協議完成日期至二零零六年十二月三十一日止期間以每股0.38港元(可予調整)之行使價認購最多57,000,000股新股(「購股權股份」)。20,000,000股認購股份及10,000,000股購股權股份分別於二零零五年十月及二零零六年四月按行使價0.38港元配發及發行。

結算日後，於二零零六年八月十一日及二零零六年八月二十二日，認購人分別發出以0.38港元行使價認購25,000,000股及22,000,000股購股權股份之通知。該25,000,000股及22,000,000股購股權股份已分別於二零零六年八月十四日及二零零六年八月二十三日配發及發行，本公司亦籌得款項總額17,860,000港元。

上述股數、認購價及行使價已經調整以反映於二零零六年四月二十七日之股本重組詳情載於財務報表附註11。

REVIEW OF RESULTS

The Directors would like to report that the Group recorded a turnover of HK\$6,399,000 (30 June 2005: HK\$11,139,000) for the six months ended 30 June 2006 (the "Period"), representing a decrease of 43% compared with the corresponding period. Loss attributable to ordinary equity holders of the Company was HK\$16,652,000 (30 June 2005: net loss of HK\$10,202,000) for the Period.

REVIEW OF OPERATIONS

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

Property investment

The rental income generated from leasing of the commercial units in Gang Yu Square in Chongqing in the PRC increased in the Period compared with 2005.

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

業績回顧

董事會宣佈，本集團於截至二零零六年六月三十日止六個月（「期間」）錄得營業額6,399,000港元（二零零五年六月三十日：11,139,000港元），與上一年同期比較下降43%。本期間本公司普通股權益持有人應佔虧損為16,652,000港元（二零零五年六月三十日：淨虧損10,202,000港元）。

業務回顧

本集團於期間之營業額主要包括位於中華人民共和國（「中國」）重慶之商場所帶來之租金收入，在中國廣州租賃銷售設備（「POS設備」）以及在中國提供電訊及其他有關服務。

房地產投資

期間出租中國重慶港渝廣場之商業單元所得之租金收入較二零零五年同期有所增加。

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



REVIEW OF OPERATIONS (Cont'd)

Leasing of POS equipment

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

Provision of telecommunication and other related services

Since 2004, the Group had engaged in the business of providing integrated telecommunication network services to online game developers and other broadband media providers via its operating subsidiary. Due to cut-throat competition in the dynamic online business market in Guangzhou, the PRC, it was difficult for integrated telecommunication network service providers to secure a steady profit margin unless new and attractive online games and/or related broadband media products kept emerging from the market to drum up demand for such services. Since late 2005, the management of the Group's telecommunication division has been focusing on developing new business models and, if practicable, to identify strategic investors to co-invest in new business developments.

業務回顧 (續)

租賃POS設備

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

提供電訊及其他有關服務

本集團自二零零四年起一直透過其附屬公司從事為網上遊戲發展商及其他寬頻媒體供應商提供綜合電訊網絡服務之業務。由於中國廣州市網上業務市場之割喉式減價戰，綜合電訊網絡服務供應商在賺取穩定毛利方面遇上困難，除非不斷有新穎吸引之網上遊戲及／或相關寬頻媒體產品推出市場，帶動對此類服務之需求。自二零零五年末，本集團電訊部一直專注於發展新經營模式及(在可行情況下)物色策略性投資者共同投資新業務發展。

REVIEW OF OPERATIONS (Cont'd)**業務回顧 (續)****Postponement of payment of the balance of a consideration****延遲支付代價餘額**

In November 2002, it was announced that the Group was contracted to dispose certain assets to an independent third party at a consideration of HK\$350,000,000 payable by installments. Pursuant to a second supplemental agreement dated 26 January 2005, the timing for payment of the balancing consideration of HK\$90,000,000 in relation to the subject disposal was extended without interest to not later than 26 July 2005. However, given the total gross floor area of a proposed site of the underlying properties was not yet determined by the relevant governmental authorities, the purchaser to the transaction therefore requested that the payment of an amount of HK\$40,000,000 be further deferred to not later than 30 January 2006 without interest. On 23 January 2006, the Group entered into an agreement with the purchaser to reschedule the repayment date of the remaining consideration of HK\$40,000,000 on or before 31 January 2007. In this connection, the Group has received a sum of HK\$310,000,000 out of HK\$350,000,000 from the purchaser to the transaction.

