SHENZHEN FIYTA HOLDINGS LTD.

2003 Semi-Annual Report

August 8, 2003

Important

This semi-annual report was prepared in both Chinese and English version. Should there be any difference in understanding of the two versions, the Chinese version shall prevail.

The Board of Directors and directors hereby individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions or errors which would render any statement misleading.

The semi-annual financial report has not been audited yet.

Mr. Wu Guangquan, the Chairman of the Board, Mr. Xu Dongsheng, the General Manager, Mr. Li Dehua, the Deputy General Manager and Chief Accountant, and Mr. Liu Biao, the Financial Manager hereby guarantee the accuracy and completeness of the financial report enclosed in this semi-annual report.

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Section 1 Company Profile

I. About the Company

1. Legal Name in Chinese: 深圳市飞亚达（集团）股份有限公司
   Short Form: 飞亚达公司
   Legal Name in English: SHENZHEN FIYTA HOLDINGS LTD.
   English Short Form: FIYTA

2. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Form & Code of the Stock: FIYTA A 000026
   FIYTA B 200026

3. Registered / Office Address: FIYTA Building, 163 Zhenhua Rd., Shenzhen
   Post Code: 518031
   Internet Website: http://www.fiyta.com.cn
   E-mail: szfiyta@public.szptt.net.cn

4. Legal Representative: Mr. Wu Guangquan

5. Secretary of the Board: Mr. Hao Huiwen
   Security Affairs Representative: Mr. Chen Zhuo
   Address: FIYTA Building, 163 Zhenhua Rd., Shenzhen
   Tel: (0755) 83217888 ext. 8218; 83259702
   Fax: (0755) 83348369
   E-mail: security@fiyta.com.cn

6. Newspapers Designated for Disclosing the Information:
   Securities Times, Hong Kong Commercial Daily
   Internet Website Designated by China Securities Regulatory Commission for Publishing the Semi-Annual Report: http://www.cninfo.com.cn
   Place Where the Semi-Annual Report is Prepared and Placed:
   Securities Department of the Company

7. Other Relevant Information
   (1) Date of first registration: March 30, 1990
   Date of registration updating: January 30, 1997
   Registration with: Shenzhen Municipal Administration for Industry and Commerce
   (2) Business License No.: 4403011001583
   Taxation Registration No.: Shen Zi No.440301192189783

II. Financial Highlights

Table 1 In RMB

Items	June 30, 2003	Dec.31, 2002
Current assets	389,489,677.75	412,564,535.00
Current liabilities	41,634,968.78	49,594,606.00
Total assets	567,026,355.96	566,681,393.00

Shareholders' equity (excluding minority shareholders' equity)	516,447,154.66	510,368,305.00
Net assets per share	2.07	2.05
Net assets per share after the adjustment	1.99	1.96

Table 2 In RMB

Items	Jan. to June, 2003	Jan. to June, 2002
Net profit	6,078,850.00	8,757,464.15
Net profit after deducting non-recurring gains and losses*	4,292,966.58	8,757,464.15
Net assets-income ratio	1.18%	1.47%
Earnings per share	0.024	0.035
Net cash flows arising from operating activities	-4,510,148.72	16,141,803.46

* Items of nonrecurring gains/losses deducted and amount involved

Item	Amount (In RMB)
Net amount of non-operating income/expenditure	1,785,883.42
Total	1,785,883.42

Note: There exists no difference in the net profit as calculated based on the Chinese Accounting Standards, the International Accounting Standards and the other relevant standards.

Section 2 Changes in Share Capital and Shares Held by Principal Shareholders

I. There has been no change in total shares or the stock structure of the Company in the report period.

II. Total shareholders at end of the report period

Ended June 30, 2003, the Company had totally 15,545 shareholders including 5,749 shareholders of A-shares and 9,796 shareholders of B-shares.

III. About the principal shareholders

Shares held by top 10 shareholders ended June 30, 2003:

Shareholders	Increase / Decrease in the report period	Number of shares held	Proportion	Types
CATIC SHENZHEN HOLDINGS LTD.	0	130,248,000	52.24%	Promoters' legal person shares
Chen Jiexing	-240,200	1,200,000	0.48%	Circulating B shares
XU AILAN	34,000	960,000	0.39%	Circulating B shares
Jiang Hong	615,889	615,889	0.25%	Circulating B shares
Lin Zhihua	0	532,000	0.21%	Circulating B shares
CHINA PINGAN INSURANCE (HK) CO., LTD.	0	484,900	0.19%	Circulating B shares
Chen Hailiang	399,250	399,250	0.16%	Circulating B shares

Lin Hongbo	0	362,880	0.15%	Circulating B shares
Qiu Heyun	0	325,409	0.13%	Circulating A shares
Yang Yuanzhou	0	285,900	0.11%	Circulating B shares

The shareholder holding over 5% of the Company's total share capital is CATIC SHENZHEN HOLDINGS LTD. In the report period, there was no change in its shareholding and no shares held by it were pledged frozen.

There exists no business relationship among the top ten shareholders. The Company has no idea on whether the shares held by other shareholders of the Company's circulating shares have ever been pledged or frozen.

VI. There was no change in the control shareholder or the actual controller in the report period.

Section 3 Directors, Supervisors, Senior Executives

I. Changes in the Shares Held by Directors, Supervisors and Senior Executives

1. Of the directors, supervisors and senior executives in current office, only Deputy General Manager Mr. Lu Bingqiang holds 48,210 shares in which no change took place in the report period.

2. 124,416 shares held by Mr. Li Zhizheng, the former Chairman of Board and 103,680 shares held by Mr. Lu Xianbin, a former director, were unfrozen on June 16, 2003 and have become circulating shares.

II. New Engagement or Disengagement of Directors, Supervisors, Senior Executives
1. In the report year, both the Board of Directors and the Supervisory Committee were successfully renewed. Nine persons, namely Wu Guangquan, Wang Xinkuo, You Lei, Xu Dongsheng, Zhu Gensen, Cai Zheng, Diao Weicheng, Hua Xiaoning, were elected new directors; three persons, namely Shao Kexiong, Zhang Songhua and Hu Xinglong, were elected new supervisors.

2. At the 1st meeting of the 4th Board of Directors dated May 22, 2003, Mr. Wu Guangquan was elected Chairman of the Board; Mr. Xu Dongsheng was engaged as General Manager, Mr. Hao Huiwen was elected Secretary of the Board; Mr. Lu Bingqiang, Mr. Li Dehua and Mr. Li Bei were engaged as Deputy General Managers and Mr. Li Dehua was engaged as Chief Accountant concurrently.

