



中國海澱集團有限公司
CHINA HAIDIAN HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability
於開曼群島註冊成立之有限公司

stock code 股份代號: 256



05

Annual Report 年報



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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

HON Kwok Lung (*Chairman*)
WANG Shaolan (*Vice Chairman*)
SHANG Jianguang (*Chief Executive Officer*)
SHI Tao
LAM Toi Man

Non-Executive Director

SIT Lai Hei

Independent Non-executive Directors

FUNG Tze Wa
KWONG Chun Wai, Michael
LI Qiang

QUALIFIED ACCOUNTANT

FONG Chi Wah

COMPANY SECRETARY

LAM Che Wah, Danny

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Limited
Citic Ka Wah Bank Limited
Industrial Bank Co., Ltd.
Xiamen International Bank

董事會

執行董事

韓國龍 (主席)
王少蘭 (副主席)
商建光 (行政總裁)
石濤
林代文

非執行董事

薛黎曦

獨立非執行董事

馮子華
鄺俊偉
李強

合資格會計師

方志華

公司秘書

林志華

核數師

安永會計師事務所

主要往來銀行

中國銀行(香港)有限公司
香港上海滙豐銀行有限公司
中國建設銀行(亞洲)有限公司
中信嘉華銀行有限公司
興業銀行
廈門國際銀行



CORPORATE INFORMATION

公司資料

SHARE REGISTRAR IN HONG KONG

Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

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South Church Street
Grand Cayman
Cayman Islands

PRINCIPAL OFFICE

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27th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

WEBSITE

<http://www.chinahaidian.com>

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秘書商業服務有限公司
香港
灣仔
皇后大道東28號
金鐘滙中心26樓

註冊辦事處

P.O. Box 309
Ugland House
South Church Street
Grand Cayman
Cayman Islands

主要辦事處

香港
中環金融街8號
國際金融中心二期27樓
2701至2705及2715至2716室

網站

<http://www.chinahaidian.com>



DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員

EXECUTIVE DIRECTORS

HON Kwok Lung (Chairman)

Mr. Hon Kwok Lung, aged 51, is the Chairman of the Board of Directors of Citychamp Dartong Co., Ltd. ("Citychamp Dartong"), the shares of which are listed on the Shanghai Stock Exchange in the PRC. Citychamp Dartong and its subsidiaries are principally engaged in manufacturing and sale of enamelled copper wire, high and low voltage cables and oxygen-free copper rod and property development in the PRC. Mr. Hon has extensive business experience in the PRC. Mr. Hon is a member of China Overseas Chinese Committee; Standing Committee of Jinlin Overseas Chinese Committee; Chinese People's Political Consultative Conference ("CPPCC"), Beijing; CCPC, Hai Dian District Committee of Beijing; and CCPC, Fu Zhou Committee. He joined the Board in April 2004.

WANG Shaolan (Vice Chairman)

Mr. Wang Shaolan, aged 43, holds a Bachelor degree in Engineering from Tsinghua University and a Master degree in Economics from Peking University. Mr. Wang was formerly General Manager of China Township Enterprise Investment & Development Company Limited. He joined the Board in June 2000.

SHANG Jianguang (Chief Executive Officer)

Mr. Shang Jianguang, aged 54, graduated in Fuzhou University majoring in Chemistry is a qualified senior engineer in Mainland China. Prior to joining the Group, he assumed senior posts in various large companies, and was General Manager and Director of Min Xin Holdings Limited, a company listed on the main board of the Stock Exchange. He has extensive knowledge and experience in corporate and investment management. He joined the Board in November 2004.

執行董事

韓國龍(主席)

韓國龍先生，現年五十一歲，是冠城大通股份有限公司（「冠城大通」）的主席，冠城大通的股份乃於中國上海證券交易所上市。冠城大通及其附屬公司在中國主要從事製造及銷售漆包線、高低壓架空線和無氧銅杆以及物業發展等業務。韓先生於中國商界累積豐富經驗，是中華全國歸國華僑聯合會委員、吉林省歸國華僑聯合會常委、中國人民政治協商會議北京市委員會委員、中國人民政治協商會議北京市海澱區委員會常委，以及中國人民政治協商會議福建省福州市委員會委員。彼於二零零四年四月加入本公司董事會。

王少蘭(副主席)

王少蘭先生，現年四十三歲，王先生持有清華大學工學學士學位和北京大學經濟學碩士學位。彼曾任中國鄉鎮企業投資開發有限公司總經理。彼於二零零零年六月加入本公司董事會。

商建光(行政總裁)

商建光先生，現年五十四歲，畢業於福州大學化學化工專業，持有中國大陸之合資格高級工程師職稱。彼加入本集團前，曾在多家大機構任高級職位，並曾任閩信集團有限公司（一家於聯交所主板上市之公司）之總經理及董事。彼於企業管理、投資管理等方面擁有廣泛知識及豐富經驗。彼於二零零四年十一月加入本公司董事會。



DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員

EXECUTIVE DIRECTORS (continued)

SHI Tao

Mr. Shi Tao, aged 42, holds a Bachelor degree in Engineering from Tsinghua University and a Master degree in Engineering. Mr. Shi has years of business experience in the PRC. He joined the Board in April 2004.

LAM Toi Man

Mr. Lam Toi Man, aged 48, has various years of experience in property development in the PRC. Mr. Lam has been the General Manager of Zhejiang Huashun Real Estate Investment Co., Ltd. In addition, he has been appointed as an Executive Director and the General Manager of Hangzhou Yuanhua Mart Construction Co., Ltd.. He joined the Board in April 2004. Mr. Lam is the brother-in-law of Mr. Hon Kwok Lung.

NON-EXECUTIVE DIRECTOR

SIT Lai Hei

Ms. Sit Lai Hei, aged 29, graduated in Fuzhou University taking Marketing as her major, is a qualified assistant engineer in Mainland China. She joined the Board in November 2004. Ms. Sit is the daughter-in-law of Mr. Hon Kwok Lung. In addition, Ms. Sit's husband is a nephew of Mr. Lam Toi Man.

執行董事 (續)

石濤

石濤先生，現年四十二歲，持有清華大學工程學學士學位，以及工程學碩士學位。石先生於中國商界累積多年經驗。彼於二零零四年四月加入本公司董事會。

林代文

林代文先生，現年四十八歲，在中國物業發展方面累積多年經驗，曾任浙江華順房地產投資有限公司總經理。此外，林先生獲委任為杭州元華商城建設有限公司執行董事及總經理。彼於二零零四年四月加入本公司董事會。林先生為韓國龍先生之妻舅。

非執行董事

薛黎曦

薛黎曦女士，現年二十九歲，畢業於福州大學市場營銷專業，持有中國大陸之助理工程師職稱。彼於二零零四年十一月加入本公司董事會。薛女士為韓國龍先生之媳婦。此外，薛女士之丈夫為林代文先生之外甥。



DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員

INDEPENDENT NON-EXECUTIVE DIRECTORS

FUNG Tze Wa

Mr. Fung Tze Wa, aged 49, is a Certified Public Accountant and a Director of an accounting firm in Hong Kong. Mr. Fung has various years of experience in auditing, taxation and company secretarial practice in Hong Kong. He obtained a Master degree in professional accounting from the Hong Kong Polytechnic University in 2000. He is a member of the Hong Kong Institute of Certified Public Accountants, the Chartered Association of Certified Accountants, the Taxation Institute of Hong Kong and the Society of Chinese Accountants and Auditors. He joined the Board in April 2004.

KWONG Chun Wai, Michael

Dr. Kwong Chun Wai, Michael, aged 41, is a fellow of the International Institute of Management, a member of the Hong Kong Institute of Marketing and a member of the Hong Kong Logistics Association. Dr. Kwong obtained a Bachelor of arts degree with honours in philosophy from the University of Nottingham in the United Kingdom in 1987 and a Doctorate degree in business administration from Newport University in the United States in 2001. Dr. Kwong is also a certified professional marketer of the Hong Kong Institute of Marketing. He joined the Board in April 2004.

LI Qiang

Mr. Li Qiang, aged 40, holds a Master of Science degree and a PhD of Economics degree. Since March 2004, he is a senior consultant of Insurance Fund Management Regulatory Department of China Insurance Regulatory Commission. He has over 11 years of experience in the Mainland China financial market, including banking, securities and fund management. He joined the Board in November 2004.

獨立非執行董事（續）

馮子華

馮子華先生，現年四十九歲，執業會計師及一間香港會計師事務所的董事。馮先生擁有多多年香港核數、稅務及公司秘書經驗，於二零零零年取得香港理工大學專業會計碩士學位。彼為香港會計師公會、特許公認會計師公會、香港稅務學會及華人會計師及核數師公會之會員。彼於二零零四年四月加入本公司董事會。

鄺俊偉

鄺俊偉博士，現年四十一歲，國際專業管理學會資深會員、香港市務學會會員及香港物流協會會員。鄺博士於一九八七年在英國諾定咸大學取得哲學榮譽文學士學位，並於二零零一年在美國Newport University取得工商管理博士學位。鄺博士亦為香港市務學會認許市務師。彼於二零零四年四月加入本公司董事會。

李強

李強先生，現年四十歲，持有理學碩士學位及經濟學博士學位。彼自二零零四年三月起，在中國保險監督管理委員會資金運用監管部任高級顧問。彼在中國大陸之金融市場，包括銀行、證券及基金管理方面具有逾十一年豐富經驗。彼於二零零四年十一月加入本公司董事會。



DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員

SENIOR MANAGEMENT

TAO Li

Mr. Tao Li, aged 53, is a Director and General Manager of several subsidiaries of the Company. Mr. Tao is in charge of the watch manufacturing and distribution businesses of the Group. Mr. Tao graduated from Beijing Foreign Trade College (currently known as China Foreign Economy and Trade University) in 1978 is a senior economist in Mainland China. He has over 22 years of experience in business administration, marketing and international trading. He has been working with the Group since 1991.

ZHENG Qinzhang

Mr. Zheng Qinzhang, aged 51, a professional accountant in the PRC. Mr. Zheng has extensive management experience in the PRC business sector, in particular the real estate industry. He has been the General Manager of Beijing Jing Guan Property Development Co. Ltd., a Company's subsidiary since March 2004.

XUE Mingdeng

Mr. Xue Mingdeng, aged 44, graduated from Jiangxi Finance and Economics Institution in 1988. He holds a Bachelor Degree in Financial Accounting and is an accountant and economist. Mr. Xue has been the Chairman of 潮州深寶房地產開發有限公司, the Director of Nanjing Central Emporium Co., Ltd, the Chairman of 深圳天極光電股份有限公司 and the Financial Controller of 深圳華龍房地產開發有限公司. He has been the Executive Director and General Manager of Seti Timber Industry (Shenzhen) Company Limited, a subsidiary of the Company, since August 2005.

高層管理人員

陶立

陶立先生，現年五十三歲，為本公司若干附屬公司之董事兼總經理。陶先生主管本集團鐘錶製造及分銷業務。陶先生於一九七八年在北京對外貿易學院（現稱中國對外經貿大學）畢業，持有中國大陸之高級經濟師職稱。彼於商業管理、市場推廣及國際貿易方面擁有逾二十二年經驗，彼於一九九一年加入本集團。

鄭欽璋

鄭欽璋先生，現年五十一歲，持有中國大陸之會計師從業資格，在大陸商界特別是房地產業積累了豐富的從業管理經驗。彼於二零零四年三月起任本公司附屬公司北京京冠房地產開發有限公司之總經理。

薛命燈

薛命燈先生，現年四十四歲，一九八八年畢業於江西財經學院，持財務會計學學士學位、會計師及經濟師職稱。曾任潮州深寶房地產開發有限公司董事長，南京中央商場股份有限公司董事，深圳天極光電股份有限公司董事長及深圳華龍房地產開發有限公司財務總監等職務。彼於二零零五年八月起任本公司附屬公司森帝木業（深圳）有限公司之執行董事兼總經理。



DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員

SENIOR MANAGEMENT (continued)

FONG Chi Wah

Mr. Fong Chi Wah, aged 43, is the Chief Financial Officer of the Company. Mr. Fong is a Certified Practising Accountant (Australia), a Chartered Financial Analyst and a member of the Hong Kong Institute of Directors. Mr. Fong has over 20 years of extensive experience in various sectors of the financial industry, including direct investment, project and structured finance, and capital markets with focus on the PRC and Hong Kong. Mr. Fong was a director of Baring Capital (China) Management Limited and held various management positions in ING Bank. He joined the Company in September 2004.

LAM Che Wah, Danny

Mr. Lam Che Wah, Danny, aged 41, is the Secretary of the Company. Mr. Lam is a member of the Institute of Chartered Secretaries and Administrators of United Kingdom and Hong Kong Institute of Chartered Secretaries. Mr. Lam has over 18 years of experience in company secretarial practice. He is responsible for the Company's compliance with the relevant laws and regulations in Hong Kong. He joined the Company in March, 2005.

高層管理人員 (續)

方志華

方志華先生，現年四十三歲，本公司的集團財務總監。方先生為澳洲執業會計師、特許財務分析師及香港董事學會會員。方先生於中國及香港金融界直接投資、項目及結構融資及資本市場等各方面積逾二十年豐富經驗。方先生曾為Baring Capital (China) Management Limited之董事，並於ING Bank擔任多個管理職位。彼於二零零四年九月加入本公司。

林志華

林志華先生，現年四十一歲，本公司之公司秘書。林先生為英國特許秘書及行政人員公會及香港特許秘書公會會員。林先生於公司秘書事務方面積逾十八年經驗，負責確保本公司遵守香港有關法例及規例。彼於二零零五年三月加入本公司。

OPERATING RESULTS

The net profit from ordinary activities attributable to equity holders of the parent amounted to approximately HK\$11,373,000 in 2004, while the audited net loss attributable to equity holders of the parent for the year was approximately HK\$43,275,000. It was mainly due to the increase in operating loss of Seti Timber Industry (Shenzhen) Company Limited ("Seti Timber"), a wholly-owned subsidiary of the Group during the year.

BUSINESS REVIEW

During the year under review, despite the PRC Government's macro control policies, continuous rising price of international crude oil and raw materials, as well as the increasingly intense market competition, the business environment of the Group's timber business continued to be difficult and operating losses were recorded, nevertheless the property development business and watches and timepieces business, the remaining two core businesses of the Group, still achieved satisfactory operating results.

PROPERTY BUSINESS

During the year under review, Beijing Jing Guan Property Development Co. Ltd. ("Beijing Jing Guan"), a wholly-owned subsidiary of the Group, achieved satisfactory operating results. In 2005, affected by the land policy introduced in 2004, Beijing property market also suffered from the impact of the PRC Government's macro control policies implemented in the beginning of the year, the momentum of the rapid growth in the property price had been suppressed by the PRC Government's macro control policies and the initiatives adopted for the promotion of rational spending. Such measures resulted in a more healthy, rational and steady development for Beijing property market.

經營業績

與二零零四年錄得本公司權益持有人應佔一般業務純利約11,373,000港元比較，年內經審核本公司權益持有人應佔虧損淨額約43,275,000港元。主要原因由於本集團之全資附屬公司森帝木業(深圳)有限公司(「森帝木業」)全年之經營虧損增加。

業務回顧

回顧年內，縱使在國家政府宏觀調控、國際原油價格不斷攀升、原材料價格持續高企及市場激烈競爭等因素下，令木材業務之經營環境持續困難及錄得經營虧損，本集團其餘兩個主營業務—房地產開發業務及鐘錶業務仍然取得了理想的經營業績。

地產業務

回顧年內，本集團之全資附屬公司北京京冠房地產開發有限公司(「北京京冠」)取得了良好的經營業績。於二零零五年，北京房地產市場在經歷了二零零四年土地政策影響之後，繼續承受了年初國家系列宏觀調控政策的影響，房地產價格快速增長的勢頭已受到國家宏觀調控政策及提倡理性消費等措施所遏制。這些措施剛好令北京房地產市道有著更加健康、理性及穩定的發展。

Apart from deploying substantial efforts in team building and corporate culture development, Beijing Jing Guan further standardized its internal corporate management. It also actively extended efforts on its property development project, "Sunpalace Mercury Garden". During the year under review, block nos. 1, 2, 3 and 5 of Mercury Project were completed and delivered for occupancy. The Company also committed itself to speed up works on its "Guangqumen Project", redevelopment of old buildings situated on Guangqumen South Street, Chongwen District in Beijing. Significant progress has been achieved in the planning and design, preparation for demolition and relocation and fund raising.

WATCHES AND TIMEPIECES BUSINESS

The revenue of EBOHR Luxuries International Company Limited ("EBOHR Luxuries"), a wholly-owned subsidiary of the Group, increased by approximately 16% in 2005 over the previous year. The growth was mainly attributable to the constant introduction of innovative design, craftsmanship and materials, and the combined sales strategies of the brand operating centre and design development centre, which enhanced the success rate of new products launched; the calm reaction to the severe price war raised by its competitors on EBOHR watches; and its competitive edge and its leading position in the bulk purchases business, sales performance surpassed expectation.

北京京冠在搞好團隊建設和企業文化發展的基礎上，進一步規範企業各項內部管理，加大發展「太陽星城水星園」項目建設的開發力度，於回顧年內實現了水星園1、2、3及5號樓的順利交房入住。與此同時，還致力加快進行了位於北京市崇文區廣渠門南街舊建築物重建工程項目「廣渠門項目」的運作，使規劃設計、拆遷準備和資金籌備等各項工作均取得了有效進展。

鐘錶業務

本集團之全資附屬公司依波精品（深圳）有限公司（「依波精品」）在二零零五年度之銷售收入比二零零四年度增長約16%，增長之主要原因為設計、工藝和材質不斷創新，實施了品牌營運中心和設計研發中心的整合營銷策略，新產品投放的成功率得以有效提升；冷靜應對競爭對手針對依波鐘錶的惡性價格戰；及繼續保持了團購業務的競爭優勢和在同業產品中的領先地位，銷售業績超過了預期指標。

TIMBER BUSINESS

Timber business still experienced very tough condition in 2005. Under the PRC Government's macro control policies, rising prices of international crude oil and raw materials, together with the increasingly intense market competition, operating environment of Seti Timber, a wholly-owned subsidiary of the Group, remained difficult. Given the changes in timber market in 2004, Seti Timber adopted timely measures in 2005, including restructure of the product mix, improving quality control management, enhanced monitoring on the process of target achievement and reducing in production cost, to minimize sales loss. However, due to fierce competition, the decreased production cost failed to catch up with the decreasing speed of market selling price. As a result, unsatisfactory performance with an operating loss was recorded during the year of review.

ENAMELLED COPPER WIRES BUSINESS

Fuzhou Dartong M&E Co., Ltd., a 49% owned joint venture of the Company, has commenced production of enamelled copper wires used in colour television panels, colour picture tubes, transducers and air conditioner compressors in the fourth quarter of 2005. During the year under review, with only four months of production and sales, fixed cost was inevitably high and thus generated no profit. However, the Group believes that as the production scale of the enamelled copper wires enhances, the performance of the sector is expected to improve in 2006.

木材業務

二零零五年木材業務仍是非常艱難的一年。國家政府宏觀調控、國際原油價格及原材料價格持續高企及市場競爭日益激烈等因素，令本集團之全資附屬公司森帝木業之經營環境持續困難。根據二零零四年木材市場情況的變化，森帝木業於二零零五年及時採取措施，儘量減少市場銷售損失，當中包括調整產品生產結構、提升質量監督管理、加強指標監督及降低生產成本等工作。然而，由於競爭激烈，造成生產成本的下降跟不上市場銷售價格下滑的速度。最終於回顧年內錄得經營虧損，表現未如理想。

漆包線業務

由本公司持有49%權益的合營企業－福州大通機電有限公司於二零零五年第四季正式開始投入適用於電視彩色顯示屏幕及彩色顯像管，以及變頻機及空調壓縮機之漆包銅線之生產。由於在回顧年內生產銷售只有四個月的時間，固定成本相對必然會偏高，因而未能產生盈利。惟本集團相信隨著二零零六年生產規模之擴大，情況將會有所改善。

OUTLOOK

According to available statistics, there are signs revealing a continued upward growth of the economy of the PRC. Coupled with the implementation of currency policy, rising growth in spending and positive returns from fixed asset investments will result in an expected economic growth of 8%-9% for the year of 2006.

Moreover, 2006 is the first year of the Eleventh Five-year Plan of the national economy and social development. As the State introduced measures to achieve economic growth from the boost of the internal demand and the increasing national wealth, improving living standard, gradual upgrading of spending structure, persistent growth of disposable income and acceleration of urbanization, the mainland economy is believed to be beneficial to the development of the property industry. Therefore, grasping the mainland property development opportunity in the next two to three years is the main direction for the development of the Group.

For the watches and timepieces business, in 2006, other than the continuous development of the recurring business with strong foothold, EBOHR Luxuries has been devoting efforts in expanding sales network and agent and distribution business for "FILA" watches. In addition, the company will strive to establish cooperation with famous international brands. Leveraging on the company's edge on its sales network and the awareness of the international brands, it will explore a win-win development model and seek for new heights for its business growth.

展望

多項數據均指出二零零六年年初中國經濟再度增長的勢頭持續，加上貨幣政策的配合、消費增長上升及固定資產投資回升均有利於中國經濟於二零零六年有持續8至9%的增長。

此外，二零零六年將是國民經濟和社會發展第十一個五年規劃的開局之年。隨著國家強調內需拉動經濟增長措施的推出，以及人民財富的不斷增加，生活品質的普遍提高，消費結構的逐步升級，可支配收入的不斷增加，及城鎮化進程加快，相信內地經濟形勢有利於房地產行業的發展。因此，抓緊未來二至三年國內房地產業務的發展商機是集團的主要發展路向之一。

在鐘錶業務而言，二零零六年除在既有鞏固根基之經常業務上持續發展外，依波精品將致力拓展「FILA」手錶的銷售網路和代銷及經銷業務，以及積極開發與國外知名品牌的合作關係，利用公司銷售網絡優勢和國外品牌的知名度，共同探索雙贏的發展模式，尋求新的業務增長點。



CHAIRMAN'S STATEMENT 主席報告

On 6 April 2006, the Company entered into a joint venture agreement with Citychamp Dartong Company Limited and 江蘇清江電機股份有限公司 (Jiangsu Qingjiang Electrical Holdings Company Limited) in respect of establishing a joint venture company – 江蘇大通機電有限公司 (Jiangsu Dartong M&E Co., Ltd.) (“Jiangsu Dartong”) in which the Company contributed RMB25,000,000 and thus holds 25% of interest therein. Jiangsu Dartong is engaged in the production and sales of electrical wires and cables, machineries with common usage, mechanical and electrical appliances, mechanical equipments, including the utilization of advanced technology with international standards in operations, production and sales and marketing of special enamelled copper wires products.

The operation strategy of Jiangsu Dartong ahead is to achieve internal growth and expand externally, aiming at bringing additional capital investment to the Company by way of introduction of foreign investors as its strategic partners, so as to strengthen its economic and future capabilities and business development. The Company will implement various measures to enhance production scale and reduce operation cost. These measures are in line with the Group's long-term development strategy requirements, and also serve to speed up the development of the Group's diversified business and strengthen its business development and competitiveness.

In the past few years, the PRC enamelled copper wires industry developed rapidly. Such rapid growth was mainly attributed to the PRC accession to WTO and the gradual shift of world manufacturing base to the PRC. As a result, the PRC predominates in global production and sales of home appliances, automobiles, motors, electronic information and communication, turning China into the largest sales and production of enamelled copper wires in the world. In view of these, the Group will focus on the production and sales of enamelled copper wires business in 2006 and the coming years.

本公司於二零零六年四月六日與冠城大通股份有限公司及江蘇清江電機股份有限公司簽訂合資經營合同，成立合資經營公司—江蘇大通機電有限公司（「江蘇大通」），當中本公司注資2,500萬元人民幣於江蘇大通，使其持有江蘇大通25%股權。江蘇大通於國內經營電線電纜、普通機械、電機、電工器材的生產製造及銷售（包括採用國際先進的技術和科學的經營管理辦法，生產和銷售特種漆包線等產品）。

有鑒於江蘇大通今後的發展思路採取內部擴張和外部擴張相結合的發展道路：通過引入外資戰略投資者，增加公司的資本金，增強公司的經濟實力和發展後勁；不斷擴大經營規模及降低經營成本。這正好配合了本集團長遠發展策略要求，並加快推進集團多元化業務的發展速度及增強集團的發展後勁和競爭力。

漆包線行業於國內在過去數年間有著極速的發展，這種快速發展得益於中國加入世界貿易組織之後，世界製造中心逐步轉移到中國，使家電、汽車、電機電器、電子信息、通訊等行業成為世界的生產和銷售大國，也一舉帶動漆包線生產銷售量進入世界第一。有鑒於此，生產及銷售漆包銅線將會是集團在二零零六年及未來數年重點發展業務之一。



CHAIRMAN'S STATEMENT 主席報告

As to timber business, based on the market development, the Group will establish its corporate development target and plan, implement stringent cost control, strengthen the boost among the employees and focus on the recruitment and training of competent staff in 2006, aiming at making a turnaround aggressively.

In 2006, the Group will be committed in the development of existing property development business, production and sales of watches and timepieces and timber business, as well as to capitalise business opportunities arising from enormous demand for enamelled copper wires in the PRC and continue to identify potential development opportunity, so as to diversify the Group's businesses, expand the Group's revenue source, and bring about satisfying returns to shareholders.

APPRECIATION

I would like to take this opportunity to express my sincere gratitude to all members of the board of directors, all departments of the Group and staff of all our subsidiaries for their dedication and contribution during the year.

Hon Kwok Lung
Chairman

Hong Kong, 26 April 2006

於木材業務方面，集團於二零零六年將根據市場發展形式，確立企業發展整體目標和計劃，嚴格控制成本，增強員工的凝聚力，著重對人才的引進和培訓，積極扭轉逆勢。

在二零零六年，集團的發展路向是在致力於現有房地產開發業務、鐘錶生產和銷售及木材業務的同時，儘量把握國內漆包線龐大需求的契機，並不斷努力尋求優質發展項目，使集團業務更具多元化，從而擴闊集團的收益來源，為股東帶來理想回報。

致意

本人謹藉此機會，對董事會同仁、集團各部門及各個附屬公司員工年內之竭誠服務及貢獻，深表謝意。

主席
韓國龍

香港，二零零六年四月二十六日

REVIEW OF RESULTS

For the year ended 31 December 2005, the Group's revenue amounted to HK\$620,709,000, representing an increase of HK\$96,907,000 as compared with last year. Loss before tax amounted to HK\$22,130,000.

(1) Property Development Business

In 2005, Beijing Jing Guan Property Development Co. Ltd. ("Beijing Jing Guan"), a wholly-owned subsidiary of the Group, has achieved satisfactory operating results. During the year under review, affected by the "8.31" land policy introduced in 2004, Beijing property market also suffered from the impact of the PRC Government's macro control policies implemented in the beginning of the year. Even though there are no significant fluctuations in the market, yet the market had taken a conservative approach during the year. The property market became active subsequently and prices continued to surge, but the momentum of the rapid growth in the prices had been suppressed by the PRC Government's macro control policies. Nevertheless, this resulted in a more healthy, rational and steady development for Beijing property market.

業績回顧

截至二零零五年十二月三十一日止年度，本集團之收入為620,709,000港元，比去年增加96,907,000港元，除稅前虧損為22,130,000港元。

(1) 房地產開發業務

於二零零五年，本集團之全資附屬公司北京京冠房地產開發有限公司（「北京京冠」）取得了良好的經營業績。在回顧年內，北京房地產市場在經歷了二零零四年「8.31」土地政策影響之後，繼續承受了年初國家系列宏觀調控政策的影響，市場雖未出現大的波動，但年中房地產市場曾一度出現了觀望態度；雖然其後地產市場交投重歸活躍，樓房價格繼續攀升，但價格快速增長的勢頭已受到國家宏觀調控政策的遏制；然而這情況反而令北京房地產市場道有著較健康、理性及穩定的發展。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

In light of the fluctuation in Beijing property market, Beijing Jing Guan further standardized its internal corporate management while deploying substantial efforts in team building and corporate culture development. In addition, it also actively extended efforts on its property development project, “Sunpalace Mercury Garden”, located in East Part of E Area, Taiyanggong New District Taiyanggong North Street, Beijing, the PRC, and aggressively promoted the sales of remaining property units. As at 31 December 2005, contracts with an aggregate value of RMB840,000,000 for the Sunpalace Mercury Garden Project has been completed, which generated capital amounting to RMB827,000,000 with a return rate of 98.07%. Block nos. 1, 2, 3 and 5 of the Sunpalace Mercury Garden were also completed and delivered for occupancy. In addition, Beijing Jing Guan adjusted the selling prices according to sales. Due to the fast absorption of the residential market, the company has adjusted the overall selling prices three times in 2005. According to statistics, the average selling price per square meter of the Sunpalace Mercury Garden in 2005 increased by 20.26% from 2004.

Meanwhile, with an aim of sustaining the well development of its property development business, the company also committed itself to speed up the works on its “Guangqumen Project”, redevelopment of old buildings situated on Guangqumen South Street, Chongwen District in Beijing. Significant progress has been achieved in the planning and design, preparation for demolition and relocation and fund raising.