於二零零二年十一月，本集團公佈，本集團根據合約向獨立第三方出售若干資產，代價為350,000,000港元並以分期付款方式支付。根據日期為二零零五年一月二十六日之第二次補充協議，就該出售而須支付本集團之代價餘額90,000,000港元之付款時間已順延至不遲於二零零五年七月二十六日。然而，鑒於有關政府當局尚未確定相關物業建議之地塊之總樓面面積，該交易之買方遂要求款項40,000,000港元之支付時間進一步順延至不遲於二零零六年一月三十日，並且不計利息。於二零零六年一月二十三日，本集團與買家訂立一項協議，更改餘下代價40,000,000港元之支付日期（於二零零七年一月三十一日或之前）。因此，本集團已由該交易之買方獲得350,000,000港元中之合共310,000,000港元。



REVIEW OF OPERATIONS (Cont'd)

業務回顧 (續)

Conversion of Convertible Bond

轉換可換股債券

On 24 February 2006, Asia Pacific Broadband Entertainment Corporation Limited (formerly known as CNC Broadband Entertainment Corporation Limited), the holder of the Convertible Bond, exercised the conversion rights of the Convertible Bond. 20,000,000 shares with a par value of HK\$0.2 each of the Company were converted at the conversion price of HK\$1.5 per share.

於二零零六年二月二十四日，可換股債券持有人 Asia Pacific Broadband Entertainment Corporation Limited (前稱 CNC Broadband Entertainment Corporation Limited) 行使可換股債券之轉換權。本公司 20,000,000 股每股面值 0.2 港元之股份按轉換價每股 1.5 港元進行轉換。

The above number of shares and conversion price have been adjusted to reflect the capital reorganisation on 27 April 2006 as further detailed in the section "Capital reorganisation" below.

上述股數及轉換價已經調整以反映於二零零六年四月二十七日之股本重組，詳情載於下文「股本重組」一節。

Placement of new shares

配售新股份

On 28 March 2006, the Company entered into a subscription agreement with an independent third party which had conditionally agreed to subscribe for 17,000,000 shares to be issued and allotted by the Company at a subscription price of HK\$0.3 per share. On 25 April 2006, the Company issued and allotted 17,000,000 shares at HK\$0.3 per share resulting in raising a gross proceed of HK\$5.1 million, which will be used for general working capital of the Group.

於二零零六年三月二十八日，本公司與一名獨立第三方訂立認購協議，該獨立第三方有條件同意以每股 0.3 港元之認購價認購本公司將予發行及配發之 17,000,000 股股份。於二零零六年四月二十五日，本公司以每股 0.3 港元發行及配發 17,000,000 股股份，籌得款項總額 5,100,000 港元，將用作本集團之一般營運資金。

The above number of shares and subscription price have been adjusted to reflect the capital reorganisation on 27 April 2006 as further detailed in the section "Capital reorganisation" below.

上述股數及認購價已經調整以反映於二零零六年四月二十七日之股本重組，詳情載於下文「股本重組」一節。

REVIEW OF OPERATIONS (Cont'd)**業務回顧 (續)****Subscription of new shares and grant of option****認購新股份及授出購股權**

On 31 August and 23 September 2005, a subscription agreement and a supplemental agreement were respectively entered into between the Company, a subscriber and a guarantor who are both independent third parties, pursuant to which the subscriber had conditionally agreed to subscribe for 20,000,000 new shares (the "Subscription Shares") at a subscription price of HK\$0.36 per share, and the Company had conditionally agreed to grant an option (the "Option") to the subscriber at a price of HK\$2,280,000. Pursuant to the terms of the deed of the Option, the subscriber will be entitled to subscribe a maximum of 57,000,000 new shares (the "Option Shares") at an exercise price of HK\$0.38 per share anytime from the date of the completion of the supplemental agreement and up to 31 December 2006. The Subscription Shares were allotted and issued to the subscriber in October 2005.