3. At the 1st meeting of the 4th Supervisory Committee dated May 22, 2003, Mr. Shao Kexiong was elected Chairman of the 4th Supervisory Committee.

Section 4 Discussion and Analysis on the Management

I. Overall Operation Discussion and Analysis

In the first half year of 2003, the Company, based on the work principle of "Inspiring the morale, stimulating the confidence, making breakthrough with focus, rising again after a fall", has taken a positive attitude towards the sustained and intensified competition of the domestic timepiece industry, adjusted the Company's industrial structure and resource deployment, increased investment in marketing, insisted on the top brand strategy and professional development, and concentrated resources for developing the principal business of timepiece.

After deepened analysis on the market competition situation of the domestic timepiece industry, the Company consciously reinforced the study on the customers and market survey, enhanced the work of commercializing the products, adopted flexible sales promotion, improved internal information quality and transmission speed and quickened the logistic circulation. On this basis, the Company also bridged over the reverse influence from SARS upon the traditional marketing approach. In the report period, the Company realized a sales income amounting to RMB 46,880 thousand by marketing Fiyda watches, a 0.09% growth over the same period of the previous years. In May, 2003, Shenzhen Municipal People's Government and Futian District People's Government awarded the Company RMB one million and RMB eight hundred thousand cash respectively for Fiyda Watch being honorably titled "China Top Brand Product to support and encourage the Company to develop top brand products.

The Company further increased the investment in the Harmony World Watches Center. This year, the Company has added another two chain shops in Nanjing and Xuzhou. So far, the Company has 20 chain shops all over big and medium cities in China. In the report period, the Company realized sales of timepiece amounting to RMB 38,000 thousand, a 13.35% growth over the same period of the previous year; and realized a net profit amounting to RMB 308 thousand after deficits elimination. With expansion of the chain shop network, the sales income is expected to grow further afterwards.

According to the Company's business plan at the beginning of the year with the principle of "tidying out the non-principal businesses and putting emphasis on the specialization strategy", the Company has decided to remove some subsidiaries with bad operation situation and weak earning capacity. By the end of the report period, the Company had finished the disposal and transfer of three catering subsidiaries, namely Xi'an Fine Food and Entertainment City Co., Ltd. (restaurant business), Shenzhen Pengmen Restaurant Co., Ltd. and Shanghai Xianmen Restaurant Co., Ltd. So far, the Company has completely withdrawn from catering business. [For further information, please refer to Note (III) to Financial Statement: Controlled Subsidiaries].

In the first half year, partial exterior finish of the principal works of FIYTA Hi-tech Park has been completed and the construction of the principal works is expected to be completed at the end of this year. At present, the Company is busily engaged in the work of introducing external capital and project proof with the objective of finding more profit earning channels through effective management and operation of the facilities.

In the report period, the income form the principal businesses was RMB 97,905 thousand, a 4.68% growth over the same period of the previous year. The main reason is that while the sales income increased by RMB 4,476 thousand, a 13.35% growth over the same period of the previous year, the Company had wound-up and transferred its catering subsidiaries; as a result, the income from the catering sector was only 8,962 thousand, decreased by 9,301 thousand, or dropped by 50.93% over the same period of the previous year. The Company realized a total profit amounting to RMB 6,886 and net profit amounting to RMB 6,079 thousand, dropping respectively by 32.77% and 30.59% over the same period of the previous year. The main reason is that the sales expenses for the market promotion as well as the expenses for personnel training and salaries and benefit to the salespersons increased. In the report period, affected by the increase of expenditures, the net cash flow arising from the business activities was RMB –4,510 thousand. At the end of the report period, the Company's total assets was RMB 567,026 thousand and shareholders' equity was RMB 516,447 thousand which increased respectively by 0.06% and 1.19% over the same period of the previous year.

II. Business Highlights

1. Business Scope and Operation Summary

(1) Principal Businesses

The Company is mainly engaged in design, development, manufacture and sales of timepieces and components. The Company's business activities also include sales of the world top brand watches (such as the products made in Switzerland) and FIYTA watches.

(2) Operation

① The composition of the income and profit from the principal businesses is as follows:

Sectors	Income from principal businesses	Cost of principal businesses	Gross profit rate (%)	Increase/decrease of income from principal businesses comparing with the corresponding period of previous year (%)	Increase/decrease of cost of principal businesses comparing with the corresponding period of previous year (%)	Increase/decrease of gross profit rate comparing with the corresponding period of previous year (%)
Industry	50,943,319.85	26,392,384.26	48.19	0.03	-3.80	4.47
Trading	38,000,319.42	32,071,113.45	15.60	13.35	12.42	4.72
Catering	8,961,822.78	4,307,114.75	51.94	-50.93	-50.73	-0.37

② The business activities which take over 10% of the income and profit from principal businesses were the manufacture and sales of FIYTA watches and the sales of foreign top brand watches. The sales income and sales cost of such products are listed as follows:

Table 1: To be presented based on the categories of the products

Sectors	Income from principal businesses	Cost of principal businesses	Gross profit rate (%)	Increase/decrease of income from principal businesses comparing with the corresponding period of previous year (%)	Increase/decrease of cost of principal businesses comparing with the corresponding period of previous year (%)	Increase/decrease of gross profit rate comparing with the corresponding period of previous year (%)
Manufacture and sales of FIYTA watches	46,879,607.50	22,278,201.80	52.48	0.09	-5.32	5.46
Sales of foreign top brand watches	34,961,995.33	29,511,444.79	15.59	15.91	14.78	6.22

Table 2: To be presented based on regions

Regions	Product sales income (In RMB)	Increase/decrease comparing with the corresponding period of previous year (%)
Northeast China	12,412,874.72	-21.03
North China	11,119,654.74	25.40

Northwest China	20,612,974.38	178.37
East China	8,336,886.97	48.41
Southwest China	5,004,617.55	-5.52
South China	24,354,594.47	-15.22
Total	81,841,602.83	14.25

2. Changes in the Company's principal business or its structure and earning power in the principal business in comparison with the previous report period: The Company has finished liquidating all its deficit-making catering subsidiaries. As a result, the earning from the catering sector decreased by RMB 9,301 thousand over the same period of the previous year and thus the income from the principal business dropped somewhat correspondingly.

3. Other business activities having major influence on the Company's profit
In the report period, the Company received RMB 5,000 thousand of return from the investment based financial operation entrusted by the Company to Xinhua Trust & Investment Company with the capital of RMB 125 million.