面對北京房地產市場一度出現的波動，北京京冠在搞好團隊建設和企業文化發展的基礎上，進一步規範企業各項內部管理，加大發展位於中國北京市太陽宮北街太陽宮新區E區東部之房產開發項目－「太陽星城水星園」項目建設的開發力度，積極推進餘下樓盤銷售。截至二零零五年十二月三十一日，水星園項目共完成合同簽約額8.4億元人民幣，回籠資金8.27億元人民幣，回款率達到98.07%，並實現了水星園1、2、3及5號樓的順利交房入住。此外，北京京冠根據銷售情況對價格進行了調節。由於住宅消化較快，於二零零五年全面調價了三次；據統計，二零零五年水星園每建築平方米之銷售平均價比二零零四年的增長為20.26%。

與此同時，為確保公司地產開發業務的持續良好發展，還致力加快進行了位於北京市崇文區廣渠門南街舊建築物重建工程項目－「廣渠門項目」的運作，在規劃設計、拆遷準備和資金籌備等各項工作均取得了有效進展。

(2) Watches and Timepieces Business

The revenue of EBOHR Luxuries International Company Limited (“EBOHR Luxuries”), a wholly-owned subsidiary of the Group, increased by approximately 18% in 2005 over the previous year, contributing a net profit of approximately RMB17,080,000 to the Group. The growth was mainly attributable to:

- (i) the firm implementation of strategies to promote the reputation and value of the brand;
- (ii) the constant introduction of innovative design, craftsmanship and materials, and the combined sales strategies of the brand operating centre and design development centre, which enhanced the success rate of new products launched;
- (iii) the calm reaction to the severe price war raised by its competitors on EBOHR watches, and insisted on its established pricing policy, moderately raised the retail mark-up, which increased the gross profit contribution of popular products. On the other hand, adopting scientific flexible strategy in raw material procurement to reduce procurement costs, which ultimately boosted the simultaneous growth of sales and selling gross profit; and
- (iv) constantly maintain its competitive edges and its leading position in the bulk purchases business, sales performance surpassed expectation.

(2) 鐘錶業務

本集團之全資附屬公司依波精品(深圳)有限公司(「依波精品」)在二零零五年度之銷售收入比二零零四年度增長約18%，為本集團帶來淨利潤約17,080,000元人民幣，增長之主要原因為：

- (i) 堅定地實施提升品牌美譽度及品牌價值的戰略；
- (ii) 設計、工藝和材質不斷創新，實施了品牌營運中心和設計研發中心的整合營銷策略，新產品投放的成功率得以提升；
- (iii) 冷靜應對競爭對手針對依波錶的惡性價格戰，堅守公司既定的價格政策，適度調高了零售加價率，提高了暢銷產品的毛利貢獻；同時，在原材料採購方面，採用科學靈活的方式，減低採購成本，最終實現了銷售額和銷售毛利的同步增長；及
- (iv) 繼續保持了團購業務的競爭優勢和在競品中的領先地位，銷售業績超過了預期指標。

(3) Timber Business

Timber business still experienced very tough condition in 2005. Under the PRC Government's macro control policies, rising prices of international crude oil and raw materials, together with the increasingly intense market competition, operating environment of Seti Timber Industry (Shenzhen) Company Limited ("Seti Timber"), a wholly-owned subsidiary of the Group, remained difficult. Given the changes in timber market, Seti Timber adopted timely measures in 2005 to adjust the manufacturing structure so as to minimize sales loss. However, due to fierce competition, the decreased production cost failed to catch up with the decreasing speed of market selling price. As a result, unsatisfactory performance with an operating loss was recorded during the year under review.

(4) Enamelled Copper Wires Business

Fuzhou Dartong M&E Co., Ltd. ("Dartong"), a 49% owned joint venture of the Company, has commenced production of enamelled copper wires used in colour television panels, colour picture tubes, transducers and air conditioning compressors in September 2005. As the year under review was a trial-run stage for new equipments with only four months of production and sales, fixed cost was relatively high. Thus, a loss of approximately RMB640,000 was recorded. However, the Group believes that with the strong demand, the production scale of the enamelled copper wires will achieve its designed requirements and the performance of the sector is expected to improve in 2006.

(3) 木材業務

二零零五年木材業務仍是非常艱難的一年。國家政府宏觀調控、國際原油價格及原材料價格持續高企及市場競爭日益激烈等因素，令本集團之全資附屬公司森帝木業(深圳)有限公司(「森帝木業」)之經營環境持續困難。根據木材市場情況的變化，森帝木業於二零零五年及時採取措施，調整生產結構，儘量減少市場銷售損失。然而，由於競爭激烈，造成生產成本的下降跟不上市場銷售價格下滑的速度。最終於回顧年內錄得經營虧損，表現未如理想。

(4) 漆包線業務

由本公司持有49%權益的合營企業－福州大通機電有限公司(「福州大通」)於二零零五年九月正式開始投入適用於電視彩色顯示屏幕及彩色顯像管，以及變頻機及空調壓縮機之漆包銅線之生產。由於在回顧年內為新設備試行階段且生產銷售只有四個月的時間，固定成本相對偏高。最終錄得虧損約64萬元人民幣。然而，集團相信隨著漆包線需求持續龐大，二零零六年生產規模將達到設計要求，情況將會改善。

(5) Property Investment

The factory complex in Dongguang, Guangdong Province, the PRC; the property on 2nd Lower Ground Floor, Jin Hua Building, Yan He South Road, Luohu District, Shenzhen; and the office floor and three shop units on Xianghua Road, Zhuhai owned by the Group have all been used for leasing purposes, and generated stable rental returns to the Group for the year under review.

FINANCIAL POSITION

(1) Liquidity, Financial Resources and Capital Structure

As at 31 December 2005, the Group had non-pledged cash and bank balances of approximately HK\$370,909,000 (31 December 2004: HK\$186,826,000). Based on the bank loans of HK\$413,462,000 (31 December 2004: HK\$339,228,000) and shareholders' equity of HK\$459,018,000 (31 December 2004: HK\$498,893,000), the Group's gearing ratio (being loans divided by shareholders' equity) was 90% (31 December 2004: 68%).

The Group's bank loans were all denominated in Renminbi. As at 31 December 2005, the Group's bank loans amounting to HK\$96,154,000 (23% of all bank loans) were repayable within one year.

(5) 物業投資

本集團擁有位於中國廣東省東莞市的工廠綜合大樓、深圳市羅湖區沿河南路錦花大廈底層中層及位於珠海市香華路一層辦公樓及三個舖位之物業均仍然用作出租用途，於回顧年共為本集團帶來穩定租金收入。

財務狀況

(1) 流動資金、財務資源及資本結構

於二零零五年十二月三十一日，本集團無抵押現金及銀行結存約為370,909,000港元（二零零四年十二月三十一日：186,826,000港元）。根據銀行借貸413,462,000港元（二零零四年十二月三十一日：339,228,000港元）及股東權益459,018,000港元（二零零四年十二月三十一日：498,893,000港元）計算，本集團之資本負債率（借貸除以股東權益）為90%（二零零四年十二月三十一日：68%）。

本集團的銀行借貸均以人民幣計算。於二零零五年十二月三十一日，本集團23%（共96,154,000港元）之銀行借貸須於一年內償還。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(2) Charge on Assets

- (1) Bank loans of HK\$384,616,000 were granted to Beijing Jing Guan, of which HK\$317,308,000 is secured by the land use rights of the East Part of E Area, Taiyanggong New District, Chao Yang Qu, Beijing, the PRC. The remaining bank loans of HK\$67,308,000 are secured by the property of Guanchang Yuan Haidian District, Beijing, the PRC.
- (2) Bank loans of HK\$28,846,000 and other banking facilities of Seti Timber are secured by time deposits of approximately HK\$1,465,000 and land and buildings in Nanshan District, Shenzhen owned by the Group situated in PRC with a net book value amounting to approximately HK\$141,435,000 as at 31 December 2005.

(2) 資產抵押

- (1) 銀行貸款384,616,000港元乃向北京京冠授出，當中317,308,000港元乃以集團位於中國北京朝陽區太陽宮北街太陽宮新區E區東部之土地使用權作抵押。其餘銀行貸款67,308,000港元乃以集團中國北京海澱區冠城園之物業作抵押。
- (2) 森帝木業之28,846,000港元銀行貸款及其他銀行信貸以定期存款約1,465,000港元及本集團所擁有位於深圳市南山區於二零零五年十二月三十一日賬面淨值約141,435,000港元之土地及樓宇作抵押。

(3) Capital Commitments

As at 31 December 2005, the Group had capital commitments of approximately HK\$2,033,515,000 mainly related to the construction costs payable in respect of the Group's property development projects in Beijing, proposed acquisition of 21% equity interests in Beijing Haidian Science Park Development Co., Ltd. and the purchase of an investment property. The capital commitments will be satisfied by funds generated from the sales of properties and the Group's available cash.

(4) Contingent Liabilities

During the year, the Group provided guarantees in favour of certain banks for mortgage loans granted by the banks to the buyers of the Group's properties under development to the extent of approximately HK\$242,000,000 in aggregate. As at the balance sheet date, mortgage loans in aggregate of approximately HK\$200,000,000 had been utilized by the buyers of the Group's properties under development.

The Company had no material contingent liabilities as at the balance sheet date.

(3) 資本承擔

於二零零五年十二月三十一日，本集團之資本承擔約為2,033,515,000港元，主要涉及就本集團於中國北京市之物業發展項目所應付建築成本、建議收購北京海澱科技園建設股份有限公司21%股本權益及購買投資物業應付之代價。該資本承擔將由出售物業所得之資金與本集團可動用之現金支付。

(4) 或然負債

年內，本集團就其發展中物業之多名買方獲若干銀行授予之按揭貸款合共約242,000,000港元，向該等銀行提供擔保。截至結算日，本集團發展中物業之該等買方已動用合共約200,000,000港元之按揭貸款。

截至結算日，本公司並無重大或然負債。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OUTLOOK

According to available statistics, there are signs revealing a continued growth of the economy of the PRC. The People's Bank of China advised that due to the existing moderate inflation, there will be no immediate plan to increase interest rate. The implementation of currency policy, rising growth in spending, rising national income and positive returns from fixed asset investments together result in an expected economic growth of 8%-9% for the year of 2006.

As the demand for Beijing property market is not only limited within the boundary of Beijing, coupled with the boost from favourable factors such as the 2008 Olympic Games, the market demand continued to grow. The impeding government policy on land management led to a shortage of land, resulting in undersupply in the Beijing property market. Despite the many developers in Beijing property market which resulted in intensifying competition, it is difficult to solve the supply-demand mismatch in the coming two or three years. It is believed that achieving steady growth will be the main direction for the Beijing property market in 2006. Therefore, it is crucial to grasp property development opportunity in the coming years.

展望

多項數據均指出二零零六年年初中國經濟再度增長的勢頭持續，人民銀行亦指出鑒於通脹仍然保持溫和，現階段並無加息必要。貨幣政策的配合、消費增長上升、國民收入的積累及固定資產投資回升均有利於中國經濟於二零零六年有持續8至9%的增長。

由於北京房地產市場的需求遠遠不局限於在北京，同時有2008年奧運會等利好因素帶動下，市場需求仍然在持續增長，而政府土地控制等政策干預又產生了緊缺效應，致使北京房地產市場的供應滿足不了相應的需求，雖然因眾多開發商逐鹿北京房地產而形成日益激烈的市場競爭，但未來二至三年內市場的供需矛盾問題難以解決，穩中有升相信是二零零六年北京房地產市場的主流方向。因此，抓緊未來數年的房地產發展商機是極為重要。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

For the watches and timepieces business, 2006 is the last year of its third Five-Year Plan of EBOHR Luxuries. The subject for the year is “Reaching the height”, laying down a solid foundation for the commencement of the fourth Five-Year Plan in 2007. On practical front, the company will devote more efforts in expanding sales network and agent and distribution business for “FILA” watches. In addition, the company will strive to establish cooperation with famous international brands. Leveraging on the company’s edge on its sales network and the awareness of the international brands, it will explore a win-win development model and seek for new heights for its business growth. At the same time, in order to enhance the efficiency and success of design, research and development, the company will introduce and execute the PLM synergetic design platform and technology management system, which is the most advanced system in international design sector. The system will help EBOHR Luxuries establish foundation for leading in watch design and technology as well as future development beyond its peers.

On 6 April 2006, the Company entered into a joint venture agreement with Citychamp Dartong Company Limited and 江蘇清江電機股份有限公司 (Jiangsu Qingjiang Electrical Holdings Company Limited) in respect of establishing a joint venture company – 江蘇大通機電有限公司 (Jiangsu Dartong M&E Co., Ltd.) (“Jiangsu Dartong”) in which the Company invested RMB25,000,000 and thus holds 25% of interest therein. Jiangsu Dartong is mainly engaged in the production and sales of electrical wires and cables, machinery with common usage, mechanical and electrical appliances, mechanical equipments, including the utilization of advanced technology with international standards in operations, production and sales and marketing of special enamelled copper wires products.

在鐘錶業務而言，二零零六年是依波精品第三個五年計劃的最後一年，全年的主題是「沖頂」，為二零零七年啟動的第四個五年計劃打下堅實的基礎。在實質業務上，將致力拓展「FILA」手錶的銷售網絡和代銷及經銷業務。此外，還將積極開發與國外知名品牌的合作關係，利用公司銷售網絡優勢和國外品牌的知名度，共同探索雙贏的發展模式，尋求新的業務增長點。同時，為提高設計研發的效率和成功率，公司將斥資引進並實施國際設計領域中最先進的PLM協同設計平臺和技術管理系統，為依波精品達到同行業設計領先、技術領先和未來跨行業的發展需要奠定基礎。

本公司已於二零零六年四月六日與冠城大通股份有限公司及江蘇清江電機股份有限公司簽訂合資經營合同，成立一合資公司—江蘇大通機電有限公司（「江蘇大通」）。由本公司注資2,500萬元人民幣，使其持有江蘇大通25%股權。江蘇大通主要於國內經營電線電纜、普通機械、電機、電工器材的生產製造及銷售（包括採用國際先進的技術和科學的經營管理辦法，生產和銷售特種漆包線等產品）。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The operation strategy of Jiangsu Dartong ahead is to achieve growth internally and externally. The company will put emphasis on development of product mix and fund raising. The funds from strategic investors will strengthen the capital base, the financial capacity and development capability. Leveraging on the advancement in technology know-how, effective management and well-known brands, the company will implement various measures, including merger and acquisition, external expansion at low cost, enhancement of production scale, reduction of operating cost, improvement of operating efficiency and control. These measures are in line with the Group's diversification strategy and will strengthen the solid foundation for future business growth.

Moreover, in the past few years, the PRC enamelled copper wires industry developed rapidly. Such rapid growth was mainly attributable to the PRC accession to WTO and the gradual shift of world manufacturing base to the PRC. As a result, the PRC predominates in global production and sales of home appliances, automobiles, motors, electronic information and communication, turning China into the largest sales and production of enamelled copper wires in the world. In view of these, the Group will focus on the production and sales of enamelled copper wires business in 2006 and the coming years.

In 2006, the Group will continue to engage in existing property development business, production of watches and timepieces. For timber business, the priority is to adjust the production mix and to select the production base. In addition, the Group will capitalise business opportunities arising from enormous demand for enamelled copper wires in the PRC and continue to identify other potential opportunity, so as to diversify the Group's businesses, expand the Group's revenue source, and generate returns for shareholders.

江蘇大通今後的發展方向將會是採取內部擴張和外部擴張相結合的發展道路：專注發展產品組合及集資活動；通過引入戰略投資者的資金，增加公司的資本基礎，增強公司的經濟實力和發展後勁；充分應用公司技術、管理、品牌的優勢，實施收購兼併，低成本對外擴張；不斷擴大經營規模，降低經營成本，提高對市場的營運能力和控制力。這正好配合了本集團長遠發展多元化業務策略及加強其競爭實力提供了良好根基。

此外，漆包線行業於國內在過去數年間有著極速的發展。這種快速發展得益於中國加入世界貿易組織之後，世界製造中心逐步轉移到中國，使家電、汽車、電機電器、電子信息、通訊等行業成為世界的生產和銷售大國，也一舉帶動漆包線生產銷售量進入世界第一位。有鑒於此，生產及銷售漆包銅線將會是集團在二零零六年及未來數年重點發展業務之一。

在二零零六年，集團繼續致力於現有地產開發業務、鐘錶生產業務。於木材業務方面，則重點研究木材生產品種調整和細心挑選生產區域。此外，本集團將儘量把握國內漆包線龐大需求的契機，並不斷努力尋覓其他優質項目之商機，使集團業務更具多元化，從而擴闊集團的收益來源，為股東帶來理想回報。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2005, the Group has approximately 2,000 full-time staff in Hong Kong and the PRC. The remuneration packages offered to the employees are determined and reviewed on an arm's length basis with reference to market condition and individual performance. The Group also provides other benefits to its employees, including year-end double pay, medical insurance and retirement benefits, and incentive bonus are offered with reference to the Group's operating results and employees' individual performance. All employees of the Group in Hong Kong have joined the provident fund scheme.

APPRECIATION

The Directors would like to take this opportunity to express our gratitude to all shareholders, customers, bankers, professional consultants, the management as a whole and all staff for their dedication and contribution to the Group during the year under review.

Shang Jianguang
Chief Executive Officer

Hong Kong, 26 April 2006

僱員及薪酬政策

本集團於二零零五年十二月三十一日擁有香港及中國內地全職員工約二千名。僱員之薪酬乃本著公平原則，參考市場情況及根據個別表現制定及檢討。本集團並為員工提供其他福利，包括：年終雙糧、醫療保險及退休福利，並視集團的經營業績及員工個人的工作表現給僱員發放獎金花紅。本集團在香港之全體僱員亦均已加入公積金計劃。

致意

本人謹代表董事會，衷心感謝所有股東、客戶、往來銀行、專業顧問、管理層和全體員工於回顧年內對本集團之竭誠服務及貢獻。

行政總裁
商建光

香港，二零零六年四月二十六日

CORPORATE GOVERNANCE PRACTICES

The board recognises that good corporate governance of the Company is vitally important for safeguarding the interests of the shareholders and enhancing the performance of the Group. The board is committed to maintaining and ensuring high standards and solid framework of corporate governance. The board firmly believes that sensible corporate governance practices is essential to vigorous but steady growth of the Group. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (“Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) for the year ended 31 December 2005. The board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper manner.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Listing Rules for securities transactions by directors of the Company in 2004. All the members of the board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2005.

企業管治常規

董事會認為，本公司推行良好企業管治，對保障股東利益及提升本集團表現尤為重要。董事會致力維持及確保具備高水平而又結構穩健之企業管治。董事會深信，明智的企業管治乃本集團健康蓬勃發展之必要元素。本公司於截至二零零五年十二月三十一日止年度已應用香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載企業管治常規守則（「守則」）之原則及遵守所有適用守則條文。董事會將不斷檢討及改進本公司企業管治常規及準則，確保業務活動及決策流程受到妥善規管。

董事進行證券交易

本公司於二零零四年就本公司董事進行證券交易採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）。本公司經作出具體查詢後，獲全體董事會成員確認，彼等於截至二零零五年十二月三十一日止年度一直遵守標準守則載列之指定標準。



CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS

董事會

Composition and role

成員及角色

The board of directors of the Company comprises:

本公司董事會成員包括:

Executive Directors:

執行董事:

HON Kwok Lung (*Chairman*)

韓國龍 (主席)

WANG Shaolan (*Vice Chairman*)

王少蘭 (副主席)

SHANG Jianguang (*Chief Executive Officer*)

商建光 (行政總裁)

SHI Tao

石濤

LAM Toi Man

林代文

Non-executive Director:

非執行董事:

SIT Lai Hei

薛黎曦

Independent Non-executive Directors:

獨立非執行董事:

FUNG Tze Wa

馮子華

KWONG Chun Wai, Michael

鄭俊偉

LI Qiang

李強

The board comprises of five executive directors (one of whom is the Chairman and the other of whom is the Chief Executive Officer), one Non-executive director and three Independent Non-executive directors. In addition, one of the independent non-executive directors (Mr. Fung Tze Wa) possess appropriate professional accounting qualifications and financial management expertise.

董事會由五名執行董事(其中一名為主席,另外一名為行政總裁)、一名非執行董事及三名獨立非執行董事組成。此外,獨立非執行董事馮子華先生擁有適當專業會計資格及財務管理知識。

The principal focus of the board is on the overall strategic development and direction of the Group. The board also monitors the financial performance and the internal controls of the Group's business operations. The board has established a clear segregation of duties and responsibilities between the board and the management as to which type of decisions are to be taken by the board and which are to be delegated to management. This segregation of duties and responsibilities will be reviewed by the board on a regularly basis.

Duties and responsibilities of the board include:

- (a) Establishing the strategic development and direction of the Company;
- (b) Setting the objectives of management;
- (c) Monitoring the performance of management; and
- (d) Overseeing the management of the Company's relationship with business-related parties.

Duties and responsibilities of management include;

- (a) The day to day management and running of the Company;
- (b) Implementing the objectives and decision as set by the board;
- (c) Recommending corporate strategy to the board;
- (d) Utilising appropriate resources to achieve corporate strategy as set by the board; and
- (e) Identifying and recommending appropriate internal control and risk management procedures for the Company;

董事會主要負責制定本集團整體策略發展及方向。董事會另監管本集團業務營運之財務表現及內部監控。董事會已清晰劃分董事會與管理層間職務及職責，以釐定董事會作出之決策類別及管理層獲指派之工作。董事會將定期檢討該等職務及職責之分工。

董事會職務及職責包括：

- (a) 制定本公司發展策略及方向；
- (b) 訂立管理層的目標；
- (c) 監察管理層的表現；及
- (d) 監督本公司管理層與業務相關人士間的關係。

管理層職務及職責包括：

- (a) 本公司日常管理及營運；
- (b) 推行董事會訂定的目標及決策；
- (c) 向董事會推薦企業策略；
- (d) 運用適當資源以達致董事會制定之企業策略；及
- (e) 物色及向本公司推薦適當的內部監控及風險管理程序；

- (f) Developing and recommending policies and procedures to ensure compliance with statutory and moral responsibilities of the Company.

With a wide range of expertise and a balance of skills, the Non-executive director bring independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct through her participating in board meetings and committee work.

The Independent Non-Executive directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Independent Non-executive Directors, to whom any shareholders' concerns can be conveyed, help ensure that the interests of all shareholders, and not only the interests of a particular faction or group, are properly taken into account by the board and that the relevant issues are subjected to objective and dispassionate consideration by the board. The views of the Independent Non-executive Directors carry significant weight in the board's decision-making process. The board considers that each independent non-executive director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such directors to be independent. The independent non-executive directors are explicitly identified in all corporate communications.

- (f) 就確保遵循本公司之法定及道德責任發展及推薦政策及程序。

非執行董事憑藉廣泛知識及各方技能，透過參與董事會會議及委員會事務，就策略、政策、表現、問責、資源、重要委聘及操守準則各項事宜作出獨立判斷。

獨立非執行董事亦肩負重要職能，確保及監管推行有效企業管治結構之基礎。任何股東可表達其關注獨立非執行董事之事宜，獨立非執行董事確保董事會以全體股東，而非以部分人士或派系的利益為依歸，並能公平及客觀考慮有關事宜。獨立非執行董事之意見於董事會決策過程中具重大影響力。董事會認為，各獨立非執行董事在身分及判斷力上均互相獨立，而彼等均符合上市規則所規定之指定獨立條件。本公司已接獲每名獨立非執行董事根據上市規則第3.13條有關其獨立身分的年度確認函，而本公司認為該等董事仍具獨立性。所有企業通訊內均明確識別各獨立非執行董事之身分。

The board meets regularly throughout the year to review the overall strategy, discuss business opportunities and to monitor the operation as well as the financial performance of the Group. With the assistance of the Company Secretary, the Chairman and the Chief Executive Officer are primarily responsible for drawing up and approving the agenda for each board meeting in consultation with all directors. Notice of at least 14 days have been given to all directors for all regular board meetings and the directors can include matters for discussion in the agenda if necessary. Agenda and accompanying board papers in respect of regular board meetings are sent out in full to all directors within reasonable time before the meeting. Draft minutes of all board meetings are circulated to directors for comment within a reasonable time prior to confirmation.

Minutes of board meetings and meetings of board committees are kept by duly appointed secretaries of the respective meetings and all directors have access to board papers and related materials, and are provided with adequate information on a timely manner, which enable the board to make an informed decision on matters placed before it.

Save as mentioned below, there is no relationship among members of the board:

- (i) Mr. Lam Toi Man (Executive Director) is the brother-in-law of Mr. Hon Kwok Lung (Chairman of the board).
- (ii) Ms. Sit Lai Hei (Non-executive Director) is the daughter-in-law of Mr. Hon Kwok Lung and Ms. Sit's husband is a nephew of Mr. Lam Tai Man.

董事會於年內定期開會檢討整體策略、討論業務商機及監管本集團營運及財務表現。在公司秘書之協助下，主席及行政總裁主要負責在諮詢全體董事後，草擬及批准各董事會會議的議程。董事會就所有定期召開之董事會會議向全體董事發出最少十四日通知，而董事可於需要時在議程內納入討論課題。有關定期董事會會議議程及隨附董事會文件均於會議舉行前在合理時間內全部寄交各董事。所有董事會會議之草擬記錄於確認前於合理時間內交董事傳閱，供彼等發表意見。

董事會及董事委員會會議記錄均由各會議經正式委任之秘書存管。所有董事均可取閱董事會文件及相關資料，並適時獲取充足資料，確保董事會就有待處理事宜作出知情決定。

除下文所述者外，董事會成員間並無任何關係：

- (i) 執行董事林代文先生為董事會主席韓國龍先生之妻舅。
- (ii) 非執行董事薛黎曦女士為韓國龍先生之媳婦，而薛女士之丈夫為林代文先生之外甥。

CORPORATE GOVERNANCE REPORT

企業管治報告

During the year, four board meetings were held and the individual attendance of each director is set out below:

年內，本公司共召開四次董事會會議，個別董事之出席率載列如下：

Name of director 董事姓名		Number of board meetings attended 出席董事會會議次數	Attendance rate 出席率
HON Kwok Lung	韓國龍	2/4	50%
WANG Shaolan	王少蘭	2/4	50%
SHANG Jianguang	商建光	4/4	100%
SHI Tao	石濤	2/4	50%
LAM Toi Man	林代文	1/4	25%
SIT Lai Hei	薛黎曦	1/4	25%
FUNG Tze Wa	馮子華	4/4	100%
KWONG Chun Wai, Michael	鄺俊偉	3/4	75%
LI Qiang	李強	2/4	50%

Chairman and Chief Executive Officer

主席及行政總裁

The roles of chairman and chief executive officer are separate and performed by two different individuals namely, Mr. Hon Kwok Lung as the Chairman and Mr. Shang Jianguang as the Chief Executive Officer. As such, there is a clear division of the responsibilities at the board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

主席及行政總裁之角色有獨立區分，並由兩名不同人士出任，主席為韓國龍先生，而行政總裁則為商建光先生。因此，董事會各項職責獲清晰劃分，確保權力及職權得以取得平衡，使權力不會集中於任何一名個別人士身上。

The division of responsibilities between the Chairman and the Chief Executive Officer has been clearly established and set out in writing which are listed as follows:

主席及行政總裁間職責區分已獲清晰確立，並書面訂明，現載列如下：

The responsibilities of the Chairman include:

主席之職責包括：

- (a) providing leadership for the board;
- (b) ensuring all Directors are properly briefed on matters to be discussed at board meetings;
- (c) ensuring all Directors receive adequate, complete and reliable information in a timely manner;

- (a) 領導董事會；
- (b) 確保全體董事就董事會會議上商議之一切事項獲得適當知會；
- (c) 確保全體董事適時收取足夠、完整及可靠的資料；



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| (d) ensuring that the board works effectively, discharges its responsibilities and discusses all key issues in a timely manner; | (d) 確保董事會有效地運作、履行應有職權，並適時討論所有重要事項； |
| (e) ensuring that, on his behalf, the Company Secretary settles and approves the agenda for Board meetings, taking into account any matters proposed by the other Directors for inclusion in the agenda; | (e) 確保公司秘書考慮其他董事所提呈納入議程之任何事宜後，代彼決定及批准董事會會議議程； |
| (f) ensuring good corporate governance practices and procedures are in place; | (f) 確保持訂良好企業管治常規及程序； |
| (g) giving each Director an opportunity to express his/her views at board meetings, encouraging all Directors to fully contribute to the Board's affairs and ensuring that the board acts in the best interests of the Company; | (g) 給予各董事於董事會會議中發表意見之機會，鼓勵全體董事竭盡所能為董事會事務作出貢獻，並確保董事會以本公司最佳利益行事； |
| (h) at least annually holding meetings with the Non-executive Directors (including Independent Non-executive directors) without the Executive Directors present; and | (h) 最少每年與非執行董事（包括獨立非執行董事）舉行會議，而會議中並沒有執行董事參予；及 |
| (i) facilitating the effective contribution of Non-executive Directors in particular and building constructive relations between Executive and Non-executive Directors. | (i) 特別促使非執行董事作出有效貢獻，並建立執行董事與非執行董事之間具助益性關係。 |

The responsibilities of the Chief Executive Officer include:

行政總裁之職責包括：

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| (a) providing leadership for the management; | (a) 領導管理層； |
| (b) implementing and reporting to the board on the Company's strategy; | (b) 推行及向董事會匯報本公司策略； |
| (c) overseeing the realisation by the Company of the objectives set by the board; | (c) 監督本公司實踐董事會制訂之目標； |
| (d) providing all such information to the board as is necessary to enable the board to monitor the performance of management; | (d) 為董事會提供所需資料，讓董事會監管管理層表現； |

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| (e) leading the management of the Company's relationships with other business-related parties; | (e) 領導本公司管理層與其他業務相關人士之關係； |
| (f) with the Chief Financial Officer (CFO), establishing and maintaining proper internal controls, systems and procedures; and | (f) 聯同財務總監設立及維持適當內部監控、系統及程序；及 |
| (g) discharging such duties and authority as may be delegated in writing to him by the board. | (g) 履行董事會可能以書面指派之職責及權力。 |

Re-election of Directors

Code A.4.1 of the Code stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election. The Non-executive director of the Company, Ms. Sit Lai Hei ("Ms. Sit") and one of the Independent non-executive directors of the Company, Mr. Li Qiang ("Mr. Li") had no fixed term of office prior to 23 August 2005, but retired from office on a rotational basis in accordance with the relevant provisions of the Company's Articles of Association.