於二零零五年八月三十一日及二零零五年九月二十三日，本公司與認購人及擔保人（後兩者均為獨立第三方）分別訂立一項認購協議及補充協議，據此，認購人已有條件同意以認購價每股0.36港元認購20,000,000股新股份（「認購股份」），而本公司已有條件同意以2,280,000港元之價格向認購人授出購股權（「購股權」）。根據購股權之條款，認購人將有權由補充協議完成日起截至二零零六年十二月三十一日，以行使價每股0.38港元認購最多數目為57,000,000股之新股份（「購股權股份」）。該等認購股份於二零零五年十月配發及發行予認購人。

On 18 April 2006, the subscriber served the notice for subscription of 10,000,000 Option Shares at an exercise price of HK\$0.38. The 10,000,000 Option Shares were allotted and issued on 25 April 2006, and a gross proceed of HK\$3,800,000 was raised by the Company.

認購人於二零零六年四月十八日發出通知，以0.38港元之行使價認購10,000,000股購股權股份。該10,000,000股購股權股份已於二零零六年四月二十五日配發及發行，本公司籌得款項總額3,800,000港元。

Subsequent to the balance sheet date, on 11 August 2006 and 22 August 2006, the subscriber served notices for subscription of 25,000,000 and 22,000,000 Option Shares at an exercise price of HK\$0.38. The 25,000,000 and 22,000,000 Option Shares were allotted and issued on 14 August 2006 and 23 August 2006 respectively, and a gross proceed of HK\$17,860,000 was raised by the Company. The Option had been fully exercised.

於結算日後，認購人於二零零六年八月十一日及二零零六年八月二十二日發出通知，以0.38港元之行使價分別認購25,000,000股及22,000,000股購股權股份。該25,000,000股及22,000,000股購股權股份已分別於二零零六年八月十四日及二零零六年八月二十三日配發及發行，本公司籌得款項總額17,860,000港元。該購股權已獲悉數行使。



REVIEW OF OPERATIONS (Cont'd)

業務回顧 (續)

Subscription of new shares and grant of option (Cont'd)

認購新股份及授出購股權 (續)

The above number of shares, subscription price and exercise price have been adjusted to reflect the capital reorganisation on 27 April 2006 as further detailed in the section "Capital reorganisation" below.

上述股數、認購價及行使價整以反映於二零零六年四月二十七日之股本重組，詳情載於下文「股本重組」一節。

Capital reorganisation

股本重組

On 10 April 2006, the Company proposed a capital reorganisation (the "Reorganisation") to consolidate every ten ordinary shares of HK\$0.02 each in the issued and unissued share capital of the Company into one ordinary share of HK\$0.20 each (the "Consolidated Shares"). Pursuant to the Reorganisation, the authorised share capital of the Company was increased from HK\$120 million to HK\$200 million by the creation of 400 million additional Consolidated Shares of HK\$0.2 each in the capital of the Company. The Reorganisation was approved by shareholders at the special general meeting on 27 April 2006.

於二零零六年四月十日，本公司建議進行股本重組（「重組」），將本公司已發行及未發行股本中每十股每股面值0.02港元之普通股合併為一股每股面值0.20港元之普通股（「合併股份」）。根據重組，本公司之法定股本藉增設400,000,000股每股面值0.2港元之合併股份由120,000,000港元增至200,000,000港元。重組已獲股東於二零零六年四月二十七日舉行之股東特別大會上批准。

REVIEW OF OPERATIONS (Cont'd)

業務回顧 (續)

Litigation

訴訟

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

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

於二零零五年八月，本公司附屬公司一名前董事（「前董事」）向（其中包括）本公司發出傳訊令狀，內容有關本集團於二零零零年十二月向該前董事收購一間該前董事擁有的私營公司附屬公司造成之若干損失提出索償。於索償書中，該前董事聲稱其擁有的私營公司簽署之代價33,500,000港元之收據應撤回並要求支付未償代價金額33,500,000港元。

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



FINANCIAL REVIEW

Liquidity and financial resources

The Group generally financed its businesses with internally generated cash flows, banking facilities, net proceeds from placing of new shares and exercise of share options during the Period. Cash and bank balances of the Group as at 30 June 2006 amounted to HK\$154,443,000 (31 December 2005: HK\$133,151,000) and pledged deposits of HK\$401,000 (31 December 2005: HK\$354,000).