4. Problems and Difficulties
(1) For many years, the Company has realized and maintained the leading position in the domestic market by attaching great importance on technology, marketing and culture construction in developing the brand. However, in comparison with the world top brand watches made in Switzerland, the Company still needs to devote unremitting efforts to expand brainpower and financial investment and enhances brand system construction and brand internationalization operation.

(2) As timepiece industry the Company is engaged in has been confronted by excessive production capacity and intensified market competition, the Company's operation result features limited market sales income, lowered gross profit rate and short-term profit. What the Company needs is to develop top quality products, build top brand, establish a brand identity surpassing other watch products in China, ensure the market demand, improve the marketing means and expand the market share.

III. Investment
(I) Application of the Proceeds Raised through Share Offering

1. In the report period, the Company raised no proceeds by offering new share. Application and the results of the proceeds amounting to RMB 209,718 thousand raised through share offering in 1997 are summarized as follows:

Way of raising proceeds	Investment projects as committed	Actual investment projects and amount involved	Investment plans after change
Allotment of A shares	To set up chain shops of Harmony World Watches Center in China with planned investment of RMB 112,000 thousand.	20 chain shops of Harmony World Watches Center have been set up at large and medium cities all over China with total investment of RMB 59,990 thousand.	The total investment has been decrease to RMB 70,000 thousand and the balance amounting to RMB 43,240 thousand has been changed to invest FIYTA Hi-tech Industrial Park Project.
Allotment of A shares	To set up FIYTA Hi-tech Industrial Park	The principal part and partial exterior finish of FIYTA Hi-tech	Amount of the increased proceeds was RMB 84,720

	with planned investment of RMB 55,000 thousand	Industrial Park has been completed with total fund invested amounting to RMB 89,843 thousand.	thousand and the planned accumulative investment amounted to RMB 139,720 thousand.
Allotment of B shares	To set up chain shops of World Watches Center in Southeast Asia with investment of HKD 40,500 thousand.	The proceeds not yet invested now has been changed to invest FIYTA Hi-tech Industrial Park project.	The total proceeds planned for this project amounted to RMB 41,480 thousand and now has been changed to invest FIYTA Hi-tech Industrial Park project.

For the aforesaid two projects, proceeds amounting to RMB 149,833 thousand have been used, of which RMB 33,570 has been additionally invested in the report period. The remaining amount has been deposited in the bank and shall be applied progressively with the progress of the projects.

2. Reasons, Procedures of the Change of Projects and Information Disclosure

(1) Based on the progress of setting up chain shops of Harmony World Watches Center in China as well as the Southeast Asia market, the Company has decided to reduce the investment in establishing domestic chain shops, and cancel the investment plan of establishing chain shops of Harmony World Watches Center in Southeast Asia. Meanwhile, the Company has made effective allocation of the fund resource by investing the fund saved from the aforesaid two projects in Fiyda Hi-tech Park Project which enjoys good development prospect.

(2) The aforesaid investment improvement was reviewed and approved at the 9th meeting of the 3rd Board and the 5th meeting of the 3rd Supervisory Committee dated April 16, 2002, and reviewed and approved by all the rights bearing votes at 2001 Shareholders' General Meeting dated May 22, 2002. The public notice on the aforesaid information was published on Securities Times, Hong Kong Commercial Daily and http://www.cninfo.com.cn on the next day following the meeting, as well as disclosed in 2002 Semi-annual Report and 2002 Annual Report.

3. Progress and Earnings of the Projects:

(1) Ended the report period, 20 chain shops of Harmony World Watches Center had been set up in Shenzhen, Harbin, Urumqi, Wuhan, Shenyang, Datong, Changsha, Lanzhou, Kunming, Xi'an, Ningbo, Nanjing, Xuzhou, etc. with total investment of RMB 59,990 thousand; additional investment by RMB 5,000 thousand was made in the report period. In the first half year of 2003, the Company realized a turnover amounting to RMB 38,000 thousand and net profit amounting to RMB 308 thousand.

(2) At the end of the report period, the civil construction of the principal works of FIYTA Hi-tech Park had been completed; the works is now in the stage of exterior decoration and equipment installation. In the report period, the Company additionally invested RMB 28,570 thousand. So far, the Company has accumulatively invested RMB 89,843 thousand in the project. The project is expected to be completed by the end of 2003. As the first half year of 2003 was the construction period, no investment yield has been produced in this project.

(II) In the report period, the Company had no investment project with funds raised not through share offering.

Section 5 Significant Events

I. The Company has conducted standardized operation based on strict criteria and enthusiastically improved the legal person based administrative structure in accordance with the relevant provisions of China Securities Regulatory Commission, the Company has. At present, the Company has fundamentally complied with relevant regulations in its administration.

II. In the report period, the Company had no profit distribution proposal for approval and implementation.

III. The Company has not been involved in any material lawsuit or arbitration in the report period.

IV. In the report year, the Company has conducted no material acquisition, sales or reorganization of assets.

V. In the report period, the Company has not been involved in any material related transactions.

VI. Important Contracts and Implementation

1. In the report year, the Company has never kept as custodian, contracted or leased any other company's assets and vice versa.

2. The Company had no material guarantees in the report period.

3. Entrusted Assets Management

From October to November, 2002, the Company signed the Fund Trust Contract twice with Xinhua Trust and Investment Co., Ltd. (Xinhua Trust) and entrusted Xinhua Trust to operate the Company's idle self-raised fund amounting to RMB 125 million on commission. The two parties agreed that the trustee should charge its service based on the operation results and the investment income should be cleared once every half a year. The relevant details are as follows: (In RMB thousand)

Contract Date	Contract Amount	Contract Term	Investment Income Received	Decision-Making Procedure
Oct.8, 2002	45,000	One year	1,800	Through resolution of the 14th meeting of the 3rd Board of Directors.
Nov.1, 2002	80,000	One year	3,200	Through authorization at 2002 2nd Extraordinary Shareholders' Meeting and through resolution of the 16th meeting of the 3rd Board of Directors

For more information, please refer to the Public Notice on Fund Trust Contract published on on Securities Times, Hong Kong Commercial Daily dated October 9, and November 2, 2002 and http://www.cninfo.com.cn.

VII. In the report year, the Company or any of its shareholders holding over 5% of the share capital has made neither material commitments necessary to be disclosed, nor commitments carried down to the report period but occurred previously.

VIII. The financial report of the report period has not been audited yet and the Company has not changed the certified public accountants.

IX. In the report period, neither the Company nor any of its directors or senior executives has ever been punished by the supervisory/administrative authority.