To comply with the said code A.4.1, Ms. Sit and Mr. Li were appointed for a specific term at the Board Meeting of the Company held on 23 August 2005 which shall continue until 17 November 2006, but subject to the rotation provision of the Company's Articles of Association and shall retire at least once every three years.

Each of the other two Independent Non-executive directors, Mr. Fung Tze Wa and Dr. Kwong Chun Wai, Michael has entered into a service agreement with the Company for a term of two years commencing from 3 May 2004 and shall continue thereafter for successive terms of one year commencing from the date next after the expiry of the then current term. But such term is subject to the rotation provision of the Company's Articles of Association and they shall retire at least once every three years.

重選董事

守則第A.4.1條規定，非執行董事須按指定任期獲委任，並須重選連任。本公司非執行董事薛黎曦女士（「薛女士」）及本公司其中一名獨立非執行董事李強先生（「李先生」）於二零零五年八月二十三日以前並無固定任期，惟須根據本公司之章程細則有關條文輪值告退。

為符合上述守則第A.4.1條，薛女士及李先生於本公司在二零零五年八月二十三日舉行之董事會會議獲設指定任期，直至二零零六年十一月十七日，惟須遵守本公司章程細則之輪值退任條文，並最少每三年退任一次。

其他兩名獨立非執行董事馮子華先生及鄭俊偉博士各自與本公司有訂立服務協議，自二零零四年五月三日起計為期兩年，並須按當時現有任期屆滿後翌日起續任一年，惟有有關任期須按本公司章程細則之輪值退任條文規限，而彼等須最少每三年退任一次。

Pursuant to the existing Articles of Association of the Company, at every annual general meeting, one-third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not greater than one-third shall retire from office. Besides, the Company will ensure full compliance with the Code provision that every director should be subject to retirement by rotation at least once every three years.

In order to bring the Company's Articles of Association in alignment with code A.4.2 of the Code, the Company proposes to seek approval from the shareholders of the Company at the annual general meeting on amendments to Articles 99 and 116 of the Company's Articles of Association so that any director elected to fill a casual vacancy shall hold office only until the next following general meeting of the Company.

Remuneration Committee

The Remuneration Committee was established on 23 August 2005 and the current members include:

FUNG Tze Wa – *Committee Chairman*
KWONG Chun Wai, Michael
Li Qiang
HON Kwok Lung
SHANG Jianguang

The majority of the Remuneration Committee members are Independent Non-executive directors. The Remuneration Committee recommends the board on the Group's overall policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee ensures that no director or any of his/her associates is involved in deciding his/her own remuneration. The terms of reference of the Remuneration Committee were adopted on 23 August 2005 which are consistent with the requirements of the Code, a copy of which is posted on the Company's website.

根據本公司現行組織章程細則規定，於每屆股東週年大會上，當時三分之一董事，或倘有關人數並非三之倍數則最接近但不超過三分之一董事須退任。此外，本公司將確保全面遵守守則有關每名董事須最少每三年輪值退任一次之條文。

為令本公司之組織章程細則與守則第A.4.2條一致，本公司建議於股東週年大會徵求本公司股東批准，修訂本公司組織章程細則第99及116條，以致獲選填補臨時空缺之董事任期僅至本公司下屆股東大會為止。

薪酬委員會

薪酬委員會於二零零五年八月二十三日成立，現任成員包括：

馮子華 – 委員會主席
鄭俊偉
李強
韓國龍
商建光

薪酬委員會大多數成員均為獨立非執行董事。薪酬委員會就本集團所有董事及高層管理人員薪酬之整體政策及結構，以及就制定薪酬政策確立正規而具透明度程序，向董事會提出建議。薪酬委員會須確保董事或彼之任何聯繫人士均不得參與釐定其本身薪酬之決定。薪酬委員會之書面職權範圍於二零零五年八月二十三日獲採納，與守則規定貫徹一致。有關之書面職權範圍已刊載於本公司網站。

The Remuneration Committee has met once on 20 December 2005 to determine the main elements of the Company's remuneration policy for directors and senior management, and to review the specific remuneration packages of all directors and senior management.

The main elements of the Company's remuneration policy are as follows:

- (a) no individual should determine his or her own remuneration;
- (b) remuneration should be broadly aligned with companies with whom the Company competes for human resources;
- (c) the Company should aim to design policies that attract and retain executives needed to run the Group successfully and to motivate executives to pursue appropriate growth strategies whilst taking into account performance of the individual and the Group shall avoid paying more than is necessary for such purpose;
- (d) remuneration should reflect time committed, performance, complexity and responsibility of the individual;
- (e) Performance – based remuneration should be reviewed and approved by reference to corporate goal and objectives resolved by the board from time to time; and
- (f) the remuneration package will be structured to include salary, bonus and/or share options schemes to provide incentives to Directors and senior management to improve their individual performance.

薪酬委員會於二零零五年十二月二十日曾舉行會議，以釐定本公司董事及高層管理人員薪酬政策之主要內容，並審閱全體董事及高層管理人員之具體薪酬組合。

本公司薪酬政策之主要內容如下：

- (a) 任何人士不得自行釐定其本身之薪酬；
- (b) 薪酬須與本公司存在人力資源競爭之公司大致相若；
- (c) 本公司須致力策劃政策，吸引及留聘成功營運本集團所需行政人員，並於考慮個別員工表現之情況下，推動行政人員實踐適當的增長策略，而本集團須避免就此投放過多的資源；
- (d) 薪酬須反映個別員工付出之時間、表現、工作複雜性及職責；
- (e) 按表現釐定之薪酬須由董事會經參考企業宗旨及目標後不時審閱及批准；及
- (f) 薪酬組合結構包括薪金、花紅及／或優先認購股份權計劃，為董事及高層管理人員提供獎勵，以改善彼等之個人表現。

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During the year, one Remuneration Committee meeting was held, the individual attendance of each member is set out below:

年內，本公司曾舉行一次薪酬委員會會議，個別成員之出席率載列如下：

Name of director 董事姓名	Number of meetings		Attendance rate 出席率
		attended 出席薪酬委員會會議次數	
FUNG Tze Wa	馮子華	1/1	100%
KWONG Chun Wai, Michael	鄺俊偉	0/1	0%
LI Qiang	李強	1/1	100%
HON Kwok Lung	韓國龍	1/1	100%
SHANG Jianguang	商建光	1/1	100%

Nomination of Directors

董事提名

The Company has not established a Nomination Committee. The board will assume the responsibilities to manage the matters relating to the appointment and removal of directors which include the following duties:

本公司並無設立提名委員會。董事會將承擔管理有關董事委聘及罷免事宜，包括下列各項：

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| (a) review the structure, size and composition (including the skills, knowledge and experience) of the board on a regular basis; | (a) 定期檢討董事會架構、人數及組成，包括技術、知識及經驗方面； |
| (b) identify individuals suitably qualified to become board members and select individuals nominated for directorships; | (b) 物色個別合資格成為董事會成員之人士，並甄選個別獲提名人士出任董事職務； |
| (c) assess the independence of independent non-executive directors; and | (c) 評核獨立非執行董事之獨立性；及 |
| (d) discuss relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer as and when required. | (d) 討論委任或續聘董事及（當有需要時）董事（尤其是主席及行政總裁）繼任計劃的有關事宜。 |

During the year under review, as the board had no plan to nominate new directors and the respective terms of service for all the existing directors are still in effect, the board has not yet discussed or set up the nomination procedures and the process and criteria to select and recommend candidates for directorship during the year.

Audit Committee

The Audit Committee was established in 1999 and its current members include:

FUNG Tze Wa – *Committee Chairman*
KWONG Chun Wai, Michael
LI Qiang

All members of the Audit Committee are Independent non-executive directors. The board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management on the Audit Committee. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules. The written terms of reference which describe the authority and duties of the Audit Committee were adopted in 1999 and subsequently revised on 23 August 2005 to conform to the provisions of the Code, a copy of which is posted on the Company's website.

During the year under review, the Audit Committee has met three times to review the reporting of financial (including half-yearly and annual results) and other information to shareholders, the system of internal controls, risk management, effectiveness and objectivity of the audit process as well as to perform its other duties set out in its terms of reference. The Audit Committee also provides an important link between the board and the Company's external auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the external auditors and the effectiveness of the audit process in accordance with the applicable standard.

回顧年內，由於董事會並無計劃委任新任董事，而全體現任董事各自之服務合約或任期仍然生效。因此於年內，董事會尚未討論或訂立提名程序，以及甄選及推薦候任董事之程序及準則。

審核委員會

審核委員會已於一九九九年成立，其現任成員包括：

馮子華 – 委員會主席
鄺俊偉
李強

全體審核委員會成員均為獨立非執行董事。董事會認為，各審核委員會成員均擁有廣博的商業經驗，而審核委員會於營運、會計及財務管理方面亦具備適當且多元化經驗。審核委員會之組成及成員均符合上市規則第3.21條規定。詳述審核委員會之權力及職責之書面職權範圍已於一九九九年獲採納，其後於二零零五年八月二十三日獲修訂，以符合守則條文之規定。有關書面職權範圍已刊載於本公司網站。

回顧年內，審核委員會共舉行了三次會議，以審閱包括中期及年度業績之財務報告及須向股東提供之資料、內部監控系統、風險管理、核數程序成效與客觀性，以及履行職權範圍內訂定之其他職務。審核委員會另作為董事會與本公司外聘核數師間之重要橋樑，以便雙方處理職權範圍內之事宜，並按照適用準則不時審閱外聘核數師之獨立性及客觀性，以及核數程序之成效。

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The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the accounts for the year ended 31 December 2005.

During the year, three Audit Committee meetings were held and the individual attendance of each member is set out below:

審核委員會與管理層審閱了本集團採納之會計準則及慣例，並討論了內部監控及財務申報事宜，包括審閱截至二零零五年十二月三十一日止年度之賬目。

年內，本公司共舉行了三次審核委員會會議，個別成員之出席率載列如下：

Name of director 董事姓名	Number of meetings		Attendance rate 出席率
	attended 出席審核委員會會議次數		
FUNG Tze Wa 馮子華	3/3	100%	
KWONG Chun Wai, Michael 鄺俊偉	2/3	67%	
LI Qiang 李強	1/3	33%	

AUDITORS' REMUNERATION

For the year ended 31 December 2005, the Company has paid (i) an audit fee of HK\$1,350,000 in relation to the audit services for the financial statements for the year ended 31 December 2004; and (ii) non-audit services fee in aggregate of HK\$640,000 in relation to the review of the interim results for the six month ended 30 June 2005 and the review of the unaudited pro forma financial information in relation to a Major Transaction as defined in the Listing Rules.

INTERNAL CONTROLS

The board has overall responsibility for maintaining an adequate system of internal controls of the Company and for reviewing its effectiveness. The board is committed to implementing an effective and sound internal controls system to safeguard the interest of shareholders and the Group's assets. The board has delegated to management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework and reporting to the board and Audit Committee on its material findings.

核數師酬金

截至二零零五年十二月三十一日止年度，本公司(i)就截至二零零四年十二月三十一日止年度財務報表之審核服務支付1,350,000港元核數費用；及(ii)就審閱截至二零零五年六月三十日止六個月之中期業績及就審閱有關一宗主要交易（定義見上市規則）未經審核備考財務資料之非審核服務合共支付640,000港元費用。

內部監控

董事會對維持本公司完善內部監控系統及檢討其成效承擔整體責任。董事會致力推行有效及穩健之內部監控系統，保障股東利益及本集團資產。董事會已委派管理層推行內部監控系統，並檢討已建立架構內的所有相關財務、營運、合規監控及風險管理等功能，並向董事會及審核委員會匯報重要發現。

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2005, the directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavours to maintain a high level of transparency in communicating with shareholders and the investment community at large. In order to ensure effective, clear and accurate communications with the shareholders and investors, all corporate communications are arranged and handled by the executive directors and designated senior executives according to established practices and procedures of the Company.

The Company has announced its annual results and interim results in a timely manner during the year under review, which is within the time limits set out in the Listing Rules. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the re-election of individual directors. In addition, procedures for demanding a poll are included in the circular to shareholders dispatched together with the annual report.

The Company has also maintained a website at www.chinahaidian.com which enables shareholders, investors and the general public to have access to the information of the Company on a timely basis. Financial information and all shareholder corporate communications of the Company are made available on the Company's website and updated regularly.

董事責任聲明

董事負責編製各財政期間的賬目，該等賬目真確反映本集團於該期間的事務、業績及現金流量。編製截至二零零五年十二月三十一日止年度賬目時，董事選用及貫徹應用適當會計政策；採納適當香港財務申報準則及香港會計準則；作出多項審慎合理之調整及估計；以及按持續經營基準編製賬目。董事另有責任置存適當會計記錄，於任何時間合理準確地披露本公司的財政狀況。

投資者關係及溝通

本公司致力維持高水平透明度，務求與股東及大眾投資團體連繫溝通。為確保與股東及投資者維持有效、清晰而準確的溝通渠道，所有公司通訊由執行董事及獲委派之高層管理人員根據本公司既定慣例及程序作出安排及處理。

回顧年內，本公司於上市規則所載時限內，適時公佈其全年及中期業績。於股東大會就每個重大個別事項（包括重選個別董事）提呈獨立決議案。此外，要求按股數投票表決之程序已載入連同年報一併送交股東之通函內。

本公司另設立網站www.chinahaidian.com，供股東、投資者及公眾人士適時瀏覽本公司資料。本公司財務資料及所有與股東的公司通訊均刊載於本公司網站，並會定期更新。



REPORT OF THE DIRECTORS

董事會報告

The directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 17 to the financial statements. There were no significant changes to the Group's principal activities during the year except for the manufacture and distribution of enamelled copper wire products, which were commenced operation during the current year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2005 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 52 to 174.

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2005.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets, liabilities minority interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on pages 175 and 176. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Company and of the Group during the year are set out in notes 13 and 14 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 177 of the annual report.

董事謹此提呈董事會報告以及本公司及本集團截至二零零五年十二月三十一日止年度之經審核財務報表。

主要業務

本公司之主要業務為投資控股。主要附屬公司之主要業務詳情載於財務報表附註17。除於本年度開始製造及分銷漆包銅線產品外，本集團之主要業務於年內並無重大變動。

業績及股息

本集團截至二零零五年十二月三十一日止年度之虧損以及本公司和本集團於當日的財務狀況載於財務報表第52至174頁。

董事並不建議就截至二零零五年十二月三十一日止年度派付任何股息。

財務資料概要

本集團過去五個財政年度已刊發業績、資產、負債與少數股東權益概要載於第175頁及第176頁，乃摘錄自經審核財務報表。該概要並不構成經審核財務報表其中部分。

物業、廠房及設備以及投資物業

本公司及本集團物業、廠房及設備以及投資物業於年內的變動詳情分別載於財務報表附註13及14內。本集團投資物業之進一步詳情載於年報第177頁。

PROPERTIES UNDER DEVELOPMENT AND PROPERTIES FOR SALE

Details of the Group's properties under development are set out in note 21 to the financial statements. Further details of the Group's properties under development and properties for sale are set out on page 178 of the annual report.

SHARE CAPITAL

There was no movement in either the Company's authorised or issued share capital during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 36 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2005, the Company had reserves of available HK\$298,285,000 for cash distribution and/or distribution in specie.

發展中物業及待售物業

本集團發展中物業詳情載於財務報表附註21，本集團之發展中物業及待售物業進一步詳情則載於年報第178頁。

股本

本公司法定或已發行股本於年內概無任何變動。

優先購買權

本公司之公司組織章程細則或開曼群島法律並無有關優先購買權的條文，規定本公司須按比例向現有股東發售新股份。

購買、贖回或出售本公司上市證券

年內，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

儲備

本公司及本集團儲備於年內的變動詳情分別載於財務報表附註36及綜合權益變動表內。

可供分派儲備

於二零零五年十二月三十一日，本公司有可供作現金及／或實物分派的儲備298,285,000港元。

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 18% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 15% of the total purchases.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or the five largest suppliers.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Mr. Hon Kwok Lung, *Chairman*
Mr. Wang Shaolan, *Vice Chairman*
Mr. Shang Jianguang, *Chief Executive Officer*
Mr. Shi Tao
Mr. Lam Toi Man

Non-executive director:

Ms. Sit Lai Hei

Independent non-executive directors:

Mr. Fung Tze Wa
Dr. Kwong Chun Wai, Michael
Mr. Li Qiang

In accordance with article 116 of the Company's articles of association, Mr. Shi Tao and Mr. Fung Tze Wa and Dr. Kwong Chun Wai, Michael will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

主要客戶與供應商

於回顧年內，本集團五大客戶的銷售額佔年內總銷售額不足18%。本集團五大供應商的購貨額佔總購貨額15%。

本公司董事或彼等任何聯繫人士或就董事所深知任何擁有本公司已發行股本5%以上的股東，概無擁有本集團五大客戶或五大供應商任何實益權益。

董事

以下為本公司本年度在任之董事：

執行董事：

韓國龍先生（主席）
王少蘭先生（副主席）
商建光先生（行政總裁）
石濤先生
林代文先生

非執行董事：

薛黎曦女士

獨立非執行董事：

馮子華先生
鄺俊偉博士
李強先生

根據本公司組織章程細則第116條之規定，石濤先生、馮子華先生及鄺俊偉博士將於應屆股東週年大會依章輪值告退，並願且符合資格膺選連任。

DIRECTORS (continued)

The Company has received annual confirmation of independence from each of the three independent non-executive directors, Mr. Fung Tze Wa, Dr. Kwong Chun Wai, Michael and Mr. Li Qiang that they have met all the factors concerning their independence as set out in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and that there are no other factors which may affect their independence. The Company's board of directors (the "Board") considers these independent non-executive directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 4 to 8 of the annual report.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' SERVICE CONTRACTS

Mr. Wang Shaolan, an executive director and the Vice Chairman of the Company, has a service contract with the Company for a term of three years commencing from 5 July 2004. If the Company terminates the service contract with Mr. Wang prior to the expiry of the contract term, the Company shall compensate Mr. Wang twelve months' salaries.

Mr. Shang Jianguang, an executive director and the chief executive officer of the Company, has a service contract with the Company for a term of two years commencing from 18 November 2004 and is subject to termination by either party by giving not less than three month's written notice.

董事 (續)

本公司已獲取三名獨立非執行董事馮子華先生、鄭俊偉博士及李強先生各自發出之年度獨立確認書，表示彼等已符合香港聯合交易所有限公司證券上市規則（「上市規則」）第3.13條有關彼等獨立身分的因素，以及並無其他可能會影響彼等獨立身分的因素。本公司董事會（「董事會」）認為，該三名獨立非執行董事均為獨立人士。

董事及高層管理人員之履歷

本公司董事及本集團高層管理人員之履歷詳情載於年報第4至第8頁。

董事於合約中之權益

年內，各董事概無於本公司或其任何附屬公司參與訂立而對本集團業務屬重大之任何合約中直接或間接擁有任何重大權益。

董事服務合約

本公司執行董事兼副主席王少蘭先生與本公司訂有服務合約，任期由二零零四年七月五日起為期三年。倘本公司於合約期限屆滿前終止與王先生訂立之服務合約，本公司須向王先生作出相當於十二個月薪金之補償。

本公司執行董事兼行政總裁商建光先生與本公司訂有服務合約，任期由二零零四年十一月十八日起為期兩年，惟任何一方可向另一方發出不少於三個月書面通知終止該服務合約。

DIRECTORS' SERVICE CONTRACTS (continued)

Mr. Hon Kwok Lung, the Chairman of the Company, Mr. Shi Tao, and Mr. Lam Toi Man, executive directors of the Company, have service contracts with the Company for an initial term of two years commencing from 1 July 2004 and is subject to termination by either party by giving not less than two months' written notice. On their initial expiry, these service contracts will each continue for successive terms of one year unless terminated by not less than two months' written notice served by either party to the other.

Mr. Fung Tze Wa and Dr. Kwong Chun Wai, Michael, independent non-executive directors of the Company, have service contracts with the Company for an initial term of two years commencing from 3 May 2004. On their initial expiry, these service contracts will each continue for successive terms of one year unless terminated by not less than one month's written notice served by either party to the other.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees can be fixed by the directors of the Company and are subject to shareholders' authorisation at general meetings. Other emoluments are determined by the Board with reference to the duties, responsibilities and performance of the directors and the results of the Group.

董事服務合約(續)

本公司主席韓國龍先生、本公司執行董事石濤先生及林代文先生與本公司訂有服務合約，初步任期由二零零四年七月一日起為期兩年，惟任何一方可向另一方發出不少於兩個月書面通知予以終止。除非任何一方向另一方發出不少於兩個月書面通知予以終止，初步任期屆滿後，此等服務合約將繼續有效，並續期一年。

本公司獨立非執行董事馮子華先生及鄭俊偉博士均與本公司訂有服務合約，初步任期由二零零四年五月三日起為期兩年。除非任何一方向另一方發出不少於一個月書面通知予以終止，初步任期屆滿後，此等服務合約將繼續有效，並續期一年。

概無建議於應屆股東週年大會膺選連任之董事與本公司訂有任何本公司不可在一年內毋須支付賠償(法定賠償除外)而終止之服務合約。

董事酬金

董事袍金可由本公司董事會釐定，惟須獲股東於股東大會授權。其他薪酬由董事會參考董事之職務、責任及表現以及本集團業績釐定。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2005, the interests or short positions of the directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules, were as follows:

Long position in ordinary shares of the Company:

Name of director 董事姓名	Capacity and nature of interest 身分及 權益性質	Number of ordinary shares held 所持普通股 數目	Percentage of the Company's issued share capital 佔本公司 已發行股本 百分比	
Mr. Hon Kwok Lung	韓國龍先生	Through a controlled corporation 透過受控制公司	625,393,515 (Note) (附註)	40.48

Note:

The 625,393,515 shares of the Company are kept by and registered in the name of HSBC Nominees (Hong Kong) Limited. The beneficial owner of the shares is Sincere View International Limited ("Sincere View"), which is owned as to 50% and 20% by Mr. Hon Kwok Lung and his wife, Ms. Lam Suk Ying, respectively.

Mr. Hon Kwok Lung and Ms. Lam Suk Ying are deemed to have an interest in the same parcel of shares of 625,393,515 held by Sincere View.

董事及主要行政人員於股份及相關股份之權益及淡倉

於二零零五年十二月三十一日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條規定存置之登記冊所記錄，董事及主要行政人員於本公司或其相聯法團（定義見證券及期貨條例第XV部）之股本及相關股份中擁有之權益或淡倉或已根據上市規則項下上市公司董事進行證券交易的標準守則（「標準守則」）知會本公司及香港聯合交易所有限公司（「聯交所」）之權益或淡倉如下：

本公司普通股之好倉：

附註：

該625,393,515股本公司股份由HSBC Nominees (Hong Kong) Limited存置及以其名義登記。此等股份之實益擁有人為信景國際有限公司（「信景」），而韓國龍先生及彼之妻子林淑英女士分別持有信景50%及20%權益。

韓國龍先生及林淑英女士被視作於信景所持同一批625,393,515股股份中擁有權益。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Save as disclosed above, as at 31 December 2005, no person had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, 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 to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2005, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long position:

Name of director 董事姓名	Capacity and nature of interest 身分及 權益性質	Number of ordinary shares held 所持普通股 數目	Percentage of the Company's issued share capital 佔本公司 已發行股本 百分比
Sincere View International Limited	信景國際有限公司	Directly beneficially owned 直接實益擁有	625,393,515 40.48

董事及主要行政人員於股份及相關股份之權益及淡倉(續)

除上文披露者外，於二零零五年十二月三十一日，概無任何人士於本公司或其任何相聯法團之股份及相關股份中擁有須根據證券及期貨條例第352條記錄之任何權益或淡倉，或須根據標準守則知會本公司及聯交所之任何權益或淡倉。

董事購買股份或債券之權利

於年內任何時間，董事或彼等各自的配偶或未成年子女概無獲授或行使可藉購買本公司股份或債券獲益的權利，而本公司或其任何附屬公司亦無參與任何安排，致使董事可於任何其他法團獲取該等權利。

主要股東於股份及相關股份之權益

於二零零五年十二月三十一日，按照本公司根據證券及期貨條例第336條存置之權益登記冊所記錄，下列人士持有本公司已發行股本5%或以上權益：

好倉：



REPORT OF THE DIRECTORS

董事會報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

Save as disclosed above, as at 31 December 2005, no person, other than the directors and chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTION

During the year, there is no connected transaction of the Group under the Listing Rules.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year, no director is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules, other than those businesses to which the directors were appointed as directors to represent the interest of the Company and/or the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company's shares which are in the hands of the public exceeded 25% of the Company's total issued share capital as at the date of this report.

主要股東於股份及相關股份之權益(續)

除上文披露者外，於二零零五年十二月三十一日，除其權益載於上文「董事及主要行政人員於股份及相關股份中之權益及淡倉」一節之本公司董事及主要行政人員外，概無任何人士於本公司股份及相關股份中登記擁有須根據證券及期貨條例第336條予以記錄之權益或淡倉。

關連交易

根據上市規則，本集團於年內並無任何關連交易。

董事於競爭業務之權益

年內，除董事因代表本公司及／或本集團權益而獲委聘為董事之該等業務外，根據上市規則，概無董事被視為在直接或間接與本集團業務構成競爭或可能構成競爭之業務中擁有權益。

足夠公眾持股量

按本公司可公開獲取之資料及據董事所知悉，公眾人士所持本公司股份數目超過本公司於本報告日期之全部已發行股本25%。

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 44 to the financial statements.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has applied the principles and complied with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the annual report, except for the deviations from code provisions A.2.1, A.4.1, A.5.4, B.1.1, C.3.3, D.1.2 and E.1.2 of the Code as explained in the Company's interim report for the period ended 30 June 2005.

To comply with code A.4.2 of the Code, the directors will propose to amend the articles of association of the Company at the forthcoming annual general meeting so that any director elected to fill a casual vacancy shall hold office only until the next following general meeting of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the directors. Having made specific enquiry with all the Company's directors, the Company has ascertained that all of its directors have complied with the required standards set out in the Model Code throughout the accounting period covered by this annual report.

結算日後事項

本集團於結算日後的重大的事項詳情載於財務報表附註44。

企業管治常規守則

董事認為，除本公司截至二零零五年六月三十日止期間之中期報告所闡釋偏離守則條文第A.2.1、A.4.1、A.5.4、B.1.1、C.3.3、D.1.2及E.1.2條外，本公司於年報所涵蓋會計期間已應用上市規則附錄14所載企業管治常規守則（「守則」）之原則及遵守守則條文。

為符合守則第A.4.2條，董事會將於應屆股東週年大會建議修訂本公司之公司組織章程細則，致使任何獲委任填補臨時空缺之董事之任期僅直至本公司下屆股東大會為止。

證券交易的標準守則

董事會已採納標準守則作為本公司董事買賣本公司證券之操守準則。經向本公司全體董事作出具體查詢後，本公司確定所有董事於本年報所涵蓋整個會計期間一直遵守標準守則所載之規定準則。



REPORT OF THE DIRECTORS

董事會報告

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") on 23 August 2005 in compliance with the Listing Rules, terms of reference of which have been adopted by the Board of the Company are consistent with the requirements of the Code. The Remuneration Committee currently comprises the three independent non-executive directors, Mr. Fung Tze Wa (the Chairman of the Committee), Dr. Kwong Chun Wai, Michael and Mr. Li Qiang, the Chairman of the Board, Mr. Hon Kwok Lung and the Chief Executive Officer, Mr. Shang Jianguang.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial matters including the review of the audited financial statements for the year ended 31 December 2005.