As at 30 June 2006, the Group had outstanding borrowings of approximately HK\$55,592,000 comprising interest-bearing bank loans amounted to HK\$52,216,000 (31 December 2005: HK\$54,140,000), convertible bonds payable amounted to HK\$nil (31 December 2005: HK\$29,782,000) and finance lease payable amounted to HK\$3,376,000 (31 December 2005: HK\$515,000). Of the Group's interest-bearing bank loans, 61%, 10% and 29% respectively are repayable within one year or on demand, in the second year, in the third to fifth years, inclusive. An amount of HK\$26,832,000 bank loans as at 30 June 2006 was charged at fixed interest rates (31 December 2005: HK\$26,564,000).

The Group's gearing ratio as at 30 June 2006 was 0.25 (31 December 2005: 0.28), calculated based on the Group's total liabilities, excluding deferred income, of HK\$188,240,000 (31 December 2005: HK\$210,531,000) over total assets of HK\$765,941,000 (31 December 2005: HK\$754,633,000).

財務回顧

流動資金及財務資源

於期間內，本集團一般以內部產生之流動現金、銀行信貸及配售新股的所得款項淨額作為其運作所需資金。於二零零六年六月三十日，本集團之現金及銀行結存達154,443,000港元(二零零五年十二月三十一日：133,151,000港元)，及已抵押存款401,000港元(二零零五年十二月三十一日：354,000港元)。

於二零零六年六月三十日，本集團有未償還借款約55,592,000港元，包括計息之銀行貸款為52,216,000港元(二零零五年十二月三十一日：54,140,000港元)、應付可換股債券為零港元(二零零五年十二月三十一日：29,782,000港元)及應付融資租賃費達3,376,000港元(二零零五年十二月三十一日：515,000港元)。本集團的計息銀行貸款中，其中61%、10%及29%分別於一年內或按要求、第二年及第三至五年(包括首尾兩年)內償還。於二零零六年六月三十日按固定息率計息之銀行貸款為26,832,000港元(二零零五年十二月三十一日：26,564,000港元)。

本集團於二零零六年六月三十日之資本負債比率為0.25(二零零五年十二月三十一日：0.28)，乃按本集團債務總額(不包括遞延收入)188,240,000港元(二零零五年十二月三十一日：210,531,000港元)除以資產總值765,941,000港元(二零零五年十二月三十一日：754,633,000港元)計算。

FINANCIAL REVIEW (Cont'd)

Currency structure

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

Pledge of assets

The Group had utilized bank loan facilities amounting to approximately HK\$52,216,000 (31 December 2005: HK\$54,140,000) as at 30 June 2006. The bank loans were supported by certain of the Group's investment properties, corporate guarantees executed by the Company and corporate guarantees provided by certain entities in the PRC.

Contingent liabilities

As at 30 June 2006, guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties amounted to HK\$4,014,000 (31 December 2005: HK\$3,395,000).

財務回顧 (續)

貨幣結構

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

資產抵押

於二零零六年六月三十日，本集團經已使用約52,216,000港元之銀行信貸額(二零零五年十二月三十一日：54,140,000港元)。銀行貸款以本集團若干投資物業、本公司簽立之公司擔保及若干中國實體提供的公司擔保作為支持。

或然負債

於二零零六年六月三十日，就銀行向本集團物業若干買家批出之按揭貸款而作出之擔保達4,014,000港元(二零零五年十二月三十一日：3,395,000港元)。



EMPLOYEES AND REMUNERATION POLICY

The Group employed about 28 full time staff in Hong Kong, Chongqing and Guangzhou as at 30 June 2006. Employees were remunerated according to the nature of their job and market trend, with built-in merit components incorporated in the annual increment to reward and motivate individual performance. In Chongqing and Guangzhou, the Group provided staff welfare and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, other staff benefits included medical schemes and Mandatory Provident Fund Schemes.

PROSPECTS

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

僱員及薪酬政策

於二零零六年六月三十日，本集團在香港、重慶及廣州共僱用約28名全職僱員。本集團根據員工之工作性質及市場趨勢釐定酬金，每年加薪亦考慮個別員工之優異表現，以獎勵及激勵員工爭取表現。就重慶及廣州而言，本集團按現行勞動法為員工提供福利及花紅，而在香港則提供醫療計劃及強制性公積金計劃。

前景

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

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

董事／主要行政人員所擁有之本公司及各相聯法團股份權益

As at 30 June 2006, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors and which were required to be entered into the register pursuant to Section 352 of the SFO, were as follows:

於二零零六年六月三十日，根據證券及期貨條例（「證券及期貨條例」）第XV部第7及8分部規定及根據上市公司董事進行證券交易標準守則須知會本公司及香港聯合交易所有限公司（「聯交所」），以及須根據證券及期貨條例第352章規定載入登記冊之本公司董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中之權益及淡倉（包括根據該等證券及期貨條例規定被認為或被視為擁有之權益及淡倉）如下：

Long position in shares of the Company

於本公司股份之長倉

Name of Director	董事姓名	Number of shares held, capacity and nature of interest Through controlled corporation	Percentage of the issued share capital 佔已發行股本百分比
		所持股份數目、身份及 權益性質 透過受控法團持有	
Ho Tsam Hung	何湛雄	14,500,000 (Note 1) (附註1)	2.56%
Ho Kam Hung	何鑑雄	27,000,000 (Note 2) (附註2)	4.77%



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

董事／主要行政人員所擁有之本公司及各相聯法團股份權益(續)

Notes:

附註：

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

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

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

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

SHARES IN ASSOCIATED CORPORATIONS OF THE COMPANY

本公司相聯法團股份

At 30 June 2006, the following Directors of the Company had interests in the non-voting deferred shares in certain of the Company's subsidiaries:

於二零零六年六月三十日，下列董事所擁有之本公司若干附屬公司無投票權遞延股之權益如下：

Long position in shares of the associated corporations

於相聯法團股份之長倉

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

(a) 所擁有之超霸控股有限公司無投票權遞延股份權益

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

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

本公司相聯法團股份(續)

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

(b) 所擁有之中華置業地產投資有限公司無投票權遞延股份權益

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

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

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

Save as disclosed above, as at 30 June 2006, to the knowledge of the Company, none of the directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

除上文所披露者外，據本公司所知，於二零零六年六月三十日，根據證券及期貨條例第352條規定設置之登記冊所記錄，概無任何本公司董事或主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有或被視為擁有任何權益或淡倉，或根據證券及期貨條例第XV部第7及8分部及標準守則須知會本公司及聯交所之權益或淡倉。



DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

SHARE OPTION SCHEME

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

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

There is no change in any terms of the New Scheme during the Period. The detailed terms of the New Scheme were disclosed in the Company's 2005 annual report.

董事購買股份之權利

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

購股權計劃

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

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

期內新計劃條款並無任何變化。新計劃之詳細條款於本公司二零零五年度年報內披露。

SHARE OPTION SCHEME (Cont'd)

購股權計劃 (續)

The following share options were outstanding under the New Scheme during the Period:

期內根據新計劃尚未行使之購股權如下：

Name/category of participant 姓名/參與者類別	Number of share options 購股權數目				Date of grant of share option 購股權 授出日期	Exercise period of share options 購股權行使期	Exercise price of share options 購股權行使價 HK\$ 港元	Market value per share on exercise of options 行使購股權時之每股市價 HK\$ 港元
	At 1 January 2006 於二零零六年一月一日	Granted during the Period 期內授出	Exercised during the Period 期內行使	At 30 June 2006 於二零零六年六月三十日				
Other employees and consultants 其他僱員及顧問								
In aggregate 合共	-	26,000,000	(26,000,000)	-	10 February 2006 二零零六年二月十日	10 February 2006 to 9 February 2009 二零零六年二月十日至二零零九年二月九日	0.20	0.24 ²
	-	3,800,000	(3,000,000)	800,000	30 March 2006 二零零六年三月三十日	30 March 2006 to 29 March 2009 二零零六年三月三十日至二零零九年三月二十九日	0.32	0.24 ²
	-	29,800,000	(29,000,000)	800,000				

- The above number of share options and share prices have been adjusted to reflect the share consolidation on a one-to-ten basis on 27 April 2006.
- Being the weighted average closing price of the Company's ordinary shares on last trading day immediately before the dates on which the options were exercised.