X. Other important information index

No.	Date	Events	Publications
1	May 23, 2002	Proposal on Change of Application of Partial Proceeds Raised through Share Offering	Page 19 of Securities Times, Page B4 of Hong Kong Commercial Daily and the Internet Website: http://www.cninfo.com.cn
2	May 24, 2003	Election of members for the new Board of Directors and the new Supervisory Committee and engagement of senior executives.	Page 20 of Securities Times, Page B5 of Hong Kong Commercial Daily and the Internet Website: http://www.cninfo.com.cn

Section 6 Financial Report (attached hereafter)

Section 7 Documents Available for Inspection

I. Semi-annual report carried with personal signature of the chairman of the board;

II. Financial report signed by and under the seals of the legal representative, chief accountant and accounting supervisors;

III. All the originals of the Company's documents disclosed in the newspapers designated by China Securities Regulatory Commission in the report period.

IV. Articles of Association of the Company.

Board of Directors of SHENZHEN FIYTA HOLDINGS LTD.
August 8, 2003

Financial Report (not audited)

I. Accounting Statements

Balance Sheet

Company: Shenzhen FIYTA Holdings Ltd.   June 30, 2003   In RMB

	Consolidation		The Company	
Assets	June 30, 2003	Dec.31, 2002	June 30, 2003	Dec.31, 2002
Current Assets				
Monetary fund	82,381,639.93	111,301,871.00	70,820,763.89	97,401,941.00
Short-term investment	129,753,900.00	131,121,176.00	129,753,900.00	131,121,176.00
Dividends receivable			1,543,165.57	1,543,166.00
Accounts receivable	30,099,473.52	28,285,813.00	26,779,084.30	21,024,298.00
Other receivables	24,148,149.61	21,153,573.00	76,869,119.68	71,390,698.00
Advance payment	87,196.60	16,416.00		
Inventories	122,518,078.11	118,229,936.00	66,205,501.95	60,718,164.00
Prepaid expenses	501,239.98	2,455,750.00	54,942.95	2,207,724.00
Total Current Assets	389,489,677.75	412,564,535.00	372,026,478.34	385,407,167.00
Long-term Investments				
Long-term equity investment	6,976,846.08	7,684,188.00	36,682,400.20	34,787,708.00
Fixed Assets				
Fixed assets – cost	116,200,281.69	120,946,027.00	82,154,198.55	80,115,203.00
Less: Accumulated depreciation	55,944,191.56	58,749,204.00	35,076,116.51	33,675,029.00
Fixed assets – net value	60,256,090.13	62,196,823.00	47,078,082.04	46,440,174.00
Less: Provision for devaluation of fixed assets	3,749,467.00	3,749,467.00	2,600,000.00	2,600,000.00
Fixed assets – net amount	56,506,623.13	58,447,356.00	44,478,082.04	43,840,174.00
Construction in progress	89,846,007.44	61,317,987.00	89,846,007.44	61,275,587.00
Total Fixed Assets	146,352,630.57	119,765,343.00	134,324,089.48	105,115,761.00
Intangible Assets and Other Assets				
Intangible assets	17,394,123.93	17,624,471.00	17,394,123.93	17,624,471.00
Long-term prepaid expenses	6,813,077.63	9,042,856.00	3,826,145.63	4,282,606.00
Total Intangible Assets and Other Assets	24,207,201.56	26,667,327.00	21,220,269.56	21,907,077.00
Total Assets	567,026,355.96	566,681,393.00	564,253,237.58	547,217,713.00

Balance Sheet (Cont.)

Company: Shenzhen FIYTA Holdings Ltd. June 30, 2003 In RMB

	Consolidation		The Company	
Liabilities and Owners' Equity	2003-6-30	2002-12-31	2003-6-30	2002-12-31
Current Liabilities				
Short-term bank loans		4,000,000.00		4,000,000.00
Accounts payable	25,358,872.39	28,603,143.00	4,853,243.29	3,106,112.00
Advance receipts	3,244,299.87	3,008,494.00	2,556,736.17	2,535,554.00
Accrued payroll	913,292.39	2,828,260.00	75,786.40	92,160.00
Welfare expenses payable	2,938,544.66	2,890,533.00	2,251,740.33	2,197,567.00
Dividends payable				
Taxes payable	-7,806,388.96	-8,580,056.00	-2,968,284.25	-3,322,282.00
Other payables	15,262,971.52	15,349,239.00	37,760,480.25	28,076,013.00
Other deliverables	94,120.02	59,828.00	21,532.02	9,963.00
Accrued expenses	1,629,256.89	1,435,165.00	254,848.71	154,321.00
Total Current Liabilities	41,634,968.78	49,594,606.00	44,806,082.92	36,849,408.00
Long-term Liabilities				
Special payables	3,000,000.00		3,000,000.00	
Total Long-term Liabilities	3,000,000.00		3,000,000.00	
Total Liabilities	44,634,968.78	49,594,606.00	47,806,082.92	36,849,408.00
Minority Shareholders' Equity	5,944,232.52	6,718,482.00		
Shareholders' Equity				
Share capital	249,317,999.00	249,317,999.00	249,317,999.00	249,317,999.00
Capital public reserve	191,108,477.14	191,108,477.00	191,108,477.14	191,108,477.00
Surplus public reserve	130,467,791.52	130,467,792.00	130,467,791.52	130,467,792.00
Incl.: Public welfare fund	25,036,994.00	25,036,994.00	25,036,994.00	25,036,994.00
Undistributed profit	-54,447,113.00	-60,525,963.00	-54,447,113.00	-60,525,963.00
Total Shareholders' Equity	516,447,154.66	510,368,305.00	516,447,154.66	510,368,305.00
Total Liabilities and Shareholders' Equity	567,026,355.96	566,681,393.00	564,253,237.58	547,217,713.00