AUDITORS

During the year 2003, KPMG resigned as auditors of the Company and Ernst & Young were appointed by the directors to fill the causal vacancy so arising. There have been no other changes of auditors in the past three years. Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Hon Kwok Lung
Chairman

Hong Kong
26 April 2006

薪酬委員會

本公司已於二零零五年八月二十三日按照上市規則成立薪酬委員會（「薪酬委員會」），其經本公司董事會採納之職權範圍與守則之規定一致。薪酬委員會現由三名獨立非執行董事馮子華先生（委員會主席）、鄭俊偉博士、李強先生及董事會主席韓國龍先生及行政總裁商建光先生組成。

審核委員會

本公司已遵照上市規則第3.21條成立審核委員會，以審閱及監督有關本集團財務申報程序及內部監控。審核委員會由本公司三名獨立非執行董事組成。審核委員會已與管理層審閱本集團所採納之會計原則及慣例，並討論審計、內部監控及財務事宜，包括審閱截至二零零五年十二月三十一日止年度之經審核財務報表。

核數師

於二零零三年度，畢馬威會計師事務所辭任本公司核數師，安永會計師事務所獲董事委聘以填補所產生之臨時空缺。核數師於過去三年並無其他變動。本公司將於應屆股東週年大會提呈有關續聘安永會計師事務所為本公司核數師之決議案。

代表董事會

主席
韓國龍

香港
二零零六年四月二十六日



REPORT OF THE AUDITORS

核數師報告



To the members

China Haidian Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 52 to 174 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

致中國海澱集團有限公司

(於開曼群島註冊成立的有限公司)

列位股東

本會計師事務所(以下簡稱「我們」)已完成審核載於第52至174頁按照香港公認會計原則編撰之財務報表。

董事及核數師之個別責任

貴公司董事須負責編撰真實與公平之財務報表。在編撰該等真實與公平之財務報表時，董事必須貫徹採用合適之會計政策，並貫徹應用該等政策。我們之責任是根據我們審核工作之結果，對該等財務報表作出獨立意見，並僅向全體股東報告。除此以外，本報告書不作任何其他用途。我們概不就本報告書之任何內容向任何其他人士，承擔任何責任或負責。

意見之基礎

我們是按照香港會計師公會頒佈之香港核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關之憑證，亦包括評估董事於編撰該等財務報表時所作之重大估計和判斷、所釐定之會計政策是否適合貴公司及貴集團之具體情況以及有否貫徹應用並充份披露該等會計政策。



REPORT OF THE AUDITORS

核數師報告

BASIS OF OPINION (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2005 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants
Hong Kong
26 April 2006

意見之基礎 (續)

我們在策劃及進行審核工作時，均以取得一切我們認為必需之資料及解釋為目標，使我們能獲得充份之憑證，就該等財務報表是否存有重要錯誤陳述，作出合理之確定。在作出意見時，我們亦已衡量該等財務報表所載資料在整體上是否足夠。相信我們之審核工作已為下列意見建立了合理基礎。

意見

我們認為上述財務報表均真實與公平地反映 貴公司及 貴集團於二零零五年十二月三十一日之財政狀況及 貴集團截至該日止年度之虧損和現金流量，並已按照香港公司條例之披露規定妥善編撰。

安永會計師事務所

執業會計師
香港
二零零六年四月二十六日

CONSOLIDATED INCOME STATEMENT

綜合損益表

Year ended 31 December 2005
截至二零零五年十二月三十一日止年度

			2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
		Notes 附註		
REVENUE	收入	5	620,709	523,802
Cost of sales	銷售成本		<u>(537,975)</u>	<u>(426,332)</u>
Gross profit	毛利		82,734	97,470
Other income	其他收入	5	9,992	7,927
Selling and distribution costs	銷售及分銷成本		(53,665)	(46,087)
Administrative expenses	行政費用		(71,636)	(62,646)
Other operating income, net	其他經營收入淨額		13,144	41,068
Finance costs	財務費用	7	<u>(2,699)</u>	<u>(10,382)</u>
PROFIT/(LOSS) BEFORE TAX	除稅前溢利／（虧損）	6	(22,130)	27,350
Tax	稅項	10	<u>(21,581)</u>	<u>(15,933)</u>
PROFIT/(LOSS) FOR THE YEAR	本年度溢利／（虧損）		<u>(43,711)</u>	<u>11,417</u>
Attributable to:	以下人士應佔：			
Equity holders of the Company	本公司權益持有人		(43,275)	11,373
Minority interests	少數股東權益		<u>(436)</u>	<u>44</u>
			<u>(43,711)</u>	<u>11,417</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	本公司普通權益持有人 應佔每股盈利／（虧損）	12		
Basic	基本		<u>HK(2.80) cents港仙</u>	<u>HK0.74 cent港仙</u>
Diluted	攤薄		<u>N/A 不適用</u>	<u>N/A 不適用</u>

CONSOLIDATED BALANCE SHEET

綜合資產負債表

31 December 2005
二零零五年十二月三十一日

			2005	2004
			二零零五年	二零零四年
	Notes		HK\$'000	HK\$'000
	附註		千港元	千港元
				(Restated)
				(重列)
NON-CURRENT ASSETS		非流動資產		
Property, plant and equipment	13	物業、廠房及設備	213,587	229,810
Investment properties	14	投資物業	66,689	84,971
Prepaid land lease payments	15	預付土地租賃款項	48,029	50,679
Goodwill	16	商譽	-	4,816
Interests in associates	19	所佔聯營公司權益	-	-
Available-for-sale investments	20	可出售投資	-	-
Investment securities	20	投資證券	-	20,240
Long term investment	20	長期投資	-	3,477
Properties under development	21	發展中物業	291,046	61,503
Prepayments and deposits	22	預付款項及按金	48,128	2,626
Deferred tax assets	32	遞延稅項資產	1,021	1,000
Total non-current assets		總非流動資產	668,500	459,122
CURRENT ASSETS		流動資產		
Properties for sale	21	待售物業	70,330	-
Properties under development	21	發展中物業	194,133	289,102
Inventories	23	存貨	105,922	95,295
Trade and bills receivable	24	應收賬款及票據	25,288	17,480
Prepaid land lease payments	15	預付土地租賃款項	3,619	3,546
Prepayments, deposits and other receivables	22	預付款項、按金及其他應收款	37,212	68,539
Securities measured at fair value through profit or loss/ short term investments	25	按公平值計入溢利或虧損之證券/短期投資	44,210	12,792
Due from minority equity holders	26	應收少數權益持有人欠款	7,480	-
Pledged deposits	27	已抵押存款	18,653	4,845
Cash and cash equivalents	27	現金及現金等價物	370,909	186,826
Total current assets		總流動資產	877,756	678,425
CURRENT LIABILITIES		流動負債		
Trade payables	28	應付賬款	108,760	89,989
Deposits received from customers		已收客戶按金	255,163	91,516
Other payables and accruals	29	其他應付款及應計費用	98,135	91,881
Tax payable		應付稅項	12,007	16,896
Interest-bearing bank borrowings	30	計息銀行借貸	96,154	28,269
Due to related companies	31	應付有關連公司欠款	134	3,374
Total current liabilities		總流動負債	570,353	321,925
NET CURRENT ASSETS		流動資產淨值	307,403	356,500
TOTAL ASSETS LESS CURRENT LIABILITIES		總資產減流動負債	975,903	815,622

CONSOLIDATED BALANCE SHEET

綜合資產負債表

31 December 2005
二零零五年十二月三十一日

			2005	2004
		Notes	二零零五年	二零零四年
		附註	HK\$'000	HK\$'000
			千港元	千港元
				(Restated)
				(重列)
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		975,903	815,622
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank borrowings	計息銀行借貸	30	317,308	310,959
Deferred tax liability	遞延稅項負債	32	794	-
Deferred income	遞延收入	33	177,906	-
Due to an associate	應付一家聯營公司欠款	19	-	3,649
Total non-current liabilities	總非流動負債		496,008	314,608
Net assets	資產淨值		479,895	501,014
EQUITY	權益			
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	34	154,483	154,483
Reserves	儲備	36(a)	304,535	344,410
Minority interests	少數股東權益		459,018	498,893
Total equity	權益總額		20,877	2,121
			479,895	501,014

Hon Kwok Lung
韓國龍
Director
董事

Shang Jianguang
商建光
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2005
截至二零零五年十二月三十一日止年度

本公司權益持有人應佔
Attributable to equity holders of the Company

		Issued share capital 已發行股本 HK\$'000 千港元	Share premium account* 股份溢價賬* HK\$'000 千港元	Goodwill arising on consolidation† 綜合賬目所 產生之商譽* HK\$'000 千港元	Statutory reserves* 法定 儲備基金* HK\$'000 千港元	Exchange fluctuation reserve* 外匯 波動儲備* HK\$'000 千港元	Retained profits/ (accumulated losses)* (Note) 保留溢利/ (累積虧損)* (附註) HK\$'000 千港元	Total	Minority interests 少數股東 權益 HK\$'000 千港元	Total equity 權益總額 HK\$'000 千港元
At 1 January 2004	於二零零四年一月一日	154,483	677,882	(15,300)	6,191	358	(336,214)	487,400	2,121	489,521
Exchange realignment and total income and expense for the year recognised directly in equity	匯兌調整及直接 於股本確認之本年度 收入及開支總額	-	-	-	-	120	-	120	-	120
Transfer to statutory reserves	轉撥至法定儲備基金	-	-	-	4,429	-	(4,429)	-	-	-
Net profit for the year	年內純利	-	-	-	-	-	11,373	11,373	-	11,373
At 31 December 2004	於二零零四年 十二月三十一日	154,483	677,882	(15,300)	10,620	478	(329,270)	498,893	2,121	501,014
At 1 January 2005	於二零零五年一月一日									
As previously reported	早前呈報	154,483	677,882	(15,300)	10,620	478	(329,270)	498,893	2,121	501,014
Opening adjustment (note 2.4(b))	年初調整(附註2.4(b))	-	-	-	-	-	(2,925)	(2,925)	-	(2,925)
As restated	重列	154,483	677,882	(15,300)	10,620	478	(332,195)	495,968	2,121	498,089
Exchange realignment and total income and expense for the year recognised directly in equity	匯兌調整及直接 於股本確認之本年度 收入及開支總額	-	-	-	-	6,325	-	6,325	45	6,370
Acquisition of a subsidiary (note 37)	收購一家附屬公司(附註37)	-	-	-	-	-	-	-	19,147	19,147
Net loss for the year	年內虧損淨額	-	-	-	-	-	(43,275)	(43,275)	(436)	(43,711)
Cancellation of share premium (note 36(a))	註銷股份溢價 (附註36(a))	-	(677,882)	-	-	-	677,882	-	-	-
Transfer to statutory reserves	轉撥至法定儲備基金	-	-	-	4,127	-	(4,127)	-	-	-
At 31 December 2005	於二零零五年 十二月三十一日	154,483	-	(15,300)	14,747	6,803	298,285	459,018	20,877	479,895

* These reserve accounts comprise the consolidated reserves of HK\$304,535,000 (2004: HK\$344,410,000) in the consolidated balance sheet.

Note: Included in the balance of accumulated losses at 31 December 2004 was an amount of HK\$27,337,000 attributable to associates.

* 該等儲備賬目包括綜合資產負債表內之綜合儲備304,535,000港元(二零零四年:344,410,000港元)。

附註: 於二零零四年十二月三十一日之累積虧損結餘包括聯營公司應佔金額27,337,000港元。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

Year ended 31 December 2005
截至二零零五年十二月三十一日止年度

	Notes 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (Restated) (重列)
CASH FLOWS FROM OPERATING ACTIVITIES			
經營業務產生之現金流量			
Profit/(loss) before tax		(22,130)	27,350
除稅前溢利／(虧損)			
Adjustments for:	經調整：		
Interest income	5	(4,397)	(2,013)
利息收入			
Finance costs	7	2,699	10,382
財務費用			
Dividend income from listed investments	5	(238)	(537)
上市投資之股息收入			
Gain on disposal/write-off of items of property, plant and equipment, net	6	(1,429)	(1,285)
出售／撇銷物業、廠房及設備項目之收益淨額			
Gain on disposal of available-for-sale investments	6	(13,145)	-
出售可出售投資之收益			
Impairment of available-for-sale investments	6	3,477	-
可出售投資減值			
Changes in fair value of investment properties	6, 14	(3,378)	(17,224)
投資物業之公平值變更			
Depreciation	6, 13	18,282	20,865
折舊			
Recognition of prepaid land lease payments	6, 15	3,585	3,085
確認預付土地租賃款項			
Amortisation of goodwill	6, 16	-	584
商譽攤銷			
Impairment of goodwill	6, 16	4,816	-
商譽減值			
Reversal of impairment of items of property, plant and equipment	6, 13	-	(21,671)
物業、廠房及設備項目減值回撥			
Gain on disposal of a subsidiary	6, 38	-	(59)
出售一家附屬公司之收益			
Gain on disposal of an associate	6	(3,769)	-
出售一家聯營公司之收益			
Provision for inventories	6	3,775	12,048
存貨撥備			
Proceeds from the pre-sale of properties		-	314,737
預售物業所得款項			
Attributable profits from the pre-sale of properties	21	-	(68,958)
預售物業之應佔溢利			
Development costs of properties under development and properties held for sale		-	(155,364)
發展中物業及待售物業之發展成本			
Foreign exchange differences, net		-	(91)
匯兌差額淨額			
Operating profit before working capital changes		(11,852)	121,849
營運資金變動前之經營溢利			
Increase in properties under development and properties for sale		(126,117)	-
發展中物業及待售物業增加			
Increase in properties for sale		(70,330)	-
待售物業增加			
Increase in inventories		(14,402)	(12,663)
存貨增加			
Increase in trade and bills receivables		(7,808)	(5,239)
應收賬款及票據增加			
Increase in prepayments, deposits and other receivables		(13,622)	(60,003)
預付款項、按金及其他應收款增加			
Increase in securities measured at fair value through profit or loss/short term listed investments		(31,418)	(12,792)
按公平值計入溢利或虧損之證券／短期上市投資增加			
Decrease/(increase) in non-pledged deposits with original maturity over three months when acquired	27	3,769	(3,769)
於購入時原定三個月後到期之無抵押存款減少／(增加)			
Increase in trade payables		18,771	64,674
應付賬款增加			
Increase/(decrease) in other payables and accruals		15,447	(91,064)
其他應付款及應計費用增加／(減少)			
Increase in deposits received from customers		163,647	-
已收客戶按金增加			
Decrease in amounts due to related companies		(3,240)	(3,768)
應付有關連公司欠款減少			
Cash used in operations		(77,155)	(2,775)
經營業務所用現金			

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

Year ended 31 December 2005
截至二零零五年十二月三十一日止年度

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (Restated) (重列)
	Notes 附註		
Cash used in operations	經營業務所用之現金	(77,155)	(2,775)
Interest received	已收利息	4,397	2,013
Interest paid	已付利息	(2,699)	(27,795)
Hong Kong profits tax refunded/(paid)	退回/(已付)香港利得稅	26	(154)
Overseas tax paid	已付海外稅項	(25,702)	(1,749)
Net cash outflow from operating activities	經營業務產生之現金流出淨額	<u>(101,133)</u>	<u>(30,460)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動產生之現金流量		
Dividends received from listed investments	已收上市投資股息	238	537
Purchases of items of property, plant and equipment	購置物業·廠房及設備項目	13 (43,664)	(9,836)
Purchases of investment properties	購買投資物業	14 (25,207)	-
Proceeds from disposal of items of property, plant and equipment	出售物業·廠房及設備項目所得款項	39,018	4,097
Proceeds from disposal of investment properties	出售投資物業所得款項	47,200	-
Proceeds from disposal of available-for-sale investments	出售可出售投資所得款項	30,460	-
Acquisition of a subsidiary	收購一家附屬公司	37 1,510	-
Disposal of a subsidiary	出售一家附屬公司	38 -	2,602
Disposal of an associate	出售一家聯營公司	120	-
Increase in pledged deposits	已抵押存款增加	(13,808)	(48)
Net cash inflow/(outflow) from investing activities	投資活動產生之現金流入/(流出)淨額	<u>35,867</u>	<u>(2,648)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動產生之現金流量		
New bank loans	新增銀行貸款	74,234	376,920
Receipt of government grant	收取政府補助金	177,906	-
Repayment of bank loans	償還銀行貸款	-	(481,097)
Net cash inflow/(outflow) from financing activities	融資活動產生之現金流入/(流出)淨額	<u>252,140</u>	<u>(104,177)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物之增加/(減少)淨額	186,874	(137,285)
Effect of foreign exchange rate changes, net	匯率變動影響淨額	978	-
Cash and cash equivalents at beginning of year	年初之現金及現金等價物	<u>183,057</u>	<u>320,342</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	年終之現金及現金等價物	<u>370,909</u>	<u>183,057</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物結餘分析		
Cash and bank balances	現金及銀行結存	27 339,439	56,199
Non-pledged time deposits with original maturity of less than three months when acquired	收購時原定三個月內到期之無抵押定期存款	31,470	126,858
		<u>370,909</u>	<u>183,057</u>

BALANCE SHEET

資產負債表

31 December 2005
二零零五年十二月三十一日

			2005 二零零五年	2004 二零零四年
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
NON-CURRENT ASSETS				
	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	1,969	2,446
Interests in subsidiaries	所佔附屬公司權益	17	297,771	419,851
Interests in a jointly-controlled entity	所佔一家共同控制 實體權益	18	46,199	-
Interests in associates	所佔聯營公司權益	19	-	-
Deposits	按金	22	27,000	-
			<u>372,939</u>	<u>422,297</u>
Total non-current assets	總非流動資產			
CURRENT ASSETS				
	流動資產			
Prepayments and deposits	預付款項及按金	22	4,135	3,521
Securities measured at fair value through profit or loss/short term investments	按公平值計入溢利 或虧損之證券/ 短期投資	25	28,297	4,788
Pledged deposits	已抵押存款	27	7,500	-
Cash and cash equivalents	現金及現金等價物	27	23,238	54,467
			<u>63,170</u>	<u>62,776</u>
Total current assets	總流動資產			
CURRENT LIABILITIES				
	流動負債			
Other payables and accruals	其他應付款及應計費用	29	13,597	13,853
			<u>49,573</u>	<u>48,923</u>
NET CURRENT ASSETS				
	流動資產淨值			
Net assets	資產淨值		<u>422,512</u>	<u>471,220</u>
EQUITY				
	權益			
Issued capital	已發行股本	34	154,483	154,483
Reserves	儲備	36(b)	268,029	316,737
			<u>422,512</u>	<u>471,220</u>
Total equity	權益總額			

Hon Kwok Lung
韓國龍
董事
Director

Shang Jianguang
商建光
董事
Director



NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2005
二零零五年十二月三十一日

1. CORPORATE INFORMATION

China Haidian Holdings Limited is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at Suites 2701-2705 & 2715-2716, 27th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

During the year, the Group was involved in the following principal activities:

- property development
- manufacture and distribution of watches and timepieces
- manufacture and distribution of timber products
- property investment
- manufacture and distribution of enamelled copper wires

Except for the manufacture and distribution of enamelled copper wires which commenced operation in the current year, there were no significant changes in the nature of the Group's principal activities during the year.

1. 公司資料

中國海澱集團有限公司為於開曼群島註冊成立之有限公司。本公司之主要營業地點位於香港中環金融街8號國際金融中心二期27樓2701-2705及2715-2716室。

年內，本集團從事以下主要業務：

- 物業發展
- 製造及分銷鐘錶及時計產品
- 製造及分銷木材產品
- 物業投資
- 製造及分銷漆包銅線

除於本年度開始製造及分銷漆包銅線外，本集團之主要業務性質於年內並無重大變動。



NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2005
二零零五年十二月三十一日

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, securities measured at fair value through profit or loss and certain available-for-sale investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and a jointly-controlled entity for the year ended 31 December 2005. The results of subsidiaries and a jointly-controlled entity are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

2.1 編製基準

財務報表乃根據香港會計師公會頒佈之香港財務申報準則（「香港財務申報準則」，亦包括香港會計準則（「香港會計準則」）及詮釋）、香港公認會計原則及香港公司條例之披露規定，按歷史成本法編製，惟投資物業、按公平值計入溢利或虧損之證券及若干可出售投資按公平值計算。財務報表以港元呈列，除另有指明者外，所有價值均調整至最接近千位。

綜合基準

綜合財務報表包括本公司、其附屬公司及一家共同控制實體截至二零零五年十二月三十一日止年度之財務報表。附屬公司及共同控制實體業績由收購日期（即本集團取得控制權之日）綜合計入賬目，並一直綜合計入賬目，直至該控制權終止之日為止。所有集團系內公司間之重大交易及結餘已於綜合賬目時對銷。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2005
二零零五年十二月三十一日

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside equity holders in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 20	Events after the Balance Sheet Date
HKAS 11	Construction Contracts
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits

2.1 編製基準 (續)

綜合基準 (續)

本集團按收購會計法將年內所收購附屬公司列賬。該項方法涉及分配業務合併成本至所收購資產以及所承擔負債及或然負債於收購日期之公平值。收購成本按於交易日期特定資產、所發行股本工具及所產生或承擔負債之公平值加收購直接應佔成本之總額。

少數股東權益指外界權益持有人於本公司附屬公司業績及資產淨值所佔權益。

2.2 新訂及經修訂香港財務申報準則之影響

以下為對本集團造成影響且於本年度財務報表首次採納之新訂及經修訂香港財務申報準則：

香港會計準則第1號	財務報表呈報
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估計 項目變動及錯誤更正
香港會計準則第10號	結算日後事項
香港會計準則第11號	建築合約
香港會計準則第12號	所得稅
香港會計準則第14號	分類呈報
香港會計準則第16號	物業、廠房及設備
香港會計準則第17號	租賃
香港會計準則第18號	收益
香港會計準則第19號	僱員福利

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2005
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2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKAS 20	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK-Int 3	Revenue – Pre-completion Contracts for the Sale of Development Properties
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

2.2 新訂及經修訂香港財務申報準則之影響 (續)

香港會計準則第20號	政府撥款之會計處理及政府資助之披露
香港會計準則第21號	匯率變動之影響
香港會計準則第23號	借款成本
香港會計準則第24號	有關連人士之披露
香港會計準則第27號	綜合及獨立財務報表
香港會計準則第28號	於聯營公司之投資
香港會計準則第31號	合營公司權益
香港會計準則第32號	金融工具： 披露及呈報
香港會計準則第33號	每股盈利
香港會計準則第36號	資產減值
香港會計準則第37號	撥備、或然負債 及或然資產
香港會計準則第39號	金融工具：確認及計量
香港會計準則第39號 經修訂	金融資產及金融負債之 過渡及初步確認
香港會計準則第40號	投資物業
香港財務申報準則第2號	股份付款
香港財務申報準則第3號	業務合併
香港(常務詮釋委員會) — 詮釋第21號	所得稅—收回重估 不可折舊資產
香港—詮釋3	收益—銷售發展物業 之完工前合約
香港—詮釋4	租賃—就香港土地租賃 釐定租賃年期



NOTES TO FINANCIAL STATEMENTS

財務報表附註

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2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The adoption of HKASs 2, 7, 8, 10, 11, 12, 14, 16, 18, 19, 20, 21, 23, 27, 28, 33, 37, HKFRS 2, and HK-Int 4 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures.

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 17 – Leases

In prior years, leasehold land and buildings held for own use were stated at cost less accumulated depreciation and any impairment losses.

2.2 新訂及經修訂香港財務申報準則之影響 (續)

採納香港會計準則第2、7、8、10、11、12、14、16、18、19、20、21、23、27、28、33、37號、香港財務申報準則第2號及香港一詮釋4並無對本集團及本公司會計政策以及本集團及本公司財務報表計算方式造成任何重大影響。

香港會計準則第1號對綜合資產負債表、綜合損益表及綜合權益變動表所示少數股東權益之呈列方式及其他披露事項構成影響。

香港會計準則第24號擴大有關連人士之定義，並對本集團有關連人士之披露事項構成影響。

採納其他香港財務申報準則之影響概述如下：

(a) 香港會計準則第17號 – 租賃

於過往年度，持作自用之租賃土地及樓宇乃按成本減累積折舊及任何減值虧損列賬。



NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2005
二零零五年十二月三十一日

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) HKAS 17 – Leases (continued)

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is classified as prepaid land lease payments, while leasehold buildings will be classified as part of property, plant and equipment. Prepaid land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

This change in accounting policy has had no material effect on the consolidated income statement and accumulated losses. The comparative amounts for the year ended 31 December 2004 in the consolidated balance sheet have been restated to reflect the reclassification of the leasehold land.

2.2 新訂及經修訂香港財務申報準則之影響 (續)

(a) 香港會計準則第17號 – 租賃 (續)

於採納香港會計準則第17號後，本集團於土地及樓宇之租賃權益獨立分類為租賃土地及租賃樓宇。本集團之租賃土地分類為經營租賃，原因為土地之業權預期於租賃期結束前不會轉移至本集團，並分類至預付土地租賃款項，而租賃樓宇將分類為物業、廠房及設備其中部分。經營租賃項下預付土地租賃款項初步按成本列賬，其後按租期以直線基準攤銷。倘租賃款項未能於土地及樓宇部分間可靠分配，則全部租賃款項會計入土地及樓宇成本，列作物業、廠房及設備之融資租賃。

是項會計政策變動對綜合損益表及累積虧損並無任何重大影響。綜合資產負債表內截至二零零四年十二月三十一日止年度之比較數字已重列，以反映租賃土地之重新分類。



NOTES TO FINANCIAL STATEMENTS

財務報表附註

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2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(b) HKAS 32 and HKAS 39 – Financial Instruments

In prior years, the Group classified its investments in equity securities as investment securities and long term investment held for non-trading purposes and were stated at cost, and the Group's share of the investee company's net assets value (the "Deemed Cost") at the time of its transfer to a long term investment, respectively, less any impairment losses.

Upon the adoption of HKAS 39, these investment securities and long term investment held by the Group at 1 January 2005 of HK\$20,240,000 and HK\$3,477,000, respectively, are designated as available-for-sale investments under the provisions of HKAS 39 and are stated at fair value with gains or losses being recognised as a separate component of equity until subsequent derecognition or impairment and at the Deemed Cost, respectively, as more fully explained in note 2.5.

2.2 新訂及經修訂香港財務申報準則之影響 (續)

(b) 香港會計準則第32號及香港會計準則第39號 – 金融工具

於過往年度，本集團將股本證券投資分類為投資證券及長期投資，乃持作非買賣用途，並按成本及本集團於轉撥至長期投資時應佔被投資公司之資產淨值（「設定成本」），減任何減值虧損列賬。

於採納香港會計準則第39號後，本集團所持於二零零五年一月一日分別為20,240,000港元及3,477,000港元之該等投資證券及長期投資，根據香港會計準則第39號之條文指定為可出售投資，按公平值列賬，有關損益會確認為股本獨立部分，直至分別其後剔除確認或出現減值及設定成本為止，進一步詳細說明載於附註2.5。



NOTES TO FINANCIAL STATEMENTS

財務報表附註

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二零零五年十二月三十一日

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(b) HKAS 32 and HKAS 39 – Financial Instruments (continued)

In prior years, the Group classified its investment in equity securities for trading purposes as short term investments, and were stated at their fair values on an individual basis with gains and losses recognised in the income statement. Upon the adoption of HKAS 39, these investments held by the Group at 1 January 2005 in the amount of HK\$12,792,000 are designated as financial assets at fair value through profit or loss under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised in the income statement.

The effects of the above changes are summarised in note 2.4 to the financial statements. In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

(c) HKAS 40 – Investment property

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

2.2 新訂及經修訂香港財務申報準則之影響 (續)

(b) 香港會計準則第32號及香港會計準則第39號 – 金融工具 (續)

於過往年度，本集團將持作買賣用途之股本證券投資分類為短期投資，根據個別基準按其公平值列賬，有關損益會於損益表確認。於採納香港會計準則第39號後，本集團所持於二零零五年一月一日價值12,792,000港元之該等投資，根據香港會計準則第39號之過渡條文指定為按公平值計入溢利或虧損之金融資產，因此按公平值列賬，有關損益會於損益表確認。

上述變動之影響概述於財務報表附註2.4。按照香港會計準則第39號之過渡條文，比較數字未有重列。

(c) 香港會計準則第40號 – 投資物業

於過往年度，投資物業公平值之變動列作投資物業重估儲備變動處理。倘按組合基準計算，該儲備總額不足以補償虧絀，剩餘之虧絀自損益表扣除。其後任何重估盈餘則以早前所扣除虧絀為限，計入損益表。



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2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(c) HKAS 40 – Investment property (continued)

Upon the adoption of HKAS 40, gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

The adoption of HKAS 40 has had no material impact on the consolidated income statement and accumulated losses.

Investment property is now presented separately on the face of the consolidated balance sheet. Comparative amounts have been reclassified to conform with the current year's presentation.

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

In prior years, goodwill arising on acquisitions prior to 1 January 2001 was eliminated against consolidated reserves in the year of acquisition and was not recognised in the income statement until disposal or impairment of the acquired businesses.

Goodwill arising on acquisitions on or after 1 January 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment.

2.2 新訂及經修訂香港財務申報準則之影響 (續)

(c) 香港會計準則第40號 – 投資物業 (續)

採納香港會計準則第40號後，投資物業公平值變動所產生損益會計入有關損益產生年度之損益表。

採納香港會計準則第40號對綜合損益表及累積虧損並無重大影響。

投資物業現於資產負債表個別呈列。比較數字已重新分類，以符合本年之呈列方式。

(d) 香港財務申報準則第3號 – 業務合併及香港會計準則第36號 – 資產減值

於過往年度，因於二零零一年一月一日前之收購所產生商譽於收購年度之綜合儲備對銷，於所收購業務出售或減值前不會於損益表確認。

於二零零一年一月一日或之後之收購所產生商譽會撥充資本，並於其估計可使用年期以直線法攤銷，且須於出現減值跡象時檢測減值。



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2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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

The adoption of HKFRS 3 and HKAS 36 has resulted in the Group ceasing annual goodwill amortisation and commencing testing for impairment at the cash-generating unit level annually (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired).

The transitional provisions of HKFRS 3 have required the Group to eliminate at 1 January 2005 the carrying amounts of accumulated amortisation with a corresponding adjustment to the cost of goodwill. Goodwill previously eliminated against the consolidated reserves remains eliminated against the consolidated reserves and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates become impaired.

The effect of the above changes are summarised in note 2.4 to the financial statements. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

2.2 新訂及經修訂香港財務申報準則之影響 (續)

(d) 香港財務申報準則第3號 – 業務合併及香港會計準則第36號 – 資產減值 (續)

採納香港財務申報準則第3號及香港會計準則第36號導致本集團不再每年攤銷商譽，並開始按現金產生單位每年檢測減值或倘出現顯示賬面值可能減值之事項或變動時經常進行檢測。

香港財務申報準則第3號之過渡條文規定，本集團須撤銷於二零零五年一月一日之累積攤銷賬面值，並於商譽成本作出相應調整。早前於綜合儲備對銷之商譽，繼續於綜合儲備對銷，出售全部或部分與商譽有關之業務或倘與商譽有關之現金產生單位出現減值時，不會於損益表確認商譽。

上述變動之影響概述於財務報表附註2.4。按照香港財務申報準則第3號之過渡條文，比較數字未有重列。



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2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(e) HK-Int 3 – Revenue – Pre-completion Contracts for the Sale of Development Properties

Properties under development are stated at cost which includes all development expenditure, interest charges and other costs directly attributable to such properties.