- 上述購股權之數目及股份價格已經調整以反映於二零零六年四月二十七日十股合併為一股之股份合併。
- 緊接行使購股權日期前最後交易日前本公司普通股之加權平均數收市價。



SHARE OPTION SCHEME (Cont'd)

購股權計劃 (續)

The fair values of share options granted on 10 February 2006 and 30 March 2006 determined using the Black-Scholes valuation model were HK\$1,392,000 and HK\$463,000 respectively. The significant inputs into the model were as follows:

利用畢蘇期權定價模式計算於二零零六年二月十日及二零零六年三月三十日授出之購股權公平值分別為1,392,000港元及463,000港。該模式之輸入因素如下：

		Share option grant date	
		授出購股權日期	
		10 February 2006	30 March 2006
		二零零六年 二月十日	二零零六年 三月三十日
Share price at the grant date	於授出日期股價	HK\$0.19港元*	HK\$0.32港元*
Exercise price	行使價	HK\$0.20港元*	HK\$0.32港元*
Expected volatility	預期波幅	73.22%	95.66%
Expected dividend yield	預期股息率	Nil無	Nil無
Expected life of options	預期購股權年期	1 year年	1 year年
Annual risk free interest rate	無風險年利率	4.08%	4.12%

* Share prices are consolidated on a one-to-ten basis.

* 股份價格按十股合併為一股之基準合併。

The Black-Scholes valuation model requires the input of highly subjective assumptions, including the expected volatility of share price. Any changes in subjective input assumptions may materially affect the fair value estimate of the share options.

畢蘇期權定價模式規定作出非常主觀之假設，包括股價波幅。主觀假設變動可重大影響購股權之公平價值估計。

SUBSTANTIAL SHAREHOLDERS

主要股東

As at 30 June 2006, as far as is known to the Directors or the chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had interests or short positions in the shares and underlying share as recorded in the register required to be kept under section 336 of the SFO:

於二零零六年六月三十日，據本公司任何董事或主要行政人員所知，以下人士(本公司之董事或主要行政人員除外)擁有登記於根據證券及期貨條例第336條之規定存置之登記冊之股份及相關股份中之權益或淡倉如下：

Long position in shares of the Company

於本公司股份之長倉

Name 名稱	Capacity and Nature of interest 身份及權益性質	Number of Shares held 所持股份數目	Percentage of the issued share capital 佔已發行 股本百分比
Noble Idea Investments Limited (Note 附註 1)	Directly beneficially owned 直接實益擁有人	45,100,000	7.96
Choi Kwan Yee (Note 附註 1)	Through controlled corporation 透過受控法團	45,100,000	7.96
High Rank Enterprises Limited (Note 附註 2)	Directly beneficially owned 直接實益擁有人	31,700,000	5.60
Hero Grand Investments Limited (Note 附註 3)	Directly beneficially owned 直接實益擁有人	30,000,000	5.30
Leung Po Wa (Note 附註 3)	Through controlled corporation 透過受控法團	30,000,000	5.30



SUBSTANTIAL SHAREHOLDERS (Cont'd)

主要股東 (續)

Notes:

1. Noble Idea Investments Limited is wholly-owned by Choi Kwan Yee.
2. Each of Ho Tsam Hung and Ho Kam Hung, being the executive directors, is interested in approximately 31.58% of the issued share capital of High Rank Enterprises Limited. Ho Tsam Hung and Ho Kam Hung are brothers.
3. On 31 August 2005 and 23 September 2005, a subscription agreement and a supplemental agreement (the "Agreements") were entered into between the Company, Hero Grand Investments Limited ("Hero Grand") and a guarantor, namely Leung Po Wa ("Leung"). Both Hero Grand and Leung are independent third parties. Pursuant to the Agreements, Hero Grand conditionally agreed to subscribe for 20,000,000 new shares (the "Subscription Shares") at a subscription price of HK\$0.36 per share, and the Company conditionally agreed to grant an option (the "Option") to Hero Grand at a price of HK\$2,280,000. Pursuant to the terms of the deed of the Option, Hero Grand will be entitled to subscribe a maximum of 57,000,000 new shares (the "Option Shares") at an exercise price of HK\$0.38 per share, subject to adjustments, at anytime from the date of the completion of the supplemental agreement and up to 31 December 2006. The Subscription Shares were allotted and issued to Hero Grand in October 2005.