Statement of Profit and Profit Distribution

Company: Shenzhen FIYTA Holdings Ltd. June 30, 2003 In RMB

	Consolidation		The Company	
Items	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
I. Income from principal businesses	97,905,462.05	102,715,875.08	46,879,607.50	46,836,934.53
Less: Cost of principal businesses	62,770,612.46	64,575,479.99	28,906,236.32	27,100,101.40
Less: Taxes and surcharge of principal businesses	719,217.33	1,134,387.55	144,618.61	262,511.05
II. Profit from principal businesses	34,415,632.26	37,006,007.54	17,828,752.57	19,474,322.08
Add: Profit from other business lines	8,012,658.84	6,805,400.11	7,915,989.23	6,648,431.07
Less: Operating expenses	29,480,001.52	24,226,282.76	20,144,536.94	11,440,751.52
Administrative expenses	14,427,970.43	14,218,061.86	9,773,357.65	8,163,454.28
Financial expenses	-216,585.95	-346,102.08	-192,079.65	-374,061.54
III. Operating (loss)/profit	-1,263,094.90	5,713,165.11	-3,981,073.14	6,892,608.89
Add: Investment income	6,363,355.26	2,589,412.60	9,015,389.38	2,971,906.91
Subsidy income				
Non-operating income	2,393,240.01	4,151,430.58	1,800,000.00	1,089,395.78
Less: Non-operating expenses	607,356.59	2,162,143.92	1,905.69	501,412.31
Add: Prior years' profit and loss adjustment		-49,487.68		-25,316.68
IV. Total (loss)/profit	6,886,143.78	10,242,376.69	6,832,410.55	10,427,182.59
Less: Income tax	819,519.40	1,830,022.99	753,560.55	1,817,648.85
Minority shareholders' profit and loss	-12,225.62	-345,110.45		
V. (Net loss)/Net profit	6,078,850.00	8,757,464.15	6,078,850.00	8,609,533.74
Add: Undistributed profit at beginning of the year	-60,525,963.00	16,908,721.00	-60,525,963.00	18,848,913.45
Other transferred-in				
VI. (Accumulated loss)/Profit available for distribution	-54,447,113.00	25,666,185.15	-54,447,113.00	27,458,447.19
Less: Allotting statutory surplus public reserve				
Allotting statutory public welfare fund				
VII. (Accumulated loss)/Profit available for distribution to shareholders	-54,447,113.00	25,666,185.15	-54,447,113.00	27,458,447.19
Less: Dividends payable to preference shares				
Dividends payable to common shares				
VIII. (Accumulated loss)/Undistributed profit	-54,447,113.00	25,666,185.15	-54,447,113.00	27,458,447.19

Statement of Cash Flows

Company: Shenzhen FIYTA Holdings Ltd. June 30, 2003 In RMB

Items	Consolidation	The Company
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	109,033,719.29	59,027,551.92
Other cash received relating to operating activities	8,811,415.59	7,100,000.00
Sub-total of cash inflows	117,845,134.88	66,127,551.92
Cash paid for goods and services	71,245,046.91	34,199,909.93
Cash paid to and on behalf of employees	15,924,830.57	9,089,863.04
Taxes and charges paid	7,454,993.54	3,509,873.74
Other cash paid relating to operating activities	27,730,412.58	22,255,196.58
Sub-total of cash outflows	122,355,283.60	69,054,843.29
Net cash flows from operating activities	-4,510,148.72	-2,927,291.37
II. Cash flows from investing activities:		
Cash received from return of investments		
Cash received from investment income	6,732,980.12	6,732,980.12
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Interest income received		
Sub-total of cash inflows	6,732,980.12	6,732,980.12
Cash paid to acquire fixed assets, intangible assets and other long-term assets	27,359,648.42	26,579,610.32
Cash paid for investments		
Sub-total of cash outflows	27,359,648.42	26,579,610.32
Net cash flows from investing activities	-20,626,668.30	-19,846,630.20
III. Cash flows from financing activities:		
Other cash received relating to financing activities	306,191.95	234,733.35
Sub-total of cash inflows	306,191.95	234,733.35
Cash paid for repayment of debts	4,000,000.00	4,000,000.00
Other cash paid relating to financing activities	89,606.00	41,988.89
Sub-total of cash outflows	4,089,606.00	4,041,988.89
Net cash flows from financing activities	-3,783,414.05	-3,807,255.54
IV. Effect of foreign exchange rate changes on cash		
V. Net increase in cash and cash equivalents	-28,920,231.07	-26,581,177.11

Statement of Cash Flows (Cont.)

Company: Shenzhen FIYTA Holdings Ltd. June 30, 2003 In RMB

Supplemental Information	Consolidation	The Company
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	6,078,850.00	6,078,850.00
Add: Provision for devaluation of assets		
Depreciation of fixed assets	2,841,126.35	1,401,087.51
Amortization of intangible assets	230,347.07	230,347.07
Amortization of long-term prepaid expenses	2,229,778.37	456,460.37
Decrease (less: increase) in prepaid expenses	1,954,510.02	2,152,781.05
Increase (less: decrease) in accrued expenses	194,091.89	100,527.71
Losses on disposal of fixed assets, intangible assets and other long-term assets	531,391.88	
Losses on scrapping of fixed assets		
Financial expenses	-216,585.95	-192,079.65
Investment loss (less: income)	-6,363,355.26	-9,015,389.38
Deferred tax credit (less: debit)		
Decrease (less: Increase) in inventories	-4,288,142.11	-5,487,337.95
Decrease (less: Increase) in operating receivables	-3,418,862.79	-5,441,861.93
Increase (less: Decrease) in operating payables	-3,459,631.15	7,102,248.20
Net payment on value added tax (less: net receipt)	-823,667.04	-312,924.37
Minority shareholders' profit and loss		
Net cash flows from operating activities	-4,510,148.72	-2,927,291.37
2. Investing and financing activities that do not involve in cash receipts and payments:		
Capitalization of debts		
Convertible bond due within one year		
Financing lease of fixed assets		
3. Net increase in cash and cash equivalents:		
Cash at end of the period		
Less: Cash at beginning of the period	111,301,871.00	97,401,941.00
Add: Cash equivalents at end of the period	82,381,639.93	70,820,763.89
Less: Cash equivalents at beginning of the period		
Net increase in cash and cash equivalents	-28,920,231.07	-26,581,177.11

II. Notes to Accounting Statements

(I) The accounting statements are prepared in accordance with Enterprise Accounting Standards, Enterprise Accounting System and the relevant regulations issued by Ministry of Finance of the PRC.