Properties under development with pre-completion contracts entered into on or before 31 December 2004 for the sale of those properties, are stated at cost plus attributable profits less any foreseeable losses, and deposits and instalments received. The total estimated profit of such properties is apportioned over the entire period of construction to reflect the progress of the development. On this basis, profit recognised on the pre-sold portion of the properties is calculated by reference to the proportion of construction costs incurred up to the balance sheet date, to the estimated total construction costs to completion, but is limited to the amount of sales deposits and instalments received and with due allowance for contingencies (the “Percentage of Completion Method”).

2.2 新訂及經修訂香港財務申報準則之影響 (續)

(e) 香港詮釋3 – 收益 – 銷售發展物業之完工前合約

發展中物業按成本列賬，成本包括所有開發支出、利息支出及該等物業直接應佔之其他成本。

於二零零四年十二月三十一日或之前就出售該等物業訂立完工前合約之發展中物業，按成本加應佔溢利減任何可預見虧損與所收按金及分期付款項後列賬。該等物業之估計溢利總額會按整個建築期間分配，以反映發展進度。按此基準，就物業預售部分確認之溢利乃參考截至結算日已產生之建築成本相對直至完工估計總建築成本之比例計算，惟限於所收銷售按金以及分期付款項，並就或然項目作出適當撥備（「完工百分比方法」）。



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2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(e) HK-Int 3 – Revenue – Pre-completion Contracts for the Sale of Development Properties (continued)

HK-Int 3, which is effective for the pre-completion contracts for sale of development properties entered into on or after 1 January 2005, generally requires revenue from the sale of properties to be recognised when the significant risks and rewards of ownership of the properties have been transferred to the buyers and the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties sold, which is usually at the time when the Group has no further substantial acts to complete under the contracts.

The Group has not applied HK-Int 3 retrospectively to pre-completion contracts for the sale of development properties entered into before 1 January 2005 in these consolidated financial statements, which continues to be accounted for on the Percentage of Completion Method.

The effect of the above changes are summarised in note 2.4 to the financial statements.

2.2 新訂及經修訂香港財務申報準則之影響 (續)

(e) 香港詮釋3 – 收益 – 銷售發展物業之完工前合約 (續)

香港詮釋3適用於二零零五年一月一日或之後訂立有關銷售發展物業之完工前合約，一般規定銷售物業所得收益須於物業擁有權之重大風險及回報轉移至買方，且本集團不再涉及其一般與擁有權相關之管理或對所售出物業擁有實際控制權之情況下確認，一般為本集團根據合約再無須予採取之重大行動時。

本集團並無於此等綜合財務報表對於二零零五年一月一日前訂立有關銷售發展物業之完工前合約追溯應用香港詮釋3，繼續以完工百分比方法列賬。

上述變動之影響概要載於財務報表附註2.4。



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2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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

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

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

The adoption of HK(SIC)-Int 21 has had no material impact to the previously reported figures of the Group.

2.2 新訂及經修訂香港財務申報準則之影響 (續)

(f) 香港(常務詮釋委員會)－詮釋第21號－所得稅－收回重估不可折舊資產

於過往期間，重估投資物業產生之遞延稅項按出售投資物業時適用之稅率確認。

於採納香港(常務詮釋委員會)－詮釋第21號後，重估本集團投資物業產生之遞延稅項視乎該等物業會否透過使用或出售而收回作釐定。本集團決定，其投資物業將會透過使用收回，因此所得稅稅率已用於計算遞延稅項。

採納香港(常務詮釋委員會)－詮釋第21號並無對本集團過往呈報之數據造成任何重大影響。

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2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRSs 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HKAS 21 Amendment	Net Investment in a Foreign Operation

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

2.3 已頒佈但尚未生效之香港財務申報準則影響

本集團並無就財務報表採納以下已頒佈但尚未生效之新訂及經修訂香港財務申報準則。除另有指明者外，該等香港財務申報準則於二零零六年一月一日或之後開始之年度期間生效：

香港會計準則第1號(修訂)	資本披露
香港會計準則第39號及香港財務申報準則第4號(修訂)	財務擔保合約
香港財務申報準則第1及6號(修訂)	首次採納香港財務申報準則及礦產資源勘探及評估
香港財務申報準則第7號	金融工具：披露
香港(國際財務報告詮釋委員會)－詮釋4	釐定安排是否包括租賃
香港會計準則第21號(修訂)	海外業務淨投資

香港會計準則第1號(修訂)適用於二零零七年一月一日或之後開始之年度期間。經修訂準則將對有關本集團管理資金之目標、政策及程序的質量資料披露；有關本公司資金之數量資料；及遵守任何資金規定及未能遵守規定之後果造成影響。



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2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 7 incorporates the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual periods beginning on or after 1 January 2007.

In accordance with the amendments to HKAS 39 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18.

Except as stated above, the Group expects that the adoption of the pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

2.3 已頒佈但尚未生效之香港財務申報準則影響(續)

香港財務申報準則第7號已載入香港會計準則第32號有關金融工具之披露規定。此項香港財務申報準則適用於二零零七年一月一日或之後開始之年度期間。

根據香港會計準則第39號有關財務擔保合約之修訂，財務擔保合約初步按公平值確認，其後按(i)根據香港會計準則第37號釐定之數額及(ii)初步確認之數額減(如適用)根據香港會計準則第18號確認之累積攤銷的較高者計算。

除上述者外，本集團預期，採納上述準則頒佈將不會於初步應用期間對本集團財務報表造成任何重大影響。

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2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

2.4 會計政策變動之影響概要

(a) Effect on the consolidated balance sheet

(a) 對綜合資產負債表之影響

		Effect of adopting 採納以下之影響		
		HKAS 1# 香港會計準則 第1號#	HKAS 17# 香港會計準則 第17號#	
At 31 December 2004				
Effect of new policies (Increase/(decrease)) 於二零零四年十二月三十一日			Prepaid land lease payments	
新政策之影響 (增加/(減少))	Presentation 呈列	預付土地 租賃款項	Total 總計	
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Assets	資產			
Property, plant and equipment	物業、廠房及設備	(84,971)	(54,225)	(139,196)
Investment properties	投資物業	84,971	-	84,971
Prepaid land lease payments	預付土地租賃款項	-	54,225	54,225
				-

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

2.4 會計政策變動之影響概要(續)

(a) Effect on the consolidated balance sheet (continued)

(a) 對綜合資產負債表之影響(續)

	Effect of adopting 採納以下之影響			Total 總計
	HKAS 1# 香港會計準則 第1號#	HKAS 17# 香港會計 準則第17號#	HKASs 32 and 39* 香港會計準則 第32號 及第39號*	
At 1 January 2005				
Effect of new policies (Increase/(decrease))		Prepaid land lease payments	Change in classification of equity investments	
於二零零五年一月一日 新政策之影響 (增加/(減少))	Presentation 呈列 HK\$'000 千港元	預付土地 租賃款項 HK\$'000 千港元	股本投資 分類變動 HK\$'000 千港元	總計 HK\$'000 千港元
Assets	資產			
Property, plant and equipment	(84,971)	(54,225)	-	(139,196)
Investment properties	84,971	-	-	84,971
Prepaid land lease payments	-	54,225	-	54,225
Available-for-sale investments	-	-	20,792	20,792
Long term investment	-	-	(3,477)	(3,477)
Investment securities	-	-	(20,240)	(20,240)
Securities measured at fair value through profit or loss	-	-	12,792	12,792
Short term investments	-	-	(12,792)	(12,792)
				(2,925)
Equity	股本			
Accumulated losses	-	-	(2,925)	(2,925)

* Adjustments taken effect prospectively from 1 January 2005

* 預期自二零零五年一月一日生效之調整

Presentation taken effect retrospectively

追溯呈列

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2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

2.4 會計政策變動之影響概要 (續)

(a) Effect on the consolidated balance sheet (continued)

(a) 對綜合資產負債表之影響 (續)

At 31 December 2005 Effect of new policies (Increase/(decrease)) 於二零零五年十二月三十一日 新政策之影響 (增加/(減少))	Effect of adopting 採納以下之影響						Total 總計 HK\$'000 千港元
	Revenue- Pre- completion contracts 收益- 完工前合約 HK\$'000 千港元	HKAS 1 香港會計 準則第1號 Presentation 呈列 HK\$'000 千港元	HKAS 17 香港會計 準則第17號 Prepaid land lease payments 預付土地 租賃款項 HK\$'000 千港元	HKASs 32 and 39 香港會計準則 第32號及 第39號 Change in classification of equity investments 股本投資 分類變動 HK\$'000 千港元	Discontinuation of amortisation of goodwill 終止 攤銷商譽 HK\$'000 千港元	HK(SFC)- Int 21 香港(常務 詮釋委員會) - 詮釋第21號 Deferred tax on revaluation of investment properties 重估投資物業 之遞延稅項 HK\$'000 千港元	
Assets	資產						
Properties under development	(158,425)	-	-	-	-	-	(158,425)
Property, plant and equipment	-	(66,689)	(51,648)	-	-	-	(118,337)
Investment properties	-	66,689	-	-	-	-	66,689
Prepaid land lease payments	-	-	51,648	-	-	-	51,648
Prepayments, deposits and other receivables	(10,925)	-	-	-	-	-	(10,925)
Goodwill	-	-	-	-	584	-	584
Securities measured at fair value through profit or loss	-	-	-	44,210	-	-	44,210
Short term investments	-	-	-	(44,210)	-	-	(44,210)
							<u>(168,766)</u>
Liabilities/equity	負債/股本						
Deposits received from customers	(218,495)	-	-	-	-	-	(218,495)
Other payables	10,291	-	-	-	-	-	10,291
Tax payable	18,138	-	-	-	-	794	18,932
Retained profits	20,716	-	-	-	584	(794)	20,506
							<u>(168,766)</u>



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2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

2.4 會計政策變動之影響概要 (續)

(b) Effect on the balances of equity at 1 January 2005

(b) 對二零零五年一月一日股本結餘之影響

		HKAS 39 Designation of available- for-sale investments 香港會計準則 第39號 指定 可出售投資 HK\$'000 千港元
Effect of new policy 新政策之影響		
Increase in accumulated losses at 1 January 2005	於二零零五年一月一日之 累積虧損增加	2,925

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2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

2.4 會計政策變動之影響概要 (續)

(c) Effect on the consolidated income statement for the year ended 31 December 2005

(c) 對截至二零零五年十二月三十一日止年度綜合損益表之影響

		Effect of adopting 採納之影響			Total 總計
		HK-Int 3 香港-詮釋3 Revenue- Pre- completion contracts 收益- 完工前合約 HK\$'000 千港元	HKFRS 3 香港財務 申報準則第3號 Discontinuation of amorisation of goodwill 終止 攤銷商譽 HK\$'000 千港元	HK(SIC)-Int 21 香港(常務 詮釋委員會) -詮釋第21號 Deferred tax on revaluation of investment properties 投資物業重估 之遞延稅項 HK\$'000 千港元	
Effect of new policies (Increase/(decrease)) of loss for the year 新政策之影響 年內虧損(增加/(減少))					
Year ended 31 December 2005	截至二零零五年 十二月三十一日止年度				
Revenue	收入	(207,570)	-	-	(207,570)
Cost of sales	銷售成本	168,716	-	-	168,716
Other operating income, net	其他經營收入淨額	-	(584)	-	(584)
Tax	稅項	18,138	-	794	18,932
					187,064
Total increase/(decrease) in loss for the year	年內虧損增加/(減少) 總額	(20,716)	(584)	794	(20,506)
Increase/(decrease) in basic loss per share	每股基本虧損 增加/(減少)	HK(1.33) cents港仙	HK(0.04) cent港仙	HK0.05 cent港仙	HK(1.32) cents港仙



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

2.5 主要會計政策概要

附屬公司

附屬公司指本公司直接或間接控制其財務及營運政策，以從其業務獲益之實體。

附屬公司之業績乃就已收及應收股息計入本公司之損益表。本公司於附屬公司之權益乃按成本減任何減值虧損列賬。

合營公司

合營公司指按合約安排成立之公司，本集團及其他訂約方藉此進行經濟業務。合營公司按個別實體模式經營，而本集團及該等其他訂約方於當中擁有權益。

合營方之間訂立之合營協議訂明合營方之注資額、合營企業年期及解散時變現資產之基準。合營公司業務產生之盈虧以及剩餘資產之任何分派均由合營方按其各自之注資比例或按合營協議條款攤分。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures (continued)

A joint venture is treated as:

- (a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;
- (b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;
- (c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or
- (d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in its jointly-controlled entities are accounted for by proportionate consolidation, which involves recognising its share of the jointly-controlled entities' assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis.

2.5 主要會計政策概要 (續)

合營公司 (續)

倘合營公司:

- (a) 由本集團單方面直接或間接控制, 則合營公司會被視為附屬公司;
- (b) 並非由本集團單方面控制, 惟直接或間接受共同控制, 則合營公司會被視作共同控制實體;
- (c) 並非由本集團單方面控制, 亦非共同控制, 惟一般直接或間接持有合營公司註冊資本不少於20%權益, 且可對其行使重大影響力, 則合營公司會被視作聯營公司; 或
- (d) 由本集團直接或間接持有其少於20%註冊資本, 且無共同控制權, 本公司亦不可對其行使重大影響, 則合營公司根據香港會計準則第39號按股本投資列賬。

共同控制實體

共同控制實體為受共同控制之合營公司, 而概無參與方單方面控制共同控制實體之經濟活動。

本集團於共同控制實體之權益按比例綜合入賬, 涉及於綜合財務報表之類似項目按逐項基準確認其應佔共同控制實體資產、負債、收入及開支之貨額。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly-controlled entities (continued)

The results of jointly-controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

2.5 主要會計政策概要 (續)

共同控制實體 (續)

共同控制實體業績乃就已收及應收股息計入本公司損益表。本公司於共同控制實體之權益被視為非流動資產，按成本減任何減值虧損列賬。

聯營公司

聯營公司並非附屬公司或共同控制實體，本集團擁有其長期股本投票權一般不少於20%及可對其行使重大影響。

本集團應佔聯營公司之收購後業績及儲備分別計入綜合損益表及綜合儲備。本集團於聯營公司之權益，按本集團應佔資產淨值減任何減值虧損以權益會計法計入綜合資產負債表內。

聯營公司之業績乃就已收及應收股息計入本公司損益表。本公司於聯營公司之權益視作非流動資產，並按成本減任何減值虧損列賬。

商譽

收購附屬公司產生之商譽指業務合併成本超出於收購日期本集團於所收購被收購公司可識別資產及所承擔負債與或然負債於收購日期之公平淨值權益之差額。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Goodwill on acquisitions for which the agreement date is on or after 1 January 2005

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 "Segment Reporting".

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

2.5 主要會計政策概要 (續)

商譽 (續)

協議日期於二零零五年一月一日或之後收購所產生商譽

收購所產生商譽在綜合資產負債表確認為資產，初步按成本計算，其後則按成本減所有累積減值虧損計算。

商譽賬面值每年進行減值審閱，倘發生顯示賬面值可能出現減值之事件或變動時或會更頻密審閱。

就減值檢測而言，業務合併收購之商譽自收購日期起分配至預期可自合併協同效益獲益之本集團各現金產生單位或現金產生單位集合，而不論本集團其他資產或負債是否轉撥至有關單位或單位集合。分配商譽之各單位或單位集合：

- 為於本集團就內部管理目的監管商譽之最低層；及
- 不大於根據香港會計準則第14號「分類呈報」按本集團主要或本集團次要呈報方式釐定之分類。

減值按評估與商譽有關之現金產生單位（現金產生單位集合）可收回數額釐定。倘現金產生單位（現金產生單位集合）可收回數額低於其賬面值，則確認減值虧損。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

Applicable to the year ended 31 December 2004

Prior to the adoption of Statement of Standard Accounting Practice 2.130 "Business Combinations" ("SSAP 30") in 2001, goodwill arising on acquisition was eliminated against the consolidated reserves in the year of acquisition. In 2001, on adoption of SSAP 30, the Group applied the transitional provision of SSAP 30 that permitted such goodwill to remain eliminated against consolidated reserves. Goodwill arising on acquisition on or after 1 January 2001 was recognised in the consolidated balance sheet and amortised on the straight-line basis over its estimated useful life of 10 years. On the adoption of HKFRS 3, such goodwill remains eliminated against the consolidated reserves and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

2.5 主要會計政策概要 (續)

商譽 (續)

倘商譽組成現金產生單位 (現金產生單位集合), 而該單位內業務部分出售, 於釐定出售業務之損益時, 與出售業務相關之商譽計入業務之賬面值。在該情況下, 售出商譽按售出業務相關價值計算, 而現金產生單位部分則會保留。

就商譽確認之減值虧損不會於其後期間撥回。

適用於截至二零零四年十二月三十一日止年度

於二零零一年採納會計實務準則2.130「業務合併」(「會計實務準則第30號」)前, 收購所產生商譽於收購年度在綜合儲備撇銷。於二零零一年, 採納會計實務準則第30號後, 本集團應用該會計實務準則許可商譽繼續於綜合儲備抵銷之過渡條文。於二零零一年一月一日或之後收購所產生商譽於綜合資產負債表內確認, 並於估計可用年期10年以直線法攤銷。於採納香港財務申報準則第3號時, 有關商譽繼續於綜合儲備撇銷, 並於所有或部分與商譽有關之業務售出或與商譽有關之現金產生單位出現減值前, 不會於損益表確認。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.5 主要會計政策概要 (續)

資產減值

倘資產出現減值的跡象或資產(存貨、遞延稅項資產、金融資產、投資物業及商譽除外)被要求進行年度減值檢測,則會估計資產之可收回數額。資產可收回數額按資產或現金產生單位之使用價值或其公平值之較高者減出售成本計算,並按個別資產釐定,除非資產並無產生大致上與其他資產或資產集合獨立之現金流量,在此情況下,就資產所屬現金產生單位釐定可收回數額。

倘資產賬面值超出其可收回數額,方始確認減值虧損。於評估使用價值時,估計日後現金流量按稅前貼現率貼現至其現值,貼現率反映現時市場對貨幣時間價值之評估及資產之特定風險。減值虧損於產生期間在損益表扣除,除非資產按重估金額列賬。在該情況下,減值虧損根據重估資產相關會計政策列賬。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

2.5 主要會計政策概要 (續)

資產減值 (續)

於各申報日期進行評估，以釐定是否有任何跡象顯示早前已確認減值虧損不再存在或可能減少。倘有關跡象出現，則估計可收回數額。除商譽外，早前已確認資產減值虧損僅於釐定資產可收回數額之估計出現變動時方始撥回，惟有關數額不得高於過往並無就資產確認減值虧損之年度原應釐定之賬面值（扣除任何折舊／攤銷）。有關減值虧損撥回於產生期間計入損益表，除非資產按重估金額列賬。在該情況下，減值虧損撥回根據重估資產相關會計政策列賬。

有關連人士

在以下情況，有關人士將視作本集團之有關連人士：

- (a) 透過一家或以上中介公司直接或間接 (i) 控制、受本集團控制或與本集團受共同控制；(ii) 於本集團擁有權益且對本集團發揮重大影響力；或 (iii) 對本集團擁有共同控制權；



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2.5 主要會計政策概要 (續)

有關連人士 (續)

- (b) 為聯繫人士；
- (c) 為共同控制實體；
- (d) 為本集團主要管理人員；
- (e) 為(a)或(d)項所述任何人士之近親；
- (f) 為受直接或間接與(d)或(e)項所述任何人士有關之實體控制、共同控制或受重大影響或行使大量投票權之實體；或
- (g) 為本集團僱員或屬本集團有關連人士之任何實體之福利所設僱用後福利計劃。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	2% to 15%
Leasehold improvements	10% or over the remaining lease term, whichever is shorter
Plant and machinery	6% to 25%
Furniture, fixtures and office equipment	10% to 33 $\frac{1}{3}$ %
Motor vehicles	10% to 25%

2.5 主要會計政策概要 (續)

物業、廠房及設備以及折舊

物業、廠房及設備乃按成本減累積折舊及任何減值虧損列賬。物業、廠房及設備項目成本包括其購買價格及令該項資產達至其擬定用途運作狀況及位置的任何直接應佔成本。物業、廠房及設備項目投入運作後產生的支出，如修理與維護費用等，一般均會計入該等支出產生期間的損益表內。倘能清楚證明該等支出可引致因使用該項物業、廠房及設備項目而帶來的預期日後經濟利益有所增加以及能夠可靠計算有關項目成本，則將該等支出撥充資本，撥作有關資產的額外或重置成本。

折舊乃按估計可使用年期以直線法撇銷各物業、廠房及設備成本至其估計剩餘價值計算。就此而言，有關主要年率如下：

土地及樓宇	2%至15%
租賃物業裝修	10%或尚餘租賃年期（以較短者為準）
廠房及機器	6%至25%
傢具、裝置及辦公室設備	10%至33 $\frac{1}{3}$ %
汽車	10%至25%



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

2.5 主要會計政策概要 (續)

物業、廠房及設備以及折舊 (續)

倘物業、廠房及設備項目之可用年期不同，有關項目成本按合理基準於分別計提折舊之多個部分及各部分間分配。

剩餘價值、可用年期及折舊方法於各結算日檢討及視適當情況調整。

物業、廠房及設備項目於出售或預期不會自使用或出售有關項目獲得日後經濟利益時剔除確認。於收益表確認之出售或廢棄時所產生任何收益或虧損，指出售所得款項淨額與有關資產賬面值之差額。

投資物業

投資物業指於就賺取租金收入及／或資本增值所持有土地及樓宇權益，而非就生產或供應貨品或服務或就行政目的；或就於日常業務中銷售而持有。有關物業初步按成本計算，包括交易成本。於初步確認後，投資物業按公平值列賬，以反映於結算日之市場狀況。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Properties under development

Properties under development are stated at cost which includes all development expenditure, interest charges and other costs directly attributable to such properties.

Properties under development with pre-completion contracts for sale of those properties entered into on or before 31 December 2004 are stated at cost plus attributable profits less any foreseeable losses, and deposits and installments received.

For properties under development with pre-completion contracts for sale of those properties entered into on or before 31 December 2004, the total estimated profit is apportioned over the entire period of construction to reflect the progress of the development. On this basis, profit recognised on the pre-sold portion of the properties is calculated by reference to the proportion of construction costs incurred up to the balance sheet date, to the estimated total construction costs to completion, but is limited to the amount of sales deposits and instalments received and with due allowance for contingencies.

2.5 主要會計政策概要 (續)

投資物業 (續)

投資物業公平值變動產生之收益或虧損於產生年度計入收益表。

投資物業廢棄或出售產生之收益或虧損於廢棄或出售年度在收益表確認。

發展中物業

發展中的物業按成本值列賬，包括所有發展費用、利息支出及其他直接與該等物業有關之成本。

於二零零四年十二月三十一日或之前，就出售該等物業訂立完工前銷售合約之發展中物業（「預售」）按成本值加應佔溢利減任何可預見虧損以及已收訂金和已收分期付款列賬。

於二零零四年十二月三十一日或之前，就出售該等物業訂立完工前銷售合約之發展中物業，估計溢利總額會於整個建築期間分攤，以反映發展進度。按此基準，就物業已預售部分確認之溢利，經參考計至年結日產生之建築成本佔估計建成物業總成本之比例而計算，惟以銷售訂金及已收分期付款之金額為限，並會對或然負債作出適當撥備。



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財務報表附註

31 December 2005
二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties under development (continued)

Properties under development which have either been pre-sold or which are intended for sale, and are expected to be completed within one year from the balance sheet date, are classified as current assets.

Properties for sale

Properties for sale are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

2.5 主要會計政策概要 (續)

發展中物業 (續)

預期會於年結日起計一年內建成之已預售或擬出售發展中物業會列作流動資產。

待售物業

待售物業按成本或可變現淨值之較低者列賬。可變現淨值按估計售價減完成及出售所產生任何估計成本計算。

租約

凡資產所有權的所有收益及風險仍歸於出租人的租約，均視作經營租約。倘本集團為出租人，本集團按經營租約租賃之資產列作非流動資產，而應收經營租約租金則按有關租約年期以直線法計入損益表。倘本集團為承租人，應付經營租約租金按有關租約年期以直線法自損益表扣除。

經營租約之預付土地租賃款項初步按成本列賬，其後以直線法於租約年期確認。倘租約款項不能於土地及樓宇部分間可靠分配，整項租約計入土地及樓宇成本，列作物業、廠房及設備之融資租約。

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31 December 2005
二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Applicable to the year ended 31 December 2004

Investment securities

Investment securities represent investments in listed equity securities intended to be held for a continuing strategic and long term purpose, and are stated at cost less any impairment losses, on an individual investment basis.

When a decline in the fair value of a security below its carrying amount has occurred, unless there is evidence that the decline is temporary, the carrying amount of the security is reduced to its fair value, as estimated by the directors. The amount of the impairment is charged to the income statement in the period in which it arises. When the circumstances and events which led to the impairment in value cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged is credited to the income statement to the extent of the amount previously charged.

Long term investment

Long term investment represents the Group's interest in its former subsidiary in the People's Republic of China ("PRC") which is intended to be held on a long term basis. It is stated at the Group's share of its net assets value at the time of its transfer to the long term investment, less any impairment losses.

2.5 主要會計政策概要 (續)

投資及其他金融資產

適用於截至二零零四年十二月三十一日止年度

投資證券

投資證券指擬就持續策略長期持有之上市股本證券投資，乃按個別投資基準，以成本減任何減值虧損列賬。

倘證券之公平值降至低於其賬面值，除非有證據顯示該減少屬暫時性質，否則該證券之賬面值會下調至董事所估計之公平值。減值數額於產生期間在損益表扣除。當出現導致減值終止存在之情況及事件，且有具說服力證據顯示新情況及事件於可預見未來持續，則早前扣除之減值數額按早前所扣除數額計入損益表。

長期投資

長期投資指本集團於其位於中華人民共和國（「中國」）之前附屬公司擬長期持有之權益，乃按本集團轉撥至長期投資之時分佔有關資產淨值減任何減值虧損列賬。



NOTES TO FINANCIAL STATEMENTS

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31 December 2005
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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Applicable to the year ended 31 December 2004 (continued)

Short term investments

Short term investments are investments in equity securities held for trading purposes and are stated at their fair values on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. The gains or losses arising from changes in the fair value of a security are credited or charged to the income statement in the period in which they arise.

Applicable to the year ended 31 December 2005

Financial assets in the scope of HKAS 39 are classified as either securities measured at fair value through profit or loss, loans and receivables, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

2.5 主要會計政策概要 (續)

投資及其他金融資產 (續)

適用於截至二零零四年十二月三十一日止年度 (續)

短期投資

短期投資乃持作買賣用途之股本證券投資，按結算日所報市價之公平值以個別投資基準列賬。證券公平值變動產生之盈虧於產生期間在損益表計入或扣除。

適用於截至二零零五年十二月三十一日止年度

屬於香港會計準則第39號範圍內之金融資產分類為按公平值計入溢利或虧損之證券、貸款及應收款項，或可供出售金融資產（視適用情況而定）。初步確認金融資產時，乃按公平值計量，倘屬並非按公平值計入溢利或虧損之投資，則加上直接應佔交易成本。本集團於初步確認後決定其金融資產之分類，倘允許及合適，會於結算日重新評估該分類。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2005
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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Applicable to the year ended 31 December 2005 (continued)

All regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Securities measured at fair value through profit or loss

Financial assets classified as held for trading are included in the category “securities measured at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.5 主要會計政策概要 (續)

投資及其他金融資產 (續)

適用於截至二零零五年十二月三十一日止年度 (續)

所有一般方式進行之金融資產買賣均於交易日期確認，即本集團承諾購買資產當日。一般方式之買賣指須於一般按規則或市場慣例訂定之期間內付運資產之金融資產買賣。

按公平值計入溢利或虧損之證券

分類為持作買賣之金融資產列入「按公平值計入溢利或虧損之證券」類別。金融資產於購入作短期內銷售用途之情況下分類為持作買賣。持作買賣投資之收益或虧損於損益表確認。

貸款及應收款項

貸款及應收款項為並無於活躍市場報價惟具有固定或待定款項之非衍生金融資產。此等資產採用實際利率法，按攤銷成本入賬。當貸款及應收款項剔除確認或出現減值情況，則收益及虧損於收益表確認並攤銷。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Applicable to the year ended 31 December 2005 (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted securities that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

2.5 主要會計政策概要 (續)

投資及其他金融資產 (續)

適用於截至二零零五年十二月三十一日止年度 (續)

可供出售金融資產

可供出售金融資產乃上市及非上市證券之非衍生工具金融資產，指定作可供出售或並無歸類為其他兩個類別。初步確認後，可供出售金融資產按公平值計算，而收益或虧損則確認為股本獨立部分，直至投資被剔除確認或釐定為減值為止，屆時之前於股本呈報之累計收益或虧損將計入損益表。

倘由於(a)合理公平值估計範圍對投資而言屬重大，或(b)無法合理評估有關範圍內不同估計之可能性或使用有關公平值估計，不能可靠計算非上市股本證券之公平值，則按成本減任何減值虧損列賬。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Applicable to the year ended 31 December 2005 (continued)

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Impairment of financial assets (applicable to the year ended 31 December 2005)

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

2.5 主要會計政策概要 (續)

投資及其他金融資產 (續)

適用於截至二零零五年十二月三十一日止年度 (續)

公平值

於有系統金融市場活躍買賣投資之公平值，參考結算日營業時間結束時所報買入市價釐定。至於無活躍市場之投資，則利用估值方法釐定公平值。有關方法包括參考近期公平市場交易、大致相同之另一工具近期市價、折算現金流量分析及期權定價模式。

金融資產減值 (適用於截至二零零五年十二月三十一日止年度)

本集團於各結算日評估有否客觀證據顯示金融資產或一組金融資產出現減值。

按攤銷成本入賬之資產

倘有客觀證據顯示按攤銷成本入賬之貸款及應收款項出現減值虧損，則虧損數額按資產之賬面值與估計現金流量現值 (不包括尚未出現之日後信貸虧損) 之差額計量，並以金融資產之原定實際利率，即初步確認時計算之實際利率折算。資產之賬面值直接或透過動用撥備減少。減值虧損金額在損益表確認。



NOTES TO FINANCIAL STATEMENTS

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31 December 2005
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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (applicable to the year ended 31 December 2005) (continued)

Assets carried at amortised cost (continued)

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.5 主要會計政策概要 (續)

金融資產減值 (適用於截至二零零五年十二月三十一日止年度) (續)

按攤銷成本入賬之資產 (續)

本集團首先評估是否有客觀證據顯示就個別屬重大金融資產個別存在，及就個別並不重大金融資產個別或共同存在之減值。倘並無客觀證據顯示就個別經評估金融資產存在減值，不論重大與否，該資產會列入具類似信貸風險特色之一組金融資產內，而該組別會共同評估減值。個別評估減值或有關減值虧損將繼續確認之資產，並不會計入減值之共同評估內。

倘其後減值虧損金額減少，而該減少可以客觀地與確認減值後發生之事件相關，則撥回早前確認之減值虧損。其後撥回之減值虧損於收益表確認，惟以並無超逾其於撥回日期攤銷成本之資產賬面值為限。



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二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (applicable to the year ended 31 December 2005) (continued)

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through the income statement.