附註：

1. Noble Idea Investments Limited由Choi Kwan Yee全資擁有。
2. 何湛雄及何鑑雄均為執行董事，各持有High Rank Enterprises Limited已發行股本約31.58%權益。何湛雄及何鑑雄為兄弟。
3. 於二零零五年八月三十一日及二零零五年九月二十三日，本公司與Hero Grand Investments Limited(「Hero Grand」)及擔保人Leung Po Wa(「Leung」)訂立一份認購協議及一份補充協議(「該等協議」)。Hero Grand及Leung均為獨立第三方。根據該等協議，Hero Grand有條件同意按認購價每股0.36港元認購20,000,000股新股(「認購股份」)，而本公司有條件同意按2,280,000港元之代價向Hero Grand授出一項購股權(「購股權」)。根據購股權契據之條款，Hero Grand將有權於補充協議完成當日至二零零六年十二月三十一日止期間隨時按行使價每股0.38港元(可予調整)認購最多57,000,000股新股(「購股權股份」)。認購股份已於二零零五年十月向Hero Grand配發及發行。

SUBSTANTIAL SHAREHOLDERS (Cont'd)

On 18 April 2006, Hero Grand served the notice for subscription of 10,000,000 Option Shares at an exercise price of HK\$0.38. The 10,000,000 Option Shares were allotted and issued on 25 April 2006.

As at 30 June 2006, Hero Grand was entitled to subscribe a maximum of 47,000,000 Option Shares.

Subsequent to the balance sheet date, on 11 August 2006 and 22 August 2006, Hero Grand served notices for subscription of 25,000,000 and 22,000,000 Option Shares respectively at an exercise price of HK\$0.38. The 25,000,000 and 22,000,000 Option Shares were allotted and issued on 14 August 2006 and 23 August 2006 respectively. The Option had been fully exercised.

The above number of shares, subscription price and exercise price have been adjusted to reflect the Reorganisation on 27 April 2006.

Save as disclosed above, as at 30 June 2006, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

主要股東 (續)

Hero Grand於二零零六年四月十八日發出通知，以0.38港元之行使價認購10,000,000股購股權股份。該10,000,000股購股權股份已於二零零六年四月二十五日配發及發行。

於二零零六年六月三十日，Hero Grand有權認購最多47,000,000股購股權股份。

於結算日後，Hero Grand於二零零六年八月十一日及二零零六年八月二十二日分別發出認購通知，以0.38港元之行使價認購25,000,000股及22,000,000股購股權股份。該25,000,000股及22,000,000股購股權股份已分別於二零零六年八月十四日及二零零六年八月二十三日配發及發行。該購股權已獲悉數行使。

上述股數、認購價及行使價經調整以反映於二零零六年四月二十七日之股本重組，詳情載於下文「股本重組」一節。

除上文所披露者外，於二零零六年六月三十日，概無除本公司董事外之任何人士（其權益載於上文「董事於股份及相關股份之權益及淡倉」一節）擁有根據證券及期貨條例第336條規定須予登記之本公司股份及相關股份之權益或淡倉。



CODE ON CORPORATE GOVERNANCE PRACTICE

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

Code Provision A.4.2

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

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

NON-COMPLIANCE WITH LISTING RULE 3.10(1)

Following retirement of Mr. Wong Ting Kon, the former independent non-executive director, on 30 August 2006, the Company has only two independent non-executive directors and fails to meet the requirement under Rule 3.10(1) of the Listing Rules which requires the Company must include at least three independent non-executive directors. The Directors will use their best endeavour to appoint an additional independent non-executive director to fill the vacancy as soon as practicable but in any event not later than 30 November 2006.

企業管治常規守則

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

守則條文A.4.2條

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

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

不遵守上市規則第3.10(1)條

繼前獨立非執行董事黃定幹先生於二零零六年八月三十日退休後，本公司現僅有兩名獨立非執行董事，因此未能符合上市規則第3.10(1)條所述至少須設立三名獨立非執行董事之規定。董事將盡最大努力盡快及在任何情況下於二零零六年十一月三十日前委任另一名獨立非執行董事，以填補有關空缺。

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

REVIEW BY AUDIT COMMITTEE

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

By order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 14 September 2006

證券交易之標準守則

本公司已採納上市規則附錄十所載之標準守則作為董事進行證券交易之守則。經向董事查詢後，本公司確認董事於中期報告所涵蓋之會計期間已遵守標準守則所規定之準則。

買賣或贖回本公司上市證券

期內，本公司或其任何附屬公司概無買賣或贖回任何本公司之上市證券。

由審核委員會審閱

中期業績已由本公司之審核委員會審閱及批准。

承董事會命
執行董事
何鑑雄

香港，二零零六年九月十四日