(II) Controlled Subsidiaries and Associated Companies

1. Controlled subsidiaries

Subsidiaries	Registered Place	Legal Representative	Registered Capital	Investment Amount Original Currency	In RMB	Proportion of Shareholding	Principal Businesses	Consolidated ? (Y/N)	Remarks
Shenzhen Tianfu Electronics Co., Ltd.	Shenzhen	Zhu Gensen	HKD3,000,000	HKD1,980,000	936,540	66%	Production and marketing of electronic timepieces	Y	
Shenzhen Feitu New Technology Development Co., Ltd.	Shenzhen	Chen Zhili	HKD3,080,000	RMB992,626 HKD107,313 USD143,475	1,848,000	60%	Pulse gilding, vacuum coating film	Y	
Xi'an Haomen Fine Food and Entertainment City Co., Ltd.	Xi'an	Men Tengshan	HKD16,000,000	RMB11,040,000	11,040,000	75%	Catering and amusement services and sales of top brand products	Y	Note (1)
Shanghai Tianlin Xianmen Restaurant Co., Ltd.	Shanghai	Zhu Gensen	1,000,000	RMB100,000	100,000	91%	Chinese and Western food services, drinks and bars	Y	Note (2)
Shenzhen Harmony World Watches Center Co., Ltd.	Shenzhen	Lu Bingqiang	15,000,000	RMB13,625,000	13,625,000	90%	Purchase and sales of watches and components and accessories as well as repairing services	Y	
Shenzhen Feijing Sophisticated Optical Instruments Manufacture Co., Ltd.	Shenzhen	Zhu Gensen	7,000,000	RMB6,300,000	6,300,000	99%	Processing, producing and marketing of sophisticated optical instruments	Y	
Shenzhen Pengmen Restaurant Co., Ltd.	Shenzhen	Lu Bingqiang	1,000,000	RMB900,000	900,000	99%	Catering services, purchase and sales of drinks and food	N	Note (3)
Shenzhen FIYTA Sophisticated Timing Manufacture Co., Ltd.	Shenzhen	Zhu Gensen	10,000,000	RMB9,000,000	9,000,000	99%	Producing and repairing services of watches and movements, components and parts, and sophisticated timepieces	Y	
Shenzhen Feiyu Art Clocks Co., Ltd.	Shenzhen	Zhu Gensen	HKD3,000,000	RMB825,000 USD192,981	1,905,000		Producing and sales of various art clocks	N	Note (4)

Note (1): The subsidiary had finished clearing up its restaurant business on May 28, 2003 and transferred the business to Xi'an Tiangong Building Decoration Engineering Co. at the price of RMB 2.3 million. At the end of the report period, all the procedures concerning the assets transfer has been completed.

Note (2): The assets of the subsidiary were transferred to Shaanxi Huayi Industrial Co., Ltd. and three natural persons, namely Jiang Wei, Zhang Zhenda and Chenjian at the price of RMB 2.3 million on May 19, 2003 after liquidation. At the end of the report period, all the procedures concerning the assets transfer has been basically completed.

Note (3): The assets of the subsidiary were transferred to Zhou Xiaogeng and Yu Haifeng at the price of RMB 500,000 on March 8, 2003 after liquidation.

Note (4) The operation term of the subsidiary expired on November 28, 2001 and the liquidation started at the end of 2001. The liquidation had not yet been completed at the end of the report period. Commencing from 2001, the subsidiary has not been put in the consolidation of the Group.

2. Associated companies

Company Name	Date of Registration / Establishment	Investment Amount by the Company In RMB	Proportion of Equity Owned by the Company 2002	2001	Registered Capital In RMB	Principal Businesses
Shenzhen World Watches Center Co., Ltd.	July 15, 1993	1,400,000	50%	50%	2,800,000	Marketing high grade watches, glasses, ornaments, gifts, general merchandise and arts and crafts (excluding jewelry)

This joint venture has not been consolidated but been stated according to the equity method instead because its revenue from the principal business, total assets and total profit were below 10% of the respective data of the Company.

(III) Notes to the major items in the accounting statements

1. Monetary fund

Items	June 30, 2003	Dec.31, 2002
Cash	401,049.30	475,643.00
Bank deposit	74,882,902.18	106,091,900.00
Other monetary fund	7,097,688.45	4,734,328.00
Total	82,381,639.93	111,301,871.00

2. Short-term investments

Items	June 30, 2003		Dec. 31, 2002	
	Investment amount	Provision for price falling	Investment amount	Provision for price falling
Stock investment	5,394,388.50	640,488.50	7,677,243.00	1,556,067.00
Entrusted assets management	125,000,000.00		125,000,000.00	
Total	130,394,388.50	640,488.50	132,677,243.00	1,556,067.00

3. Accounts receivable

Aging	June 30, 2003			Dec. 31, 2002		
	Amount	Proportion	Provision for bad debts	Amount	Proportion	Provision for bad debts
Within 1 year	17,278,795.09	24.00%	1,306,727.00	16,257,413.00	23.20%	1,306,727.00
1 to 2 years	13,679,046.90	19.00%	10,726,777.00	14,441,287.00	20.60%	10,726,777.00
2 to 3 years	7,919,448.20	11.00%	5,334,189.00	6,708,106.00	9.50%	5,334,189.00
Over 3 years	33,117,693.33	46.00%	24,527,817.00	32,774,517.00	46.70%	24,527,817.00
Total	71,994,983.52	100%	41,895,510.00	70,181,323.00	100%	41,895,510.00

* In the accounts receivable ended June 30, 2003, there were no arrears owed by the shareholders holding over 5% (including 5%) of the Company’s shares.

4. Other receivables

Aging	June 30, 2003			Dec. 31, 2002		
	Amount	Proportion	Provision for bad debts	Amount	Proportion	Provision for bad debts
Within 1 year	18,337,747.96	47.87%	5,570,403.00	17,317,503.00	49.10%	5,570,403.00
1 to 2 years	7,348,432.10	19.18%	1,211,869.00	6,684,342.00	18.90%	1,211,869.00

2 to 3 years	1,532,233.02	4.00%	328,187.00	1,069,746.00	3.0%	328,187.00
Over 3 years	12,641,062.99	28.95%	7,047,217.00	10,239,658.00	29.00%	7,047,217.00
Total	38,305,825.61	100%	14,157,676.00	35,311,249.00	100%	14,157,676.00

In the other receivables ended June 30, 2003, except CATIC Technology Import & Export Corporation, there were no arrears owed by the shareholders holding over 5% (including 5%) of the Company's shares.

5. Advance payments

	June 30, 2003		Dec.31, 2002	
	Amount	Proportion	Amount	Proportion
Within 1 year	87,196.60	100.00%	16,416.00	100%
1 to 2 years				
2 to 3 years				
Over 3 years				
Total	87196.60	100.00%	16,416.00	100%

In the advance payments ended June 30, 2003, there were no arrears owed by the shareholders holding over 5% (including 5%) of the Company's shares.