2.5 主要會計政策概要 (續)

金融資產減值 (適用於截至二零零五年十二月三十一日止年度) (續)

按成本入賬之資產

倘有客觀證據顯示一項無報價股本工具出現減值虧損，而該項股本工具因其公平值不能可靠計量而並非按公平值列賬，則虧損金額按資產賬面值與估計日後現金流量現值之差額計量，並以現時類似金融資產之市場回報率折算。此等資產之減值虧損不予撥回。

可出售金融資產

倘可出售金融資產出現減值，其成本（扣除任何本金付款及攤銷）與其現時公平值之差額，減早前於損益表確認之任何減值虧損所得數額，會自股本轉撥至損益表。分類為可出售股本工具之減值虧損不會自損益表撥回。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2005
二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (applicable to the year ended 31 December 2005)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.5 主要會計政策概要 (續)

剔除確認金融資產 (適用於截至二零零五年十二月三十一日止年度)

金融資產或 (如適用) 金融資產其中部分或任何一類相若金融資產其中部分, 於下列情況下將被剔除確認:

- 自資產收取現金流量的權利已屆滿;
- 本集團保留自資產收取現金流量的權利, 但有責任按「經手」安排盡快向第三方支付有關現金流量; 或
- 本集團已轉讓其自資產收取現金流量的權利, 且 (a) 已轉讓有關資產絕大部分風險及回報; 或 (b) 並無轉讓或保留有關資產絕大部分風險及回報, 但已轉讓有關資產的控制權。

倘本集團已轉讓其自資產收取現金流量的權利, 但並無轉讓或保留有關資產絕大部分風險及回報, 亦無轉讓有關資產的控制權, 則按本集團繼續涉及有關資產的程度確認該項資產。倘本集團因擔保已轉讓資產繼續涉及有關資產, 則按該項資產的原本賬面值及本集團可能須支付最高代價中之較低者列賬。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (applicable to the year ended 31 December 2005) (continued)

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities (applicable to the year ended 31 December 2005)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.5 主要會計政策概要 (續)

剔除確認金融資產 (適用於截至二零零五年十二月三十一日止年度) (續)

倘本集團因已轉讓資產的書面及／或購入選擇權 (包括現金結算選擇權或類似條文) 繼續涉及有關資產，則本集團的繼續涉及程度按本集團可能購回已轉讓資產的金額計算，惟倘有關資產的書面認沽期權 (包括現金結算選擇權或類似條文) 按公平值計算，則本集團的繼續涉及程度僅限於已轉讓資產的公平值及選擇權行使價中之較低者。

附息貸款及借貸

所有貸款及借貸初步以所收取代價之公平值減直接應佔交易成本確認。

初步確認後，附息貸款及借貸其後以實際利率法按攤銷成本計量。

倘負債被剔除確認，則收益及虧損會於損益表確認及攤銷。

剔除確認金融負債 (適用於截至二零零五年十二月三十一日止年度)

當負債責任獲履行或被註銷或屆滿時，金融負債將被剔除確認。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities (applicable to the year ended 31 December 2005) (continued)

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.5 主要會計政策概要 (續)

剔除確認金融負債 (適用於截至二零零五年十二月三十一日止年度) (續)

當同一借款方按大致不同之條款，或大致經修訂現有負債條款處理取代現有金融負債，則有關交換或修訂按剔除確認原有負債及確認新負債處理，而相關賬面值之差額則在損益表確認。

存貨

存貨乃按成本及可變現淨值之較低者列賬。成本按加權平均基準釐定，而倘為在製品及製成品，則包括直接原料、直接勞工和適當比例之生產成本。可變現淨值乃按照估計售價減任何估計於完成及出售時產生之成本計算。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款以及可隨時轉換為已知數額現金的短期高度流通投資，有關投資所承受價值風險輕微，一般於購入後三個內到期，另扣除須按要求償還及構成本集團現金管理一部分的銀行透支。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents (continued)

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including time deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

2.5 主要會計政策概要 (續)

現金及現金等價物 (續)

就資產負債表而言，現金及現金等價物包括手頭及銀行現金，當中包括無使用限制的定期存款。

撥備

當過往事件引致當前債務（法定或推定），且有可能需要動用未來資源以償還債務，並能夠可靠估計債務數額時確認撥備。

若貼現影響重大，則確認撥備之數額為預期償還債務所需之未來開支於結算日之現值。隨時間推移而引致之貼現現值增加計入損益表的財務費用中。

所得稅

所得稅包括即期稅項及遞延稅項。所得稅於損益表中確認，或倘與於同一或不同期間在股東權益中確認之項目有關，則直接在股東權益中確認。

於目前或過往期間的即期稅項資產及負債，按預期自稅務機關退回或付予稅務機關的金額計算。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.5 主要會計政策概要 (續)

所得稅 (續)

遞延稅項就於結算日資產及負債之稅基與其就財務申報而言的賬面值之所有暫時差額，以負債法作出撥備。

所有應課稅暫時差額均確認為遞延稅項負債：

- 由商譽產生的遞延稅項負債或就一項交易（商業合併除外）初次確認資產或負債，而在交易時並不對會計溢利或應課稅溢利或虧損構成影響者除外；及
- 就有關附屬公司與聯營公司的投資及於合營企業之權益所產生應課稅暫時差額確認，惟可控制撥回暫時差額的時間及暫時差額可能不會於可預見將來撥回則除外。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

2.5 主要會計政策概要 (續)

所得稅 (續)

於可能以應課稅溢利抵扣可扣減暫時差額，及可動用結轉的未動用稅項資產及稅項虧損時，會就所有可扣稅暫時差額及未動用的稅項抵免與稅項虧損結轉確認遞延稅項資產：

- 與由就一項交易（業務合併除外）進行時初次確認資產或負債產生的可扣減暫時差額有關的遞延稅項資產，而在交易時並不對會計溢利或應課稅溢利或虧損構成影響者除外；及
- 有關附屬公司與聯營公司的投資及於合營企業之權益中產生的可扣減暫時差額，遞延稅項資產只限於暫時差額有可能於可預見將來撥回及可動用應課稅溢利以抵扣暫時性差額時確認。

遞延稅項資產的賬面值於每個結算日檢討，並於不再可能有足夠應課稅溢利以抵銷所有或部分遞延稅項資產時予以扣減。相反，過往未確認遞延稅項資產於各結算日重新評估，並於可能有足夠應課稅溢利以抵銷所有或部分遞延稅項資產時予以確認。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset.

2.5 主要會計政策概要 (續)

所得稅 (續)

遞延稅項資產及負債以該期間(當資產變現或負債清還時)預期適用的稅率計算,根據於結算日已頒佈或實際頒佈的稅率及稅務法例計算。

倘存在容許將即期稅項資產抵銷即期稅項負債的可合法執行權利,且遞延稅項與同一應課稅實體及同一稅務機關有關,則遞延稅項資產可與遞延稅項負債抵銷。

政府撥款

政府撥款於可合理確保將收取有關撥款並已符合所有附帶條件時按公平值確認。倘該撥款與一項開支項目有關,則於該撥款擬用作補償之成本相配所需的期間內按有系統基準確認為收入。倘該撥款與一項資產相關,則公平值計入遞延收入賬目,並就有關資產之預計可用年期計轉撥至損益表。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) income from the pre-sale of properties under development, on the exchange of legally binding sale contracts, provided that the construction work has progressed to a stage where the ultimate realisation of profit can be reasonably determined, and on the basis set out in “Properties under development” above;
- (b) income from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (c) rental income, on a time proportion basis over the lease terms;
- (d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and
- (e) dividend income, when the shareholders’ right to receive payment has been established.

2.5 主要會計政策概要 (續)

收入確認

當經濟利益可能流入本集團及收入能夠可靠地衡量時，按以下基準確認收入：

- (a) 預售發展中物業之收入，於交換具法定約束力之銷售合約及建造工程之進度已達可合理釐定最終可變現溢利之階段時按上文「發展中物業」所載基準確認；
- (b) 銷售貨品收入於所有權之大部分風險及回報移交予買家，而且本集團對已售出貨品已失去所有權一般相關之管理權或有效控制權之時確認；
- (c) 租金收入按時間比例於租賃期確認；
- (d) 利息收入按應計基準，採用實際利率法，以將於金融工具預計年期所收取估計未來現金折算至該金融資產賬面淨值的利率計算；及
- (e) 股息收入在確立股東收取款項之權利時確認。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

2.5 主要會計政策概要 (續)

僱員福利

有薪假期結轉

本集團根據僱傭合約按每個曆年向其僱員給予有薪年假。在若干情況下，由於有薪年假可結轉，各僱員可於下一個年度享用，故有些假期於結算日仍未享用。預期僱員於年內可享用的有薪假期及結轉假期之日後成本，於結算日累積計算。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Pension schemes and other retirement benefits

The Group operates a defined contribution staff retirement scheme (the “ORSO Scheme”) for certain of its employees, the assets of which are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the eligible employees’ basic salaries and are charged to the income statement as they become payable in accordance with the rules of the ORSO Scheme. When an employee leaves the ORSO Scheme prior to his/her interest in the Group’s employer contributions vesting fully, the ongoing contributions payable by the Group can be reduced by the relevant amount of forfeited contributions.

The Group also operates a defined contribution retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme not previously covered by the ORSO Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

2.5 主要會計政策概要 (續)

僱員福利 (續)

退休金計劃及其他退休福利

本集團為其若干僱員設有定額供款僱員退休計劃(「職業退休計劃」)。該計劃之資產與本集團資產分開由獨立管理基金持有。供款按合資格僱員基本薪金一定百分比作出，於根據職業退休計劃規則應予支付時，在損益表扣除。倘若僱員在本集團之僱主供款完全歸其所有前退出職業退休計劃，本集團可將有關數額之沒收供款用以減低日後應付供款。

本集團亦根據強制性公積金計劃條例，為合資格參與強制性公積金計劃(「強積金計劃」)而之前無參與職業退休計劃之僱員設有定額供款計劃。供款按僱員基本薪金一定百分比作出，於根據強積金計劃規定應予支付時，在損益表扣除。強積金計劃資產與本集團資產分開由獨立管理基金持有。本集團的僱主供款於向強積金計劃作出時全數歸屬僱員。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

The employees of the Group's subsidiaries which operate in Mainland China of the PRC ("Mainland China") are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of the payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

2.5 主要會計政策概要 (續)

僱員福利 (續)

本集團在中華人民共和國(「中國」)經營之附屬公司僱員須參加中國當地市政府運作的中央退休金計劃。該附屬公司須按工資之若干百分比，向中央退休金計劃供款。中央退休金計劃之供款，於根據中央退休金計劃規則應予支付時在損益表扣除。

借貸成本

凡必須經過頗長時間以作擬定用途或銷售之資產之直接收購、建造或生產借貸成本，均撥充資本為該等資產之部分成本。當該等資產大致上可作擬定用途或銷售時，則停止將該等借貸成本撥作資本。如特定借貸在用於有關資產前作暫時投資，則投資所得收入將在撥作資本之借貸成本中扣減。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries and jointly-controlled entities are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

2.5 主要會計政策概要(續)

外幣

該等財務報表以港元呈報，港元乃本公司的功能及呈報貨幣。本集團各實體釐定其本身功能貨幣，而各實體於財務報表計入的項目乃按該功能貨幣計算。外幣交易初步按交易日期之功能貨幣匯率記錄。以外幣結算的貨幣資產及負債按結算日的功能貨幣匯率重新換算。所有差額計入損益表。按貨幣過往成本計算的非貨幣項目乃按初步交易日期匯率換算。以外幣按公平值計算的非貨幣項目則按公平值釐定之日期匯率換算作計算。

若干海外附屬公司及共同控制實體並非以港元為功能貨幣。於結算日，該等實體的資產及負債按結算日的匯率換算為本公司呈報貨幣，其損益表則按年內加權平均匯率換算為港元。最終匯兌差額會計入匯兌波動儲備。出售海外實體時，於股本所確認有關該項特定海外業務的遞延累計金額於損益表確認。



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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries and jointly-controlled entities are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries and jointly-controlled entities which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

2.5 主要會計政策概要 (續)

外幣 (續)

就綜合現金流量表而言，海外附屬公司現金流量乃以現金流動當日的匯率換算為港元。海外附屬公司及共同控制實體於年內產生的經常現金流量，乃以全年加權平均匯率換算為港元。

3. 重要會計判斷及估計

判斷

應用本集團會計政策時，除該等涉及估計者外，管理層曾作出下列對財務報表已確認金額影響最大之判斷。

經營租賃承擔 — 本集團作為出租人

本集團就其投資物業組合訂立商業物業租賃。本集團已決定保留此等按經營租賃租出之物業擁有權之絕大部分風險及回報。



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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of goodwill of the Group at 1 January 2005 of HK\$4,816,000 was fully impaired during the year, further details of which are set out in note 16 to the financial statements.

3. 重要會計判斷及估計 (續)

估計之不確定性

下文詳述有關日後主要假設及結算日其他主要不確定估計來源，而該等假設及不確定估計會導致下一個財政年度的資產與負債賬面值須作出重大調整之重大風險。

商譽減值

本集團最少每年釐定商譽是否出現減值。此舉須估計獲分配商譽之現金產生單位之使用價值。本集團估計使用價值須估計預期自該現金產生單位產生之日後現金流量，亦須選用合適貼現率，以計算該等現金流量之現值。

本集團於二零零五年一月一日之商譽賬面值4,816,000港元已於年內全數減值，進一步詳情載於財務報表附註16。



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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision against slow-moving inventories

Provision for slow-moving inventories is made based on the aging and estimated net realisable value of inventories. The assessment of the provision amount required involves management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have impact on the carrying value of the inventories and provision charge/write-back in the period in which such estimate has been changed.

Impairment of property, plant and equipment

The carrying value of the property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable in accordance with the accounting policies as disclosed in note 2.5 to the financial statements. The recoverable amount of items of property, plant and equipment is the higher of fair value less costs to sell and value in use, the calculation of which involves the use of estimates.

3. 重要會計判斷及估計 (續)

估計之不確定性 (續)

滯銷存貨撥備

滯銷存貨按存貨之賬齡及估計可變現淨值作出撥備。評估撥備金額涉及管理層判斷及估計。倘日後實際結果或預期有別於原定估計，則有關差別將影響存貨賬面值，而撥備會於估計有變期間扣除／撥回。

物業、廠房及設備減值

當發生事故或情況有變，顯示物業、廠房及設備之賬面值或不能根據財務報表附註2.5所披露會計政策收回，則會就物業、廠房及設備賬面值審閱減值。物業、廠房及設備之可收回金額為公平值減出售成本與使用價值兩者之較高者，有關計算涉及估計。

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4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) property development;
- (b) manufacture and distribution of watches and timepieces;
- (c) manufacture and distribution of timber products (the "Timber Business");
- (d) manufacture and distribution of enamelled copper wires;
- (e) property investment; and
- (f) corporate and others segment, comprising corporate income and expense items and other businesses.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

4. 分類資料

本集團之分類資料乃按兩個分類形式呈報：(i)主要分類匯報基準按業務分類；及(ii)次要分類匯報基準按地區分類。

本集團經營之業務按經營業務之性質及業務提供之產品及服務個別分類及管理。本集團各業務分類均為策略性業務單位，所提供之產品及服務之風險及回報與其他業務分類不同。業務分類之詳情概述如下：

- (a) 物業發展；
- (b) 製造及分銷鐘錶及時計產品；
- (c) 製造及分銷木材產品（「木材業務」）；
- (d) 製造及分銷漆包銅線；
- (e) 物業投資；及
- (f) 公司及其他分類，包括公司收支項目及其他業務。

於釐定本集團之地區分類時，收入乃按客戶所在地計入有關分類，資產則按資產所在地計入有關分類。

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4. SEGMENT INFORMATION (continued)

4. 分類資料 (續)

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2005 and 2004.

(a) 業務分類

下表呈列本集團截至二零零五年及二零零四年十二月三十一日止年度按業務分類之收入、溢利／(虧損)及若干資產、負債及開支資料。

Group
本集團

	Property development 物業發展		Watches and timepieces 鐘錶及時計產品		Timber products 木材產品		Enamelled copper wires 漆包銅線		Property investment 物業投資		Corporate and others 公司及其他		Consolidated 綜合	
	2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Segment revenue:	分類收入:													
Sales to external customers	向外界客戶銷售													
Other revenue	其他收入													
Total	總計													
Segment results	分類業績													
Finance costs	財務費用													
Profit/(loss) before tax	除稅前溢利/(虧損)													
Tax	稅項													
Profit/(loss) for the year	年內溢利/(虧損)													
Segment assets	分類資產													
Segment liabilities	分類負債													
Other segment information:	其他分類資料:													
Depreciation and amortisation of prepaid land lease payment	預付土地租賃款項折舊及攤銷													
Amortisation of goodwill	商譽攤銷													
Impairment of goodwill	商譽減值													
Changes in fair value of investment properties	投資物業公平值變動													
Reversal of impairment of items of property, plant and equipment	物業、廠房及設備項目減值撥回													
Provision against inventories	存貨撥備													
Impairment of available-for-sale investments	可供出售投資減值													
Capital expenditure	資本開支													

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4. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2005 and 2004.

Group 本集團

	Hong Kong		Mainland China		Consolidated	
	香港		中國大陸		綜合	
	2005	2004	2005	2004	2005	2004
	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元
Segment revenue:	分類收入:					
Sales to external customers	向外界客戶銷售					
	33,785	45,411	586,924	478,391	620,709	523,802
Other segment information:	其他分類資料:					
Segment assets	84,359	198,406	1,461,897	939,141	1,546,256	1,137,547
Capital expenditure	110	2,415	68,761	7,421	68,871	9,836

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, mainly represents the net invoiced value of goods sold, after allowances for returns and trade discounts, an appropriate proportion of revenue from the sale of properties under development and rental income received and receivable.

4. 分類資料 (續)

(b) 地區分類

下表呈列本集團截至二零零五年及二零零四年十二月三十一日止年度按地區分類之收入及若干資產與開支資料。

5. 收入與其他收入

收入亦即本集團營業額，乃指扣除退款及貿易折扣之售出貨品發票淨值、銷售發展中物業所得收入適當部分以及已收及應收租金收入。

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5. REVENUE AND OTHER INCOME (continued)

An analysis of revenue and other income is as follows:

5. 收入與其他收入 (續)

收入及其他收入之分析如下:

		Group	
		本集團	
		2005	2004
		二零零五年	二零零四年
		HK\$'000	HK\$'000
		千港元	千港元
<u>Revenue</u>	<u>收入</u>		
Sale of goods	貨品銷售	315,226	298,657
Sale of properties under development	發展中物業銷售	299,339	217,920
Gross rental income	租金收入總額	6,144	5,212
Interest income	利息收入	—	2,013
		<u>620,709</u>	<u>523,802</u>
<u>Other income</u>	<u>其他收入</u>		
Interest income	利息收入	4,397	—
Dividend income from listed investments	上市投資股息收入	238	537
PRC valued-added tax refund	退回中國增值稅	3,030	5,384
Others	其他	2,327	2,006
		<u>9,992</u>	<u>7,927</u>
		<u>630,701</u>	<u>531,729</u>

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6. PROFIT/(LOSS) BEFORE TAX

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

6. 除稅前溢利／（虧損）

本集團之除稅前溢利／（虧損）已扣除／（計入）下列各項：

			2005 二零零五年	2004 二零零四年
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元 (Restated) (重列)
Cost of inventories sold**	售出存貨成本**		537,975	426,332
Depreciation	折舊	13	18,282	20,865
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	15	3,585	3,085
Goodwill:	商譽：	16		
Amortisation for the year*	年內攤銷*		-	584
Impairment arising during the year*	年內產生減值*		4,816	-
			4,816	584
Minimum lease payments under operating leases in respect of land and buildings	土地及樓宇經營租約項下最低租約款項		4,723	4,853
Auditors' remuneration	核數師酬金		1,480	1,350
Employee benefits expenses (excluding directors' remuneration (note 8))	僱員福利開支（不包括董事酬金（附註8））			
Wages and salaries	工資及薪酬		40,641	43,596
Pension schemes contributions	退休金計劃供款		2,431	2,539
Less: Forfeited contributions	減：供款退還		(18)	(61)
Net pension schemes contributions	退休金計劃供款淨額		2,413	2,478
Total staff costs	總員工成本		43,054	46,074

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6. PROFIT/(LOSS) BEFORE TAX (continued)

6. 除稅前溢利／（虧損）（續）

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (Restated) (重列)
	Notes 附註		
Gross rental income	租金收入總額	6,144	5,212
Less: Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	減：賺取租金投資 物業所產生 之直接經營 開支，包括 維修及保養	(2,342)	(1,450)
Net rental income	租金收入淨額	3,802	3,762
Fair value changes on securities measured at fair value through profit or loss/short term investments, net*	按公平值計入溢利或 虧損之證券／短期 投資之公平值 變動淨額*	2,696	(1,699)
Gain on disposal of securities measured at fair value through profit or loss/short term investments, net*	出售按公平值計入溢利 或虧損之證券／短期 投資收益淨額*	(2,367)	(515)
Gain on disposal of available-for-sale investments*	出售可出售投資之 收益*	(13,145)	-
Gain on disposal/write-off of items of property, plant and equipment, net*	出售／撇銷物業、廠房 及設備項目收益淨額*	(1,429)	(1,285)
Changes in fair value of investment properties*	投資物業公平值變動*	14 (3,378)	(17,224)
Reversal of impairment of items of property, plant and equipment*	物業、廠房及設備項目 減值撥回*	13 -	(21,671)
Impairment of available-for-sale investments*	可出售投資減值*	20 3,477	-
Gain on disposal of a subsidiary*	出售一家附屬公司 之收益*	38 -	(59)
Gain on disposal of an associate*	出售一家聯營公司之收益*	(3,769)	-
Provision for inventories**	存貨撥備**	3,775	12,048

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6. PROFIT/(LOSS) BEFORE TAX (continued)

* These amounts are included in "Other operating income, net" on the face of the consolidated income statement.

** Cost of inventories sold includes HK\$42,318,000 (2004: HK\$45,414,000) relating to staff costs, depreciation, amortisation of prepaid land lease payments, provision for inventories and minimum lease payments under operating leases in respect of land and buildings, which is also included in the respective total amounts disclosed separately above for these types of expenses.

6. 除稅前溢利／（虧損）（續）

* 此等數額均計入綜合損益表「其他經營收入淨額」內。

** 售出存貨成本包括與員工成本、折舊、預付土地租賃款項攤銷、存貨撥備與土地及樓宇經營租約項下最低租約款項有關之42,318,000港元（二零零四年：45,414,000港元），上文已就該等開支類別獨立披露有關總額。

7. FINANCE COSTS

7. 財務費用

		Group 本集團	
		2005	2004
		二零零五年	二零零四年
		HK\$'000	HK\$'000
		千港元	千港元
Interests on bank and other loans	須於五年內悉數償付之銀行		
wholly repayable within five years	及其他貸款利息	23,053	27,795
Less: Interest capitalised	減：資本化利息	(20,354)	(17,413)
		<u>2,699</u>	<u>10,382</u>

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8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance is as follows:

(a) Non-executive director and independent non-executive directors

The fees paid to non-executive and independent non-executive directors during the year were as follows:

8. 董事酬金

年內董事酬金根據香港聯合交易所有限公司證券上市規則（「上市規則」）及香港公司條例第161條披露如下：

(a) 非執行董事及獨立非執行董事

年內已付非執行董事及獨立非執行董事之袍金如下：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Non-executive director:	非執行董事：		
Ms. Sit Lai Hei	薛黎曦女士	100	13
Independent non-executive directors:	獨立非執行董事：		
Mr. Fung Tze Wah	馮子華先生	100	66
Dr. Kwong Chun Wai, Michael	鄺俊偉博士	100	66
Mr. Li Qiang	李強先生	100	13
Mr. Werner Max Michael Maksowski*	麥高祺先生*	—	—
Mr. Yang Zheng Qing*	楊正清先生*	—	—
		300	145
		400	158

* Resigned during 2004.

* 於二零零四年內辭任。

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8. DIRECTORS' REMUNERATION (continued)

(a) Non-executive director and independent non-executive directors (continued)

There was no other emoluments payable to the non-executive director and independent non-executive directors during the year.

(b) Executive directors

8. 董事酬金 (續)

(a) 非執行董事及獨立非執行董事 (續)

年內並無應付非執行董事及獨立非執行董事之其他酬金。

(b) 執行董事

		Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration	
	Fees 袍金	薪金、津貼 及實物福利	退休計劃供款	酬金總額	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	千港元	
2005					
Executive directors:	執行董事:				
Mr. Hon Kwok Lung	韓國龍先生	-	1,690	12	1,702
Mr. Wang Shaolan	王少蘭先生	-	1,581	11	1,592
Mr. Shang Jianguang	商建光先生	-	1,721	72	1,793
Mr. Shi Tao	石濤先生	-	2,044	-	2,044
Mr. Lam Toi Man	林代文先生	-	1,430	12	1,442
		-	8,466	107	8,573

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二零零五年十二月三十一日

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors (continued)

2004	二零零四年
Executive directors:	執行董事:
Mr. Hon Kwok Lung	韓國龍先生
Mr. Wang Shaolan	王少蘭先生
Mr. Shang Jianguang	商建光先生
Mr. Shi Tao	石濤先生
Mr. Lam Toi Man	林代文先生
Mr. Wang Mingquan	王明權先生
Mr. Zang Qiutao	臧秋濤先生

8. 董事酬金 (續)

(b) 執行董事 (續)

Fees 袍金	Salaries, allowances and benefits in kind 薪金、津貼 及實物福利	Pension scheme contributions 退休計劃供款	Total remuneration 酬金總額
-	1,127	8	1,135
-	1,652	-	1,652
-	205	-	205
-	1,386	-	1,386
-	715	6	721
-	-	-	-
-	385	-	385
-	5,470	14	5,484

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

年內並無董事豁免或同意豁免任何酬金之安排。

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included five (2004: four) directors, details of whose remuneration are set out in note 8 above. The remuneration of the remaining one non-director, highest paid employee for the year ended 31 December 2004 was HK\$785,000 and fell within the band of Nil to HK\$1,000,000.

9. 五名最高薪酬人士

年內五名最高薪酬人士中，其中五名（二零零四年：四名）為董事，彼等之酬金已於上文附註8披露。截至二零零四年十二月三十一日止年度，其餘一名最高薪酬非董事人士之酬金為785,000港元，介乎零至1,000,000港元範疇。

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10. TAX

For the year ended 31 December 2005, Hong Kong profits tax for the Group has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the year (2004: 17.5%). The subsidiaries established in the PRC are subject to income taxes at tax rates ranging from 15% to 33%.

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

10. 稅項

於截至二零零五年十二月三十一日止年度，本集團就年內於香港產生之估計應課稅溢利按稅率17.5%作出香港利得稅撥備（二零零四年：17.5%）。於中國成立之附屬公司須按15%至33%之稅率繳納所得稅。

於其他地區之應課稅溢利稅項乃按本集團經營業務之稅務司法權區之現行稅率根據當地之現行法例、詮釋及慣例計算。

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Current tax charge for the year:	年內即期稅項支出：		
Hong Kong	香港	303	34
Elsewhere	其他地區	20,510	15,797
Underprovision/(overprovision) of current tax in respect of prior years	過往年度即期稅項撥備 不足／（超額撥備）	(26)	102
Deferred tax charge (note 32)	遞延稅項開支（附註32）	794	—
Total tax charge for the year	年內稅項開支總額	<u>21,581</u>	<u>15,933</u>

NOTES TO FINANCIAL STATEMENTS

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10. TAX (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates applicable to the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

10. 稅項 (續)

按本公司及其附屬公司所在地適用之法定稅率計算之除稅前溢利／(虧損) 適用之稅項支出，與按實際稅率計算之稅項支出對賬如下：

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Profit/(loss) before tax	除稅前溢利／(虧損)	(22,130)	27,350
Tax at the applicable rates to profit/(loss) in the tax jurisdictions concerned	有關稅務司法權區溢利／(虧損) 按適用稅率計算之稅項	968	15,249
Lower tax rate for specific provinces	特定省份之較低稅率	2,944	(2,239)
Income not subject to tax	毋須課稅之收入	(3,653)	(11,563)
Expenses not deductible for tax	不可扣稅之開支	4,766	1,601
Adjustments in respect of current tax of previous periods	就過往期間即期稅項作出調整	(26)	102
Other temporary differences not recognised	其他未確認暫時差額	587	-
Tax losses utilised from previous periods	過往期間所用稅項虧損	(112)	-
Tax losses not recognised	未確認稅項虧損	16,107	12,783
Tax charge at the Group's effective rate	以本集團實際稅率計算之稅項開支	21,581	15,933



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11. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The net loss from ordinary activities attributable to equity holders of the Company for the year ended 31 December 2005 dealt with in the financial statements of the Company, was HK\$48,708,000 (2004: HK\$19,810,000) (note 36(b)).

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share is based on the net loss for the year attributable to ordinary equity holders of the Company, of HK\$43,275,000 (2004: net profit of HK\$11,373,000), and the 1,544,831,000 (2004: 1,544,831,000) ordinary shares in issue during the year.

Diluted earnings/(loss) per share amounts for the years ended 31 December 2005 and 2004 have not been disclosed as no diluting events existed during these years.

11. 本公司權益持有人應佔一般業務虧損淨額

截至二零零五年十二月三十一日止年度，本公司權益持有人應佔一般業務虧損淨額48,708,000港元（二零零四年：19,810,000港元）已於本公司財務報表內處理（附註36(b）。

12. 本公司普通權益持有人應佔每股盈利／（虧損）

每股基本盈利／（虧損）乃根據本公司普通權益持有人應佔年內虧損淨額43,275,000港元（二零零四年：純利11,373,000港元）及年內已發行普通股1,544,831,000股（二零零四年：1,544,831,000股）計算。

由於截至二零零五年及二零零四年十二月三十一日止年度並無出現攤薄事件，故並無披露該等年度之每股攤薄盈利／（虧損）數額。

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13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

Group

本集團

		Land and buildings 土地及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業 裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Furniture, fixtures and office equipment 傢具、裝置及 辦公室設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總值 HK\$'000 千港元
31 December 2005	二零零五年 十二月三十一日							
At 31 December 2004 and at 1 January 2005:	於二零零四年 十二月三十一日及 二零零五年一月一日:							
Cost	成本	166,764	5,492	84,329	28,376	14,431	-	299,392
Accumulated depreciation and impairment	累積折舊及減值	(35,337)	(1,752)	(18,564)	(9,209)	(4,720)	-	(69,582)
Net carrying amount	賬面淨值	131,427	3,740	65,765	19,167	9,711	-	229,810
Additions	添置	5,183	510	36,240	947	784	-	43,664
Acquisition of a subsidiary (note 37)	收購一家附屬公司 (附註37)	-	-	-	88	1,154	-	1,242
Disposals	出售	(46,078)	-	(320)	(67)	(412)	-	(46,877)
Depreciation provided during the year	年內折舊撥備	(4,135)	(1,125)	(8,675)	(3,018)	(1,329)	-	(18,282)
Exchange realignment	匯兌調整	1,835	41	1,595	362	197	-	4,030
At 31 December 2005, net of accumulated depreciation and impairment	於二零零五年 十二月三十一日 扣除累積折舊 及減值	88,232	3,166	94,605	17,479	10,105	-	213,587
At 31 December 2005:	於二零零五年 十二月三十一日:							
Cost	成本	102,438	5,578	118,264	29,643	12,870	-	268,793
Accumulated depreciation and impairment	累積折舊及減值	(14,206)	(2,412)	(23,659)	(12,164)	(2,765)	-	(55,206)
Net carrying amount	賬面淨值	88,232	3,166	94,605	17,479	10,105	-	213,587

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財務報表附註

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二零零五年十二月三十一日

13. PROPERTY, PLANT AND EQUIPMENT (continued) 13. 物業、廠房及設備 (續)

Group

本集團

		Land and buildings 土地及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Furniture, fixtures and office equipment 傢具、裝置及辦公室設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總值 HK\$'000 千港元 (Restated) (重列)
31 December 2004	二零零四年十二月三十一日							
At 1 January 2004:	於二零零四年一月一日:							
Cost	成本	172,218	4,238	87,587	29,322	15,376	288	309,029
Accumulated depreciation and impairment	累積折舊及減值	(55,881)	(1,518)	(10,436)	(7,915)	(4,839)	-	(80,589)
Net carrying amount	賬面淨值	116,337	2,720	77,151	21,407	10,537	288	228,440
Additions	添置	-	1,868	3,803	1,692	2,444	29	9,836
Disposals/write-off	出售/撇銷	(958)	(16)	(560)	(147)	(814)	(317)	(2,812)
Disposal of a subsidiary (note 38)	出售一家附屬公司 (附註38)	(17)	-	(5,607)	(130)	(926)	-	(6,680)
Impairment reversed to income statement during the year	年內撥回損益表之減值	21,671	-	-	-	-	-	21,671
Depreciation provided during the year	年內折舊撥備	(5,732)	(833)	(9,088)	(3,673)	(1,539)	-	(20,865)
Exchange realignment	匯兌調整	126	1	66	18	9	-	220
At 31 December 2004, net of accumulated depreciation and impairment	於二零零四年十二月三十一日，扣除累積折舊及減值	131,427	3,740	65,765	19,167	9,711	-	229,810
At 31 December 2004:	於二零零四年十二月三十一日:							
Cost	成本	166,764	5,492	84,329	28,376	14,431	-	299,392
Accumulated depreciation and impairment	累積折舊及減值	(35,337)	(1,752)	(18,564)	(9,209)	(4,720)	-	(69,582)
Net carrying amount	賬面淨值	131,427	3,740	65,765	19,167	9,711	-	229,810

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2005
二零零五年十二月三十一日

13. PROPERTY, PLANT AND EQUIPMENT (continued) 13. 物業、廠房及設備 (續)

Company	本公司			
	Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Furniture, fixtures and office equipment 傢具、裝置及辦公室設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總值 HK\$'000 千港元
31 December 2005	二零零五年十二月三十一日			
At 31 December 2004 and at 1 January 2005:	於二零零四年十二月三十一日及二零零五年一月一日:			
Cost	1,767	819	713	3,299
Accumulated depreciation	(171)	(167)	(515)	(853)
Net carrying amount	1,596	652	198	2,446
Additions	-	111	-	111
Disposals	-	(16)	-	(16)
Depreciation provided during the year	(354)	(158)	(60)	(572)
At 31 December 2005, net of accumulated depreciation	1,242	589	138	1,969
At 31 December 2005:	於二零零五年十二月三十一日:			
Cost	1,767	880	713	3,360
Accumulated depreciation	(525)	(291)	(575)	(1,391)
Net carrying amount	1,242	589	138	1,969

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二零零五年十二月三十一日

13. PROPERTY, PLANT AND EQUIPMENT (continued) 13. 物業、廠房及設備 (續)

Company	本公司			
	Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Furniture, fixtures and office equipment 傢具、裝置及辦公室設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總值 HK\$'000 千港元
31 December 2004	二零零四年十二月三十一日			
At 1 January 2004	於二零零四年一月一日			
Cost	626	2,506	907	4,039
Accumulated depreciation	(583)	(2,395)	(524)	(3,502)
Net carrying amount	43	111	383	537
Additions	1,757	659	-	2,416
Disposals	(16)	(33)	(26)	(75)
Depreciation provided during the year	(188)	(85)	(159)	(432)
At 31 December 2004, net of accumulated depreciation	<u>1,596</u>	<u>652</u>	<u>198</u>	<u>2,446</u>
At 31 December 2004:	於二零零四年十二月三十一日:			
Cost	1,767	819	713	3,299
Accumulated depreciation	(171)	(167)	(515)	(853)
Net carrying amount	<u>1,596</u>	<u>652</u>	<u>198</u>	<u>2,446</u>

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13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's buildings included above are situated in the Mainland China and are held under the following lease terms:

		HK\$'000 千港元
At cost:	成本值：	
Short term leases	短期租約	2,536
Medium term leases	中期租約	99,902
		<u>102,438</u>

During the year, the Group disposed of certain of its leasehold properties and investment properties with an aggregate carrying value of approximately HK\$93 million for a cash consideration of approximately HK\$93 million.

At 31 December 2005, certain of the Group's buildings with a carrying value of HK\$95,053,000 (2004: HK\$80,689,000), situated in Mainland China were pledged to secure certain banking facilities granted to the Group (note 30).

At 31 December 2005, the Group has not yet obtained the title certificates for certain of its buildings situated in Shenzhen and in Beijing, the PRC with an aggregate carrying value of approximately HK\$24,652,000 (2004: HK\$19,488,000). As confirmed by the Group's legal advisors and the Company's directors, the Group has legally obtained the right to use the buildings and can obtain the relevant title certificates through making applications to the relevant government authorities.

13. 物業、廠房及設備 (續)

上文包括之本集團樓宇乃位於中國大陸，並按下列租期持有：

		HK\$'000 千港元
At cost:	成本值：	
Short term leases	短期租約	2,536
Medium term leases	中期租約	99,902
		<u>102,438</u>

年內，本集團出售其若干賬面值合共約93,000,000港元之租賃物業及投資物業，現金代價約為93,000,000港元。

於二零零五年十二月三十一日，本集團於中國大陸所持有賬面值為95,053,000港元（二零零四年：80,689,000港元）之若干樓宇已抵押，以為本集團取得若干銀行融資（附註30）。

於二零零五年十二月三十一日，本集團尚未就其位於中國深圳及北京賬面值合共約24,652,000港元（二零零四年：19,488,000港元）之若干樓宇取得任何業權證明。誠如本集團法律顧問及本公司董事所確認，本集團已取得有關樓宇之合法使用權，並可向有關政府機關申請有關業權證明。

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14. INVESTMENT PROPERTIES

14. 投資物業

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Carrying amount at 1 January	於一月一日之賬面值	84,971	67,747
Additions	添置	25,207	-
Disposals	出售	(47,200)	-
Net profit from fair value adjustments	公平值調整之純利	3,378	17,224
Exchange alignment	匯兌調整	333	-
		<u>66,689</u>	<u>84,971</u>
Carrying amount at 31 December	於十二月三十一日之賬面值	<u>66,689</u>	<u>84,971</u>

The Group's investment properties included above are situated in Mainland China and are held under medium term leases.

上文所載本集團之投資物業位於中國大陸，以中期租賃持有。

The Group's investment properties were revalued on 31 December 2005 by Chung, Chan & Associates ("CCA") and Greater China Appraisal Limited, independent professionally qualified valuers, at HK\$66,890,000 in aggregate on an open market, existing use basis. A revaluation surplus of HK\$3,378,000 resulting from the above revaluation has been credited to the income statement (note 6). Certain of the Group's investment properties are leased to third parties under operating leases, further summary details of which are included in note 40(a) to the financial statements.

本集團之投資物業於二零零五年十二月三十一日由獨立專業認可估值師衡量行（「衡量行」）及漢華評值有限公司按公開市值及現行用途基準重估總額為66,890,000港元。因上述重估產生之3,378,000港元重估盈餘已計入損益表（附註6）。本集團若干投資物業已按經營租約租賃予多名第三方，進一步概況載於財務報表附註40(a)。

At 31 December 2005, the Group had certain investment properties located in Dongguan, Guangdong Province of the PRC and in Beijing, the PRC with an aggregate carrying value of HK\$51,113,000 (2004: HK\$22,600,000). The Group has not yet obtained the relevant title certificates for these properties. As confirmed by the Group's legal advisors and the Company's directors, the Group is the rightful and equitable owner of these properties.

於二零零五年十二月三十一日，本集團於中國廣東省東莞市擁有若干投資物業，賬面總值合共51,113,000港元（二零零四年：22,600,000港元）。本集團仍未取得該等物業之相關業權證明。本集團之法律顧問及本公司董事已確認，本集團是該等物業之合法及衡平法上的擁有人。

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二零零五年十二月三十一日

14. INVESTMENT PROPERTIES (continued)

Further details of the Group's investment properties are included on page 177 of the annual report.

At 31 December 2005, certain of the Group's investment properties with a value of HK\$27,613,000 (2004: Nil) were pledged to secure banking facilities granted to the Group (note 30).

14. 投資物業(續)

本集團投資物業之進一步詳情載於年報第177頁。

於二零零五年十二月三十一日，本集團價值27,613,000港元(二零零四年：無)之若干投資物業已抵押，以為本集團取得銀行融資(附註30)。

15. PREPAID LAND LEASE PAYMENTS

15. 預付土地租賃款項

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (Restated) (重列)
Carrying amount at 1 January	於一月一日之賬面值		
As previously reported	先前呈報	-	-
Effect of adopting HKAS 17 (note 2.4(a))	採納香港會計準則第17號 之影響(附註2.4(a))	54,225	57,310
As restated	重列	54,225	57,310
Amortisation recognised during the year (note 6)	年內確認攤銷(附註6)	(3,585)	(3,085)
Exchange realignment	匯兌調整	1,008	-
Carrying amount at 31 December	於十二月三十一日之賬面值	51,648	54,225
Current portion	即期部分	(3,619)	(3,546)
Non-current portion	非即期部分	48,029	50,679



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15. PREPAID LAND LEASE PAYMENTS (continued)

At 31 December 2005, certain of the Group's prepaid land lease payments with carrying value of HK\$46,382,000 (2004: HK\$48,771,000), situated in Mainland China were pledged to secure certain banking facilities granted to the Group (note 30).

The Group's leasehold land included above are situated in Mainland China and are held under the following lease terms:

15. 預付土地租賃款項 (續)

於二零零五年十二月三十一日，本集團於中國大陸所持有賬面值為46,382,000港元（二零零四年：48,771,000港元）之若干預付土地租賃款項已抵押，以為本集團取得若干銀行融資（附註30）。

上文包括之本集團租賃土地位於中國大陸，乃按下列租期持有：

		HK\$'000 千港元
At cost:	成本值：	
Short term leases	短期租約	46,382
Medium term leases	中期租約	5,266
		<hr/>
		51,648
		<hr/> <hr/>

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16. GOODWILL

The movements of the goodwill capitalised as an asset in the consolidated balance sheet, arising from the acquisition of certain subsidiaries, are as follows:

16. 商譽

因收購若干附屬公司產生之商譽變動已撥充資本，於綜合資產負債表列作資產如下：

		Group 本集團 HK\$'000 千港元
31 December 2005	二零零五年十二月三十一日	
At 1 January 2005	二零零五年一月一日	
Cost:	成本：	
As previously reported	先前呈報	5,838
Effect of adopting HKFRS 3 (note 2.2 (d))	採納香港財務申報準則第3號之影響 (附註2.2(d))	(1,022)
As restated	重列	4,816
Accumulated amortisation and impairment:	累積攤銷及減值：	
As previously reported	先前呈報	1,022
Effect of adopting HKFRS 3 (note 2.2 (d))	採納香港財務申報準則第3號之影響 (附註2.2(d))	(1,022)
As restated	重列	-
Net carrying amount	賬面淨值	4,816
Impairment during the year	年內減值	(4,816)
Carrying amount at 31 December 2005	於二零零五年十二月三十一日之賬面值	-
At 31 December 2005	於二零零五年十二月三十一日	
Cost	成本	4,816
Accumulated impairment	累積減值	(4,816)
Net carrying amount	賬面淨值	-

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二零零五年十二月三十一日

16. GOODWILL (continued)

16. 商譽(續)

		Group 本集團 HK\$'000 千港元
31 December 2004	二零零四年十二月三十一日	
At 1 January 2004:	於二零零四年一月一日:	
Cost	成本	5,838
Accumulated amortisation	累積攤銷	(438)
		<u>5,400</u>
Net carrying amount	賬面淨值	5,400
Amortisation provided during the year	年內攤銷撥備	(584)
		<u>(584)</u>
Cost and carrying amount at 31 December 2004	於二零零四年十二月三十一日之 成本及賬面值:	<u>4,816</u>
At 31 December 2004:	於二零零四年十二月三十一日:	
Cost	成本	5,838
Accumulated amortisation	累積攤銷	(1,022)
		<u>(1,022)</u>
Net carrying amount	賬面淨值	<u>4,816</u>

In 2004, goodwill not previously eliminated against the consolidated reserves was amortised on the straight-line basis over its estimated useful life of 10 years.

於二零零四年，先前並未於綜合儲備對銷之商譽乃於其10年之估計可使用年期以直線法攤銷。

As further detailed in note 2.2(d) to the financial statements, the Group applied the transitional provisions of HKFRS 3 that permitted goodwill in respect of business combinations which occurred prior to 2001, to remain eliminated against the consolidated reserves.

根據財務報表附註2.2(d)所詳述，本集團已應用香港財務申報準則第3號過渡條文，允許於二零零一年前所進行業務合併之商譽仍於綜合儲備對銷。

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16. GOODWILL (continued)

The amount of goodwill remaining in the consolidated reserves, arising from the acquisition of subsidiaries prior to the adoption of SSAP 30 in 2001, was HK\$15,300,000 (2004: HK\$15,300,000) as at 31 December 2005.

Due to the consecutive losses incurred by the Timber Business in recent years and the directors expected that further losses will be incurred by the Timber Business, the directors considered that the carrying amount of goodwill attributable to the Timber Business of HK\$4,816,000 at 1 January 2005 was fully impaired. Accordingly, an impairment of goodwill of HK\$4,816,000 was charged to the consolidated income statement of the current year.

17. INTERESTS IN SUBSIDIARIES

Unlisted investments, at cost	非上市股份·成本值
Due from subsidiaries	應收附屬公司欠款
Provision for impairment	減值撥備

The amounts due from subsidiaries are unsecured, interest-free and are not expected to be repaid within the next 12 months. The carrying amounts of the amounts due from subsidiaries approximate to their fair values.

16. 商譽(續)

於二零零五年十二月三十一日仍於綜合儲備入賬之商譽金額(於二零零一年採納會計實務準則第30號前收購附屬公司所產生)為15,300,000港元(二零零四年:15,300,000港元)。

由於木材業務近年連續出現虧損,而董事預期木材業務將持續出現虧損,故董事認為,木材業務於二零零五年一月一日應佔之商譽賬面值4,816,000港元已全數減值。因此,商譽減值4,816,000港元已於本年度綜合損益表扣除。

17. 所佔附屬公司權益

		Company	
		本公司	
		2005	2004
		二零零五年	二零零四年
		HK\$'000	HK\$'000
		千港元	千港元
Unlisted investments, at cost	非上市股份·成本值	128,174	128,174
Due from subsidiaries	應收附屬公司欠款	473,300	577,090
		601,474	705,264
Provision for impairment	減值撥備	(303,703)	(285,413)
		297,771	419,851

應收附屬公司欠款乃無抵押、免息及預期毋須於未來十二個月償還。應收附屬公司欠款之賬面值與其公平值相若。

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17. INTERESTS IN SUBSIDIARIES (continued)

17. 所佔附屬公司權益 (續)

Particulars of the principal subsidiaries are as follows:

主要附屬公司詳情如下:

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued ordinary/ paid-up capital 已發行普通/ 繳足股本面值	Percentage of equity attributable to the Company 本公司應佔 股本百分比		Principal activities 主要業務
			Direct	Indirect	
			直接	間接	
Qingapen Limited 晴嘉有限公司	Hong Kong/ Mainland China 香港/中國大陸	HK\$2 2港元	100	-	Property investment 物業投資
China Haidian Commercial Network Services Limited	Hong Kong/ Mainland China 香港/中國大陸	HK\$2 2港元	100	-	Property investment 物業投資
Haidian-Creation International Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$1 1美元	100	-	Investment holding 投資控股
Sure Best Management Limited	Hong Kong 香港	HK\$1 1港元	100	-	Property investment 物業投資
EBOHR Luxuries International Co., Limited* ("Ebohr") 依波精品(深圳)有限公司* (「依波精品」)	PRC/ Mainland China# 中國/中國大陸#	HK\$30,000,000 30,000,000港元	-	100	Manufacture and sale of watches and timepieces 製造及銷售鐘錶及 時計產品

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17. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows:

17. 所佔附屬公司權益(續)

主要附屬公司詳情如下:

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued ordinary/ paid-up capital 已發行普通/ 繳足股本面值	Percentage of equity attributable to the Company 本公司應佔 股本百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Seti Timber Industry (Shenzhen) Co., Ltd* 森帝木業(深圳)有限公司*	PRC/ Mainland China# 中國/中國大陸#	US\$45,525,860 45,525,860美元	-	100	Manufacture and sale of timber products 製造及銷售木材產品
Beijing Jing Guan Property Development Company Limited* 北京京冠房地產開發 有限公司*	PRC/ Mainland China# 中國/中國大陸#	RMB80,000,000 人民幣80,000,000元	-	100	Property development 物業發展
Beijing Xin Yang Property Development Company Limited ("Xin Yang")*	PRC/ Mainland China## 中國/中國大陸##	RMB26,000,000 人民幣26,000,000元	-	80	Property development 物業發展
#	<i>Registered as wholly-foreign-owned enterprises in the PRC</i>	#	於中國大陸註冊為全外資企業		
##	<i>Registered as a foreign investment enterprise in the PRC</i>	##	於中國大陸註冊為一家外商投資企業		
*	<i>Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.</i>	*	並非由香港安永會計師事務所或其他安 永國際成員公司審核。		



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17. INTERESTS IN SUBSIDIARIES (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The Group holds a 51% equity interest in Shunde Everbright Sunto Computer Co. Ltd. ("Sunto"), a company established in the PRC through which the Group had intended to participate in the manufacture and sale of computer casing products with third parties. Due to the non-disclosure of certain material transactions by the subsidiary's management and its minority shareholder, the Group had reasonable doubt as to the reliability of the financial information provided by the subsidiary. The directors of the Company are of the opinion that the subsidiary is practically in a management dead-lock, and the recoverability of the Group's investment in this subsidiary and the amount due from it of HK\$60.5 million in aggregate is doubtful. Accordingly, the Group's interest in this unconsolidated subsidiary has been fully provided for from the year ended 31 December 1998. In addition, Sunto was put under a compulsory winding up pursuant to a court order issued in 2001 and the winding up process has not yet been completed up to the date of these financial statements. The Group will not make any further investment in this subsidiary.

17. 所佔附屬公司權益 (續)

上表載列董事認為主要影響本集團本年度之業績或構成本集團資產淨值重大部分之本公司附屬公司。董事認為，詳列其他附屬公司之資料將會令有關資料過於冗長。

本集團持有於中國成立之順德市光大順通電腦有限公司(「順通」)51%股本權益。本集團原擬透過該公司聯同第三方，參與製造及銷售電腦機箱產品。由於該附屬公司之管理層及其少數股東未有披露若干重大交易，本集團對該附屬公司所提供財務資料之可靠性存有合理疑問。本公司董事會認為該附屬公司之管理實際上已陷入僵局，所以本集團於該附屬公司之投資值及該附屬公司之欠款合共60,500,000港元能否收回均成疑問。因此，本集團所佔該未綜合計入賬目之附屬公司權益已由截至一九九八年十二月三十一日止年度起作出全面撥備。此外，順通根據於二零零一年頒佈之一項法院命令被強制清盤，清盤程序於截至本財務報表日期尚未完成。本集團不會對該附屬公司作出任何進一步投資。

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18. INTERESTS IN A JOINTLY-CONTROLLED ENTITY

18. 所佔一家共同控制實體權益

		Company 本公司	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
Unlisted investment, at cost	非上市投資, 成本值	46,030	-
Amount due from a jointly-controlled entity	應收一家共同控制實體欠款	169	-
		<u>46,199</u>	<u>-</u>

The amount due from the jointly-controlled entity is unsecured, interest-free and has no fixed terms of repayment. The carrying amount of the amount due from jointly-controlled entity approximate to its fair value.

應收一家共同控制實體欠款為免息、無抵押，且無固定還款期。應收一家共同控制實體欠款之賬面值與其公平值相若。

Particulars of the jointly-controlled entity is as follows:

共同控制實體之詳情如下：

Name 名稱	Place of incorporation/ registration 註冊成立/ 註冊地點	Percentage of			Principal activities 主要業務
		Ownership interest 擁有權益 百分比	Voting power 投票權 百分比	Profit sharing 應佔溢利 百分比	
Fuzhou Dartong Mechanic and Electronic Company Limited ("Fuzhou Dartong")* 福州大通機電股份有限公司 (「福州大通」)*	PRC/Mainland China 中國/中國大陸	49	50	49	Manufacture and sale of enamelled copper wire 製造及銷售漆包銅線

The investment in Fuzhou Dartong is directly held by the Company.

本公司直接持有於福州大通之投資。

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms and registered as a foreign investment enterprise in Mainland China.

* 並非由香港安永會計師事務所或其他安永國際成員公司審核，於中國大陸註冊為外資企業。

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18. INTERESTS IN A JOINTLY-CONTROLLED ENTITY (continued)

The following table illustrates the summarised financial information of the Group's jointly-controlled entity:

18. 所佔一家共同控制實體權益(續)

下表顯示本集團共同控制實體之財務資料概要:

		2005 二零零五年 HK\$'000 千港元
<hr/>		
Share of the jointly-controlled entity's assets and liabilities:	應佔共同控制實體資產及負債:	
Non-current assets	非流動資產	35,697
Current assets	流動資產	12,422
Current liabilities	流動負債	(1,616)
Net assets	資產淨值	<u>46,503</u>
Share of the jointly-controlled entity's results:	應佔共同控制實體業績:	
Revenue	收入	18,333
Other income	其他收入	1,777
Total revenue	總收入	20,110
Total expenses	總開支	(20,723)
Tax	稅項	-
Loss after tax	除稅後虧損	<u>(613)</u>

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19. INTERESTS IN ASSOCIATES

19. 所佔聯營公司權益

		Group 本集團		Company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Unlisted investments, at cost	非上市投資·成本值	-	-	-	39,301
Share of net assets	應佔資產淨值	-	-	-	-
		-	-	-	39,301
Amount due to an associate	應付一家聯營公司欠款	-	(3,649)	-	(3,649)
Provision for impairment	減值撥備	-	-	-	(35,652)
		-	(3,649)	-	-

The amount due to an associate at 31 December 2004 was interest-free, unsecured and not repayable within one year.

於二零零四年十二月三十一日，應付一家聯營公司欠款為免息、無抵押，並毋須於一年內償還。

The Group's associates had no significant effect on the results or assets of the Group for the year ended 31 December 2005.

截至二零零五年十二月三十一日止年度，本集團之聯營公司於本集團業績或資產並無重大影響力。

During the year, the Company entered into an agreement with the existing shareholders of the Company's associate for the disposal of the Company's entire interest in that associate, for a net cash consideration of HK\$120,000. On 8 March 2005, the Company and that associate entered into a deed of termination pursuant to which the amount due to that associate was waived.

年內，本公司與本公司聯營公司現有股東訂立協議，以按現金淨額120,000港元出售本公司於該聯營公司全部權益。於二零零五年三月八日，本公司與該聯營公司訂立終止契約，據此，結欠該聯營公司之款項已豁免。

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20. AVAILABLE-FOR-SALE INVESTMENTS

20. 可出售投資

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Listed equity investments, at fair value: 上市股本投資, 公平值:			
Hong Kong 香港		—	20,240
Unlisted equity investment, at cost 非上市股本投資, 成本值		3,477	3,477
Provision for impairment 減值撥備		(3,477)	—
		—	3,477
		—	23,717

During the year, the gross gain on disposal of the Group's available-for-sale listed equity investments recognised in the income statement amounted to HK\$13,664,000 (2004: nil) (note 6).

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets on 1 January 2005 and have no fixed maturity date or coupon rate.

The fair value of listed equity investments are based on quoted market prices.

年內, 出售本集團可出售上市股本投資之總收益13,664,000港元(二零零四年: 無)已於損益表確認(附註6)。

上述投資包括於股本證券之投資, 於二零零五年一月一日, 該等投資指定作可出售金融資產, 且無固定到期日或票面利率。

上市股本投資之公平值乃按所報市價計算。



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20. AVAILABLE-FOR-SALE INVESTMENTS (continued)

The Company previously held an indirect equity interest of 50% in 合肥光大木材工業有限公司 (“Hefei Everbright”), an unlisted joint venture established in the PRC which was accounted for by the Group as a subsidiary at 31 December 2003. In the prior year, the Group disposed of its 24.5% equity interest in Hefei Everbright to independent third parties at a cash consideration of approximately HK\$2,980,000 (note 38). According to the subcontracting agreement entered into between the Group and the joint venture partners of Hefei Everbright, the Group forfeited its rights to exercise any significant influence or control over the financial and operating policies of Hefei Everbright in return for fixed and guaranteed annual subcontracting fees. Accordingly, Hefei Everbright lost its status as a subsidiary of the Group and was not equity accounted for in accordance with HKAS 28 “Investments in Associates”. The Group’s investment in Hefei Everbright was reclassified to the long term investment accordingly and was stated at the Group’s share of the net assets of Hefei Everbright as at the date when the Group’s forfeiture of its control/influence became effective, less any impairment losses. During the year, the investment in Hefei Everbright is designated as an available-for-sale investment upon the adoption of HKAS 39.

Having regard to the deteriorating financial position of Hefei Everbright during the year, the directors are in the opinion that the investment in Hefei Everbright is not likely to be recoverable and accordingly, an impairment loss of HK\$3,477,000 has been charged to current year’s consolidated income statement.