6. Prepaid expenses

Items	Dec. 31, 2002	Increase in the year	Amortization in the year	June 30, 2003
Rent	205,741.00	179,557.83	257,000.01	128,298.82
Repairing	5,750.00	15,380.00	2,849.30	18,280.70
Advertising	2,161,656.00	28,588.00	2,180,716.00	9,528.00
Uniform	2,657.00	9,000.00	4,500.00	7,157.00
Insurance	55,270.00	49,232.30	42,126.25	62,376.05
Printing	2,066.00			2,066.00
Common decoration				
Others	22,610.00	325,032.41	74,109.00	273,533.41
Total	2,455,750.00	606,790.54	2,561,300.56	501,239.98

7. Inventories

Items	June 30, 2003		Dec. 31, 2002	
	Amount	Provision for price falling	Amount	Provision for price falling
Raw materials	46,669,013.48	23,768,585.41	46,465,471.00	23,916,133.00
Products in process	1,883,167.02		1,844,567.00	
Finished products & merchandise inventories	142,150,316.63	45,684,005.00	138,371,810.00	45,684,005.00
Packages & low value and consumptive articles	1,299,094.39	30,923.00	1,179,149.00	30,923.00
Total	192,001,591.52	69,483,513.41	187,860,997.00	69,631,061.00

* The net realizable value of the inventories was determined based on the market price less the estimated sales costs and relevant taxes.

8. Long-term equity investment

Items	June 30, 2003	Dec.31, 2002
Stock investment	3,085,000.00	3,085,000.00
Associated companies	2,091,846.08	2,799,188.00
Others	1,800,000.00	1,800,000.00
Total	6,976,846.08	7,684,188.00

9. Fixed assets and accumulated depreciation

	At period	Increase in the report	Decrease in the report	At period end

	beginning	period	period	
Types and costs of fixed assets				
Housing and buildings	73,331,651.00			73,331,651.00
Machinery equipment	20,451,980.00	146,390.00		20,598,370.00
Electronic equipment	12,420,256.00	261,328.78	636.00	12,680,948.78
Motor vehicles	6,209,719.00	958,886.39	612,994.00	6,555,611.39
Other equipment	8,532,421.00	50,393.00	5,549,113.48	3,033,700.52
Total	120,946,027.00	1,416,998.17	6,162,743.48	116,200,281.69
Accumulated depreciation				
Housing and buildings	28,199,070.00	1,050,760.26		29,248,830.26
Machinery equipment	9,937,536.00	793,578.84		10,731,114.84
Electronic equipment	9,361,800.00	193,497.87		9,555,297.87
Motor vehicles	5,406,486.00	71834.75	544,242.30	4,934,078.45
Other equipment	5,845,312.00	293,260.55	4,663,702.41	1,474,870.14
Total	58,749,204.00	2,980,019.39	5,207,944.71	55,944,191.56

10.Construction in progress

Project Name	Dec.31, 2002	Increase in the year	Transferred into fixed assets in the year	Other decrease	June 30, 2003	Fund source
Finishing project of office Development project of FIYTA Hi-tech Industrial Park	61,272,587.00	28,570,420.75			89,843,007.75	Owned fund
Others	45,400.00			42,400.31	2,999.69	Owned fund
Total	61,317,987.00	28,570,420.75		42,400.31	89,846,007.44	

11. Long-term prepaid expenses

Items	Dec.31, 2002	Increase in the year	Transferred out in the year	Amortization in the year	June 30, 2003
Improvement on fixed assets rented in	6,138,477.00	643,871.97	-	2,632,707.58	4,149,641.39
Trademark compensation	2,630,007.00			187,500.00	2,442,507.00
Other referred expenses	274,372.00	340,813.26		394,256.02	220,929.24
Total	9,042,856.00	984,685.23	-	3,214,463.60	6,813,077.63

12. Short-term loans

Items	June 30, 2003	Dec.31, 2002
Bank loans		
- Secured		
- Others		4,000,000.00
Total		4,000,000.00

* All the Group's secured short-term loans were secured by CATIC SHENZHEN HOLDINGS LTD. by delcredere.

13. Accounts payable

Aging	June 30, 2003		Dec.31, 2002	
	Balance	Proportion	Balance	Proportion
Within 1 year	20,793,675.35	82..00%	22,996,926.97	80.40%
1 to 2 years	2,236,652.54	8.82%	3,266,478.93	11.42%

2 to 3 years	760,766.17	3.0%	1,178,449.49	4.12%
Over 3 years	1,567,778.32	6.18%	161,287.61	4.06%
Total	25,358,872.39	100.00%	28,603,143.00	100%

In the accounts payable, there were no arrears owed to the shareholders holding over 5% (including 5%) of the Company's shares.

14. Advance receipts

Aging	June 30, 2003		Dec.31, 2002	
	Balance	Proportion	Balance	Proportion
Within 1 year	3,244,299.87	100.00%	3,008,494.00	100%
1 to 2 years				
2 to 3 years				
Over 3 years				
Total	3,244,299.87	100.00%	3,008,494.00	100%

In the advance receipts, there were no arrears owed to the shareholders holding over 5% (including 5%) of the Company's shares.

15. Other payables

Aging	June 30, 2003		Dec.31, 2002	
	Balance	Proportion	Balance	Proportion
Within 1 year	12,276,432.09	80.43%	13,217,287.44	86.11%
1 to 2 years	2,986,539.43	19.57%	2,131,951.56	13.89%
2 to 3 years				
Over 3 years				
Total	15,262,971.52	100%	15349239.00	100%

In the other payables, there were no arrears owed to the shareholders holding over 5% (including 5%) of the Company's shares.

16. Taxes Payable

Taxes	June 30, 2003	Dec.31, 2002
Business tax	126,358.23	353,232.00
VAT not written off	-8,954,857.38	-9,316,311.00
Urban construction tax	12,151.53	6,644.00
Enterprise income tax	819,519.40	-359,119.00
Others	190,439.26	735,498.00
Total	-7,806,388.96	-8,580,056.00

17. Accrued expenses

Items	June 30, 2003	Dec.31, 2002
Housing rent, water & power	1,171,321.88	1,095,451.00
Sales promotion of products	16,949.92	50,255.00
Gas	175,549.59	46,610.00
Drain contamination		
Advertising	71,728.26	16,998.00
Year-end double salaries and wages	151,068.00	24,727.00
Others	42,639.24	201,124.00
Total	1,629,256.89	1,435,165.00

18. Other deliverables

Items	June 30, 2003	Dec.31, 2002
Educational surcharge	94,120.02	59,828.00
Flood control fund		
Total	94,120.02	59,828.00

19. Minority shareholders' equity

Items	June 30, 2003	Dec.31, 2002

Xi'an Haomen Fine Food and Entertainment City Co., Ltd.	5,191,210.27	5,845,349.00
Shenzhen Harmony World Watches Center Co., Ltd.	753,022.25	873,133.00
Shenzhen FIYTA Sophisticated Timing Manufacture Co., Ltd.		
Shenzhen Pengmen Restaurant Co., Ltd.		
Shenzhen Feijing Sophisticated Optical Instruments Manufacture Co., Ltd.		
Total	5,944,232.52	6,718,482.00

20. Share capital

Items	June 30, 2003	Dec.31, 2002
Non-listed circulating shares	130,248,000.00	130,248,000.00
Listed circulating shares	119,069,999.00	119,069,999.00
Incl.: Domestic RMB common shares	60,749,999.00	60,749,999.00
Domestic RMB foreign shares	58,320,000.00	58,320,000.00
Total	249,317,999.00	249,317,999.00

21. Capital public reserve

Items	June 30, 2003	Dec.31, 2002
Share capital premium	177,354,784.00	177,354,784.00
Provision for appreciation in assets valuation	13,753,693.00	13,753,693.00
Total	191,108,477.00	191,108,477.00

22.Surplus public reserve

Items	June 30, 2003	Dec.31, 2002
Statutory surplus public reserve	43,445,904.00	43,445,904.00
Statutory public welfare fund	25,036,994.00	25,036,994.00
Discretionary surplus public reserve	61,984,894.00	61,984,894.00
Total	130,467,792.00	130,467,792.00

23. Undistributed profit

Items	June 30, 2003	Dec.31, 2002
Undistributed profit		-60,525,963.00
- Undistributed profit at year beginning	-60,525,963.00	
- Profit as of the year	6,078,850.00	
Total	-54,447,113.00	-60,525,963.00

24. Income from principal businesses

Items	June 30, 2003	Dec.31, 2002
Sales of products	50,943,319.85	50,928,777.10
Sales of goods	38,000,319.42	33,524,172.72
Business and service income	8,961,822.78	18,262,925.26
Total	97,905,462.05	102,715,875.08

25.
Cost from principal businesses

Items	June 30, 2003	Dec.31, 2002
Cost of products	26,392,384.26	27,434,195.32
Cost of goods	32,071,113.45	28,529,081.75
Business and service cost	4,304,117.45	8,742,060.91
Total	62,770,612.46	64,705,337.98

26.Taxes and surcharge of principal businesses

Items	June 30, 2003	June 30, 2002
Business tax	566,188.42	773,757.96
Urban construction tax	48,512.03	82,778.05
Educational surcharge	104,516.88	169,024.54
Others		108827.00
Total	719,217.33	1,134,387.55

27. Financial expenses

Items	Jan.1 to June 30, 2003	Jan.1 to June 30, 2002
Interest expense		
Less: interest income	306,191.95	379,399.84
Exchange loss		
Less: exchange inocme		
Bank commission	89,606.00	33,297.76
Total	-216,585.95	-346,102.08

28． Profit from other business lines

Items	Jan.1 - June 30, 2003				Jan.1-June 30, 2002
	Income	Cost	Tax	Profit	Profit
Leasing houses	7,682,407.20	-	403,844.13	7,278,563.07	5,988,331.32
Income from repairs	949,042.97		223,494.21	725,548.76	644,208.81
Others	8,547.01			8,547.01	172,859.98
Total	7,669,660.50		627338.34	8,012,658.84	6,805,400.11

29. Investment income

Items	Jan.1 to June 30, 2003	Jan.1 to June 30, 2002
Short-term investment income	5,998,760.75	2,611,154.98
Net profit from investees after adjustment by equity method	425,638.20	-21,742.38
Income from disposal of investees	-61,043.69	
Total	6,363,355.26	2,589,412.60

30. Non-operating income

Major classification items	Jan.1-June 30, 2003	Jan.1-June 30, 2002
Output VAT – transferred out		4,079,341.98
Net income from disposal of fixed assets	1,460.00	-
Penalty income		-
Amount unnecessary to pay		-
Others	2,391,780.01	72,088.60
Total	2,393,240.01	4,151,430.58

31. Non-operating expenses

Major classification items	Jan.1-June 30, 2003	Jan.1-June 30, 2002
Input VAT – transferred in		2,158,554.84
Net loss from disposal of fixed assets	58,804.33	-
Penalty payment	15,500.00	
Others	3,852.26	3589.08
Total	607,356.59	2,162,143.92

Notes to items in relevant financial statements of parent company

1. Accounts receivable

Aging	June 30, 2003	Dec. 31, 2002

	Amount	Proportion	Provision for bad debts	Amount	Proportion	Provision for bad debts
Within 1 year	15,748,002.54	25.82%	642,902.00	12,070,861.00	21.80%	642,902.00.00
1 to 2 years	13,960,951.90	22.89%	10,072,977.00	13,666,379.00	24.70%	10,072,977.00
2 to 3 years	4,745,137.87	7.78%	3,322,256.00	4,501,263.00	8.1%	3,322,256.00
Over 3 years	26,537,396.99	43.51%	20,174,270.00	24,998,200.00	45.40%	20,174,270.00
Total	60,991,489.30	100%	34,212,405.00	55,236,703.00	100%	34,212,405.00

* In the accounts receivable ended June 30, 2003, there were no arrears owed by the shareholders holding over 5% (including 5%) of the Company’s shares.

2. Other receivables

Aging	June 30, 2003			Dec. 31, 2002		
	Amount	Proportion	Provision for bad debts	Amount	Proportion	Provision for bad debts
Within 1 year	78,894,451.70	88.68%	5,485,834.00	74,443,020.00	89.20%	5,485,834.00
1 to 2 years	1,725,927.34	1.94%	141,071.34	1,546,817.00	1.80%	1,197,055.00
2 to 3 years	1,574,686.28	1.77%	294,785.00	982,618.00	1.2%	94,785.00
Over 3 years	6,770,261.36	7.61%	5,118,533.00	6,514,450.00	7.80%	5,118,533.00
Total	88,965,326.68	100%	12,096,207.00	83,486,905.00	100%	12,096,207.00

* In the other receivables ended June 30, 2003, except CATIC Import & Export Shenzhen Company, there were no arrears owed by the shareholders holding over 5% (including 5%) of the Company’s shares.

3. Long-term equity investment

Items	June 30, 2003	Dec.31, 2002
Stock investment	3,085,000.00	3,085,000.00
Subsidiaries	29,705,554.12	27,103,520.00
Associated companies	2,091,846.08	2,799,188.00
Others	1,800,000.00	1,800,000.00
Total	36,682,400.20	34,787,708.00

4. Income from principal businesses

Items	June 30, 2003	June 30, 2002
FIYTA watches	46,879,607.50	46,836,934.53
Total	46,879,607.50	46,836,934.53

5. Cost of principal businesses

Items	June 30, 2003	June 30, 2002
FIYTA watches	28,906,236.32	27,100,101.40
Total	28,906,236.32	27,100,101.40