20. 可出售投資 (續)

本公司先前持有合肥光大木材工業有限公司(「合肥光大」)50%間接股本權益，該公司為於中國大陸成立之非上市合營公司，於二零零三年十二月三十一日列作本集團附屬公司。於過往年度，本集團按現金代價約2,980,000港元向獨立第三方出售其於合肥光大之24.5%股本權益(附註38)。根據本集團與合肥光大合營夥伴訂立之轉包協議，本集團放棄其對合肥光大財務及經營決策行使任何重大影響或控制之權利，以換取每年定額保證轉包費用。因此，合肥光大於本年度不再為本集團附屬公司，按照香港會計準則第28號「於聯營公司之投資」，不會以股本會計法處理。本集團於合肥光大之投資因而重新分類為長期投資，按本集團於放棄其控制／影響生效之日應佔合肥光大資產淨值減任何減值虧損列賬。年內，採納香港會計準則第39號後，於合肥光大之投資指定作可出售投資。

基於合肥光大年內財務狀況轉壞，董事認為不大可能可收回於合肥光大之投資，故在本年度綜合損益表中扣除減值虧損3,477,000港元。

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21. PROPERTIES UNDER DEVELOPMENT

21. 發展中物業

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Cost as at 31 December*	於十二月三十一日之成本*	555,509	504,868
Add: Attributable profits from the pre-sale of properties	加：應佔預售物業之溢利	-	68,958
Less: Progress instalments received	減：已收進度分期付款項	-	(223,221)
		555,509	350,605
Transferred to properties for sale	轉讓可出售物業	(70,330)	-
Portion classified as current assets	列作流動資產之部分	(194,133)	(289,102)
		291,046	61,503

* Included interest capitalised amounting to HK\$6,873,000 (2004: HK\$17,413,000).

* 包括撥充資本之利息6,873,000港元(二零零四年：17,413,000港元)。

The properties under development are situated in Beijing, Mainland China. A plot of land (the "Land") where certain of the Group's properties under development and properties for sale were erected was pledged to a bank for a bank loan of approximately HK\$317 million as at 31 December 2005. Such bank loan is repayable in 2007 (note 30).

發展中物業位於中國北京。本集團於其上建設發展中物業及可出售物業之土地(「土地」)已就於二零零五年十二月三十一日為數約317,000,000港元之銀行貸款，向一家銀行抵押，該筆銀行貸款須於二零零七年償還(附註30)。

During the period, the Group has adopted HK-Int 3 to the pre-completion contracts for the sale of development properties entered into on or after 1 January 2005. Further details of the accounting treatments are set out in note 2.2(e). Deposits received from the buyers of the Group's properties under development in respect of which no profit has been recognised were carried as a current liability at the balance sheet date.

期內，本集團就於二零零五年一月一日或之後訂立有關銷售發展物業之完工前合約採納香港詮釋3。有關該等會計處理方法進一步詳情載於附註2.2(e)。就本集團發展中物業向買家收取而其溢利未予確認之訂金於結算日列作流動負債。

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21. PROPERTIES UNDER DEVELOPMENT (continued)

Further details of the Group's properties under development are included on page 178 of the annual report.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

21. 發展中物業(續)

本集團發展中物業之進一步詳情載於年報第178頁。

22. 預付款項、按金及其他應收款

	Group 本集團		Company 本公司	
	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Deposits for the acquisition of:	以下收購訂金：			
An associate	38,054	-	27,000	-
Property interests	9,845	-	-	-
Other receivables	10,509	57,427	1,183	981
Prepayments	24,381	11,343	1,333	919
Deposits	2,551	2,395	1,619	1,621
Carrying amount at 31 December	85,340	71,165	31,135	3,521
Current portion	(37,212)	(68,539)	(4,135)	(3,521)
Non-current portion	48,128	2,626	27,000	-



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22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

On 29 November 2004, the Group entered into certain share purchase agreements with two independent third parties (the "Vendors") for the acquisition of an aggregate of 21% equity interests in Beijing Haidian Science Park Development Co., Ltd. ("Beijing Haidian") for an aggregate consideration of approximately HK\$126 million. During the year, deposits of HK\$38,054,000 had been paid to the Vendors. On 10 April 2006, the Company made an press announcement for extending the completion date of the proposed acquisition to 28 June 2006. Further details of the proposed acquisition were set out in the Company's various press announcements made from 2 December 2004 to 10 April 2006 and a circular dated 25 April 2005 to the Company's shareholders. The deposits paid were carried as non-current assets in the consolidated balance sheet.

On 5 December 2005, the Group entered into a sale and purchase agreement for the acquisition of a property interest in Hong Kong at a consideration of HK\$98,426,000. The deposits paid of HK\$9,845,000 were carried as non-current assets in the consolidated balance sheet.

Included in the other receivables under current assets as at 31 December 2004 were HK\$28,269,000 and HK\$11,308,000, which represented the amounts due from two companies established in the PRC. Such balances were fully repaid during the year.

22. 預付款項、按金及其他應收款(續)

於二零零四年十一月二十九日，本集團與兩名獨立第三方（「賣方」）訂立股份購買協議，收購北京海澱科技園建設股份有限公司（「北京海澱」）合共21%股本權益，總代價約為126,000,000港元。年內，賣方已支付訂金38,054,000港元。於二零零六年四月十日，本公司就延展建議收購之完成日期至二零零六年六月二十八日作出公佈。建議收購之詳情載於本公司於二零零四年十二月二日至二零零六年四月十日期間作出之各報章公佈以及寄發予本公司股東日期為二零零五年四月二十五日之通函。已付訂金於綜合資產負債表列作非流動資產。

於二零零五年十二月五日，本集團就收購香港物業權益訂立買賣協議，代價為98,426,000港元。已付訂金9,845,000港元於綜合資產負債表列作非流動資產。

計入於二零零四年十二月三十一日之流動資產之其他應收款包括應收兩家於中國成立之公司欠款28,269,000港元及11,308,000港元，該筆餘款已於年內全數償還。

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23. INVENTORIES

		Group 本集團	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
Raw materials	原材料	16,746	23,901
Work in progress	在製品	9,384	12,809
Finished goods	製成品	79,792	58,585
		<u>105,922</u>	<u>95,295</u>

24. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is required. The credit period is generally for a period of one month, extending up to three months for major customers except for customers of the Group's property development business whose settlements are made in accordance with the sales contract entered into between the Group and the customers. Each customer has a maximum credit limit. Trade debtors with balances that are more than three months overdue are required to settle all outstanding balances before any further credit is granted. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

23. 存貨

24. 應收賬款及票據

除若干客戶需要預先付款外，本集團與其客戶訂立之買賣條款主要為記賬方式，信貸期一般為期一個月，主要客戶可獲長至最多三個月之信貸期，惟本集團物業發展業務客戶之結算乃按本集團與客戶訂立之銷售合約作出。每個客戶設有信貸上限。逾期三個月以上之應收賬款結餘，須於獲授出任何進一步信貸前清還所有未償還餘額。鑑於上述事項及本集團應收賬款涉及大量不同的客戶，故並無高度集中信貸風險。應收賬款並不計息。

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24. TRADE AND BILLS RECEIVABLES (continued)

An aging analysis of the trade and bills receivables as at the balance sheet date, based on the invoice date, and net of provisions, is as follows:

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
1 to 3 months	1至3個月	24,827	13,601
4 to 6 months	4至6個月	-	3,683
7 to 12 months	7至12個月	461	29
More than 1 year	1年以上	-	167
		<u>25,288</u>	<u>17,480</u>

The carrying amounts of trade and bills receivable approximate to their fair values.

24. 應收賬款及票據(續)

應收賬款及票據於結算日按照發票日期及扣減撥備後之賬齡分析如下:

應收賬款及票據之賬面值與其公平值相若。

25. SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS/SHORT TERM INVESTMENTS

		Group 本集團		Company 本公司	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Listed equity investments in Hong Kong, at market value	香港上市股票投資, 市值	<u>44,210</u>	<u>12,792</u>	<u>28,297</u>	<u>4,788</u>

The above equity investments at 31 December 2004 were classified as short term investments held for trading.

25. 按公平值計入溢利或虧損之證券/短期投資

於二零零四年十二月三十一日, 上述股本投資分類為持作買賣之短期投資。

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26. DUE FROM MINORITY EQUITY HOLDERS

The amounts due from the minority equity holders are unsecured, interest-free and settled subsequent to the balance sheet date.

26. 應收少數股東權益持有人欠款

應收少數股東權益持有人欠款為無抵押、免息，及已於結算日後償還。

27. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

27. 現金及現金等價物與已抵押存款

		Group 本集團		Company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Cash and bank balances	現金及銀行結存	339,439	56,199	4,188	3,464
Time deposits with original maturity:	原定於以下期間到期之定期存款：				
Less than three months	三個月內	50,123	131,703	26,550	51,003
Over three months	三個月後	-	3,769	-	-
		<u>389,562</u>	<u>191,671</u>	<u>30,738</u>	<u>54,467</u>
Less: Deposits pledged for short term banking facilities (note 30)	減：就短期銀行貸款抵押之存款（附註30）	(18,653)	(4,845)	(7,500)	-
Cash and cash equivalents	現金及現金等價物	<u>370,909</u>	<u>186,826</u>	<u>23,238</u>	<u>54,467</u>



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27. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (CONTINUED)

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$358,421,000 (2004: HK\$128,453,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for various periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

27. 現金及現金等價物與已抵押存款 (續)

於結算日，本集團以人民幣（「人民幣」）為單位之現金及銀行結存合共為358,421,000港元（二零零四年：128,453,000港元）。人民幣不得自由兌換為其他貨幣。然而，根據中國關於外匯管理及結匯、售匯及付匯管理規定，本集團可在獲授權進行外匯業務之銀行將人民幣兌換為其他貨幣。

銀行現金按每日銀行存款利率計算之浮動利率計息。短期定期存款的存款期由一日至三個月不等，視本集團之即時現金需求而定，並按相關短期定期存款利率計息。現金及現金等價物與已抵押存款之賬面值與其公平值相若。

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28. TRADE PAYABLES

An aging analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

1 to 3 months	1至3個月
4 to 6 months	4至6個月
7 to 12 months	7至12個月
More than 1 year	超過1年

28. 應付賬款

應付賬款於結算日按照發票日期之賬齡分析如下：

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
		97,763	80,372
		2,811	2,670
		935	1,193
		7,251	5,754
		<u>108,760</u>	<u>89,989</u>

The trade payables are non-interest-bearing and are normally settled on 60-day terms. The carrying amounts of the trade payables approximate to their fair values.

應付賬款並不計息，一般按60日期限支付。應付賬款之賬面值與其公平值相若。

29. OTHER PAYABLES AND ACCRUALS

Accruals	應計費用
Deposits received	已收按金
Other payables	其他應付款

29. 其他應付款及應計費用

		Group 本集團		Company 本公司	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
		16,414	16,242	2,740	3,054
		7,616	14,660*	-	-
		74,105	60,979	10,857	10,799
		<u>98,135</u>	<u>91,881</u>	<u>13,597</u>	<u>13,853</u>

Other payables are non-interest-bearing and have an average term of three months.

其他應付款並不計息，期限平均為三個月。

* Last year's balance included a deposit received of HK\$9,288,000 in respect of the disposal of certain items of property, plant and equipment, which was completed during the year.

* 去年結餘包括就出售年內完成之若干物業、廠房及設備所收訂金9,288,000港元。

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30. INTEREST-BEARING BANK BORROWINGS

30. 計息銀行借貸

				Group 本集團	
		Effective interest rate (%) 實際利率(%)	Maturity 到期日	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Current	即期				
Bank loans – secured	銀行貸款 – 有抵押	5.5 – 7.0	2006	96,154	28,269
Non-current	非即期				
Bank loans – secured	銀行貸款 – 有抵押	6.3	2007	317,308	310,959
				<u>413,462</u>	<u>339,228</u>

				Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元		
Analysed into:					
Bank loans repayable:					
Within one year or on demand	一年內或按要求	96,154	28,269		
In the second year	第二年	317,308	–		
In the third to fifth years, inclusive	第三至第五年(包括首尾兩年)	–	310,959		
				<u>413,462</u>	<u>339,228</u>

Analysed into:

分析:

Bank loans repayable:

應償還銀行貸款:

Within one year or on demand

一年內或按要求

96,154

28,269

In the second year

第二年

317,308

–

In the third to fifth years, inclusive

第三至第五年(包括首尾兩年)

–

310,959

413,462

339,228

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30. INTEREST-BEARING BANK BORROWINGS (continued)

As at 31 December 2005, the Group's bank loans were secured by:

- (i) the pledge of the Group's time deposits amounting to approximately HK\$18,653,000 (2004: HK\$4,845,000) (note 27);
- (ii) a legal charge over certain of the Group's leasehold buildings situated in Mainland China (note 13);
- (iii) a legal charge over certain of the Group's leasehold land situated in Mainland China (note 15);
- (iv) a legal charge over the Land (note 21);
- (v) a legal charge over certain of the Group's investment properties (note 14); and
- (vi) a legal charge over certain properties of an independent third party.

31. DUE TO RELATED COMPANIES

The amounts due to related companies are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due to related companies approximate to their fair values.

30. 計息銀行借貸(續)

於二零零五年十二月三十一日，本集團銀行貸款以下列各項作抵押：

- (i) 本集團約18,653,000港元(二零零四年:4,845,000港元)之定期存款抵押(附註27)；
- (ii) 本集團若干中國租賃樓宇之法定押記(附註13)；
- (iii) 本集團若干中國租賃土地之法定押記(附註15)；
- (iv) 土地法定押記(附註21)；
- (v) 本集團若干投資物業之法定押記(附註14)；及
- (vi) 獨立第三方若干物業之法定押記。

31. 應付有關連公司欠款

應付有關連公司之欠款為無抵押、免息，及並無既定還款期。應付有關連公司欠款之賬面值與其公平值相若。

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32. DEFERRED TAX

The movement in the Group's deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

		Revaluation of properties 重估物業 HK\$'000 千港元
At 1 January 2004, 31 December 2004 and 1 January 2005	於二零零四年一月一日、 十二月三十一日及二零零五年一月一日	-
Deferred tax charged to the income statement during the year (note 10)	年內自損益表扣除之 遞延稅項 (附註10)	794
At 31 December 2005	於二零零五年十二月三十一日	794

Deferred tax assets

		Provision 撥備 HK\$'000 千港元
At 1 January 2004, 31 December 2004 and 1 January 2005	於二零零四年一月一日、 十二月三十一日及二零零五年一月一日	1,000
Exchange differences	匯兌差額	21
At 31 December 2005	於二零零五年十二月三十一日	1,021

32. 遞延稅項

本集團於年內之遞延稅項負債及資產變動載列如下：

遞延稅項負債

		Revaluation of properties 重估物業 HK\$'000 千港元
At 1 January 2004, 31 December 2004 and 1 January 2005	於二零零四年一月一日、 十二月三十一日及二零零五年一月一日	-
Deferred tax charged to the income statement during the year (note 10)	年內自損益表扣除之 遞延稅項 (附註10)	794
At 31 December 2005	於二零零五年十二月三十一日	794

遞延稅項資產

		Provision 撥備 HK\$'000 千港元
At 1 January 2004, 31 December 2004 and 1 January 2005	於二零零四年一月一日、 十二月三十一日及二零零五年一月一日	1,000
Exchange differences	匯兌差額	21
At 31 December 2005	於二零零五年十二月三十一日	1,021



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32. DEFERRED TAX (continued)

The Group has tax losses arising in Hong Kong of HK\$72,710,000 (2004: HK\$31,016,000), subject to the agreement of the Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in companies that have been loss-making for some time.

At 31 December 2005, there was no significant unrecognised deferred tax liability (2004: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

33. DEFERRED INCOME

During the year, the Group received government grants of HK\$177,906,000 which represented partial refund of land premium in respect of a piece of land for a property redevelopment project situated in Beijing, the PRC. As at 31 December 2005, the project was still in progress and the related costs incurred by the Group for the project were included under "Properties under development" in non-current assets.

The Group had obtained proper approval from the relevant government authority for the grants. No other contingencies are attached to such grants.

The government grants were not recognised as income during the year and were accounted for as non-current liabilities at the balance sheet date.

32. 遞延稅項 (續)

本集團於香港產生稅項虧損為72,710,000港元(二零零四年:31,016,000港元),有待與稅務局協議,可用作抵銷產生虧損公司之日後應課稅溢利。由於產生稅項虧損之公司已錄得虧損一段時間,故並無就該等虧損確認任何遞延稅項資產。

於二零零五年十二月三十一日,本集團並無任何重大未確認遞延稅項負債(二零零四年:無),原因為倘匯款已匯出,本集團概無就此進一步繳付額外稅項之責任,故毋須就其若干附屬公司未有匯出之盈利應付任何稅項。

本公司並無因向其股東支付股息而具有任何所得稅責任。

33. 遞延收入

年內,本集團獲政府發出為數177,906,000港元之補助金,此乃就位於中國北京一項物業重建項目之地塊部分地價退回。於二零零五年十二月三十一日,該項目仍在興建中,而本集團就該項目產生之相關成本已列作非流動資產項下之「發展中物業」。

本集團就該等補助金已取得政府有關當局正式的批准。該等補助金並無附有其他或然條件。

年內,政府補助金並無確認為收入,並於結算日列作非流動負債。

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34. SHARE CAPITAL

34. 股本

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
<i>Authorised:</i>	<i>法定:</i>		
2,000,000,000 ordinary shares of HK\$0.10 each	2,000,000,000股每股 面值0.10港元之普通股	<u>200,000</u>	<u>200,000</u>
<i>Issued and fully paid:</i>	<i>已發行及悉數繳足:</i>		
1,544,831,000 ordinary shares of HK\$0.10 each	1,544,831,000股每股 面值0.10港元之普通股	<u>154,483</u>	<u>154,483</u>

35. SHARE OPTION SCHEME

35. 優先認購股份權計劃

The Company has a share option scheme which was adopted on 25 May 2001 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The share option scheme shall be valid and effective for a period of ten years ending on 24 May 2011, after which no further options will be granted. For options granted before 1 September 2001, the exercise price of options was determined by the board and was the higher of the nominal value of the Company's shares and 90% of the average of the closing prices of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the five business days immediately preceding the date of grant. For options granted on or after 1 September 2001, the exercise price of the options is the highest of the nominal value of the shares, the closing price of the shares on the Stock Exchange on the date of grant and the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant. Each option gives the holder the right to subscribe for one share.

本公司於二零零一年五月二十五日採納一項優先認購股份權計劃，據此，本公司董事獲授權，可酌情邀請本集團僱員（包括本集團任何成員公司之董事）接納優先認購股份權，以認購本公司股份。優先認購股份權計劃於直至二零一一年五月二十四日前十年一直有效，該日後不可再授出優先認購股份權。就於二零零一年九月一日前授出之優先認購股份權而言，優先認購股份權之行使價乃由董事會釐定，相當於本公司股份面值或緊接授出優先認購股份權當日前五個營業日本公司股份在香港聯合交易所有限公司（「聯交所」）之平均收市價之90%（以較高者為準）。就於二零零一年九月一日或以後授出之優先認購股份權而言，優先認購股份權之行使價為股份面值、於授出優先認購股份權當日股份在聯交所之收市價以及緊接授出優先認購股份權當日前五個營業日股份在聯交所之平均收市價之最高者。每份優先認購股份權賦予持有人權利認購一股股份。

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35. SHARE OPTION SCHEME (continued)

Pursuant to the amendments (the "New Rules") to Chapter 17 of the Listing Rules, any options granted after September 2001 must comply with the provisions of the New Rules. If the Company wishes to grant options to its directors or other eligible participants in future, a new share option scheme in compliance with the New Rules is to be approved and adopted by the shareholders of the Company in a general meeting. Since the adoption of the New Rules, no new share option scheme has been approved or adopted.

During the year, no share options were granted or exercised and there were no outstanding options at 31 December 2005 (2004: Nil).

36. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 55 of the financial statements.

The Group's share premium account mainly arose from shares issued at a premium. Pursuant to a special resolution of the shareholders of the Company passed on 29 September 2005, the share premium account was cancelled and utilised to eliminate the accumulated losses of the Group.

35. 優先認購股份權計劃 (續)

根據上市規則第17章之修訂(「新規則」),所有於二零零一年九月後授出之優先認購股份權均須符合新規則之條文。倘本公司擬於將來向其董事或其他合資格參與者授出優先認購股份權,則必須經本公司股東於股東大會批准及採納符合新規則之新優先認購股份權計劃。自採納新規則以來,並無批准或採納任何新優先認購股份權計劃。

年內,概無優先認購股份權獲授出或行使,於二零零五年十二月三十一日,概無任何尚未行使優先認購股份權(二零零四年:無)。

36. 儲備

(a) 本集團

本集團於目前及過往年度之儲備數額及有關變動已載於財務報表第55頁之綜合權益變動表中。

本集團股份溢價賬主要包括按溢價發行之股份。根據本公司於二零零五年九月二十九日通過之股東特別決議案,股份溢價賬已註銷,並用作撇銷本集團累積虧損。



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36. RESERVES (continued)

(a) Group (continued)

In accordance with the PRC regulations, certain of the Group's subsidiaries registered in the PRC are required to transfer part of their profits after tax to the statutory reserve fund, before profit distributions are made. The amounts of the transfers are subject to the approval of the boards of directors of these companies, in accordance with their joint venture agreements and/or articles of association. The statutory reserve fund is non-distributable and restricted as to use.

Certain amounts of goodwill arising on the acquisition of subsidiaries in prior years remain eliminated against the consolidated reserves as explained in notes 2.5 and 16 to the financial statements.

36. 儲備 (續)

(a) 本集團 (續)

按照中國大陸規例，若干於中國大陸註冊之本集團附屬公司作出溢利分派前，須將其部分除稅後溢利轉撥至法定儲備基金。轉撥款額須由該等公司之董事會按各自之合營協議及／或公司章程細則批准。法定儲備基金不可分派，且其用途是有所限制。

誠如財務報表附註2.5及16所闡釋，於過往年度收購附屬公司所產生商譽之若干數額仍於綜合儲備對銷。

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36. RESERVES (continued)

(b) Company

		Share premium account 股份溢價賬 HK\$'000 千港元	Retained profits/ (accumulated losses) 保留溢利/ (累積虧損) HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2004	於二零零四年一月一日	677,882	(341,335)	336,547
Net loss for the year (note 11)	年內虧損淨額 (附註11)	-	(19,810)	(19,810)
At 31 December 2004 and at 1 January 2005	於二零零四年十二月 三十一日及二零零五年 一月一日	677,882	(361,145)	316,737
Cancellation of share premium	註銷股份溢價	(677,882)	677,882	-
Net loss for the year (note 11)	年內虧損淨額 (附註11)	-	(48,708)	(48,708)
At 31 December 2005	於二零零五年 十二月三十一日	-	268,029	268,029

Pursuant to a special resolution of the shareholders of the Company passed on 29 September 2005, the share premium account of the Company was cancelled and utilised to eliminate the accumulated loss of the Company.

根據於二零零五年九月二十九日通過之特別決議案，本公司之股份溢價賬已註銷及動用，以對銷本公司之累積虧損。

37. BUSINESS COMBINATION

On 22 July 2005, the Group acquired a 80% equity interest in Xin Yang for Nil consideration. Xin Yang is engaged in property development.

37. 業務合併

於二零零五年七月二十二日，本集團無償收購鑫陽80%股本權益。鑫陽從事物業發展業務。

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37. BUSINESS COMBINATION (continued)

The fair values of the identifiable assets and liabilities of Xin Yang as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

			Fair value recognised on acquisition 收購時確認 之公平值 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
		Note 附註		
Property, plant and equipment	物業、廠房及設備	13	1,242	1,242
Cash and bank balances	現金及銀行結存		1,510	1,510
Properties under development	發展中物業		8,457	8,457
Prepayments and other receivables	預付款項及其他應收賬款		553	553
Amounts due from equity holders	應收股本持有人欠款		7,480	7,480
Accruals and other payables	應計費用及其他應付賬款		(95)	(95)
Minority interests	少數股東權益		(19,147)	(19,147)
			-	-

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

		HK\$'000 千港元
Cash and bank balances acquired and net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary	購入現金及銀行結存以及有關收購附屬公司之現金及現金等價物流入淨額	1,510

Since its acquisition, Xin Yang contributed HK\$1,736,000 to the consolidated loss attributable to the equity holders of the Company for the year ended 31 December 2005. Xin Yang had not contributed any revenue to the Group for the current year.

37. 業務合併 (續)

鑫陽於收購日期之可識別資產及負債公平值及緊接收購前之相應賬面值如下：

有關收購附屬公司之現金及現金等價物流入淨額分析如下：

自收購以來，鑫陽於截至二零零五年十二月三十一日止年度帶來1,736,000港元本公司股本持有人應佔綜合虧損。鑫陽於本年度並無對本集團貢獻任何收入。

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37. BUSINESS COMBINATION (continued)

Should the acquisition took place at 1 January 2005, Xin Yang would contribute HK\$3,218,000 to the consolidated loss attributable to the equity holders of the Company for the year ended 31 December 2005.

37. 業務合併(續)

倘收購於二零零五年一月一日進行，鑫陽應向截至二零零五年十二月三十一日止年度本公司權益持有人應佔綜合虧損貢獻3,218,000港元。

38. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Disposal of a subsidiary

38. 綜合現金流量表附註

出售一家附屬公司

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Net assets disposed of:	售出資產淨值：		
Property, plant and equipment	物業、廠房及設備	-	6,680
Cash and bank balances	現金及銀行結存	-	378
Inventories	存貨	-	3,102
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款	-	5,151
Trade payables	應付賬款	-	(450)
Other payables and accruals	其他應付款 及應計費用	-	(1,049)
Tax payable	應繳稅項	-	(169)
Dividend payable	應付股息	-	(67)
Minority interests	少數股東權益	-	(7,178)
		-	6,398
Gain on disposal of a subsidiary	出售附屬公司之收益	-	59
		-	6,457
Satisfied by:	以下列方式支付：		
Reclassified as a long term investment	重新分類為長期投資	-	3,477
Cash	現金	-	2,980
		-	6,457

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38. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

Disposal of a subsidiary (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Cash consideration	現金代價	-	2,980
Cash and bank balances disposed of	售出現金及銀行結存	-	(378)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	有關出售一家附屬公司之現金及現金等價物流入淨額	-	2,602

39. CONTINGENT LIABILITIES

During the year, the Group provided guarantees in favour of certain banks for mortgage loans granted by the banks to the buyers of the Group's properties under development to the extent of approximately HK\$242 million in aggregate. As at the balance sheet date, mortgage loans in aggregate of approximately HK\$200 million were utilised by the buyers of the Group's properties under development and properties for sale.

The Company had no material contingent liabilities as at the balance sheet date.

38. 綜合現金流量表附註(續)

出售一家附屬公司(續)

有關出售一家附屬公司之現金及現金等價物流入淨額分析如下:

39. 或然負債

年內,本集團就若干銀行向本集團發展中物業之買家授出之按揭貸款,向該等銀行作出擔保合共約242,000,000港元。於結算日,本集團發展中物業及待售物業之買家已動用按揭貸款當中合共約200,000,000港元。

於結算日,本公司並無任何重大或然負債。

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40. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its investment properties (note 14) under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years.

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

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Within one year	一年內	6,457	3,895
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	19,186	15,118
After five years	五年後	51,301	53,819
		<u>76,944</u>	<u>72,382</u>

(b) As lessee

The Group leases certain of its office and factory premises under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

40. 經營租約安排

(a) 作為出租人

本集團根據經營租約安排出租其若干投資物業(附註14),該等租約之議定年期介乎一至二十年不等。

於結算日,本集團根據不可取消經營租約之未來最低應收租金總額將於下列期間到期:

(b) 作為承租人

本集團根據經營租約安排租用其若干辦公室及工廠物業,該等租約之議定年期介乎一至十年不等。

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40. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee (continued)

At the balance sheet dates, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		Group 本集團		Company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Within one year	一年內	5,669	5,523	3,987	3,985
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	5,602	9,785	3,740	7,677
After five years	五年後	778	774	-	-
		<u>12,049</u>	<u>16,082</u>	<u>7,727</u>	<u>11,662</u>

In addition, the Group is required to pay an annual fee of approximately HK\$280,000 in respect of a leasehold land in Mainland China from the year 1992 up to the year 2042 with a 20% increment for every five years. During the year, an annual fee of HK\$397,000 was charged to the consolidated income statement of the Group (2004: HK\$392,000).

40. 經營租約安排 (續)

(b) 作為承租人 (續)

於結算日，本集團及本公司根據不可取消經營租約之未來最低應付租金總額將於下列期間到期：

此外，本集團自一九九二年起至二零四二年止，須就其在中國之一幅租賃土地支付年費約280,000港元，年費每五年增加20%。年內，本集團支付年費約397,000港元已於綜合損益表反映（二零零四年：392,000港元）。

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41. COMMITMENTS

In addition to the operating lease commitments detailed in note 40(b) above, the Group and the Company had the following commitments at the balance sheet dates:

41. 承擔

除上文附註40(b)所述經營租約承擔外，於結算日，本集團及本公司尚有下列承擔：

	Group 本集團		Company 本公司	
	2005	2004	2005	2004
	二零零五年	二零零四年	二零零五年	二零零四年
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Authorised, but not contracted for: 已授權但未訂約：				
Acquisition of an associate 收購一家聯營公司	24,038	-	24,038	-
Construction works 發展中物業之 in respect of properties 建築工程 under development	1,745,145	159,123	-	-
	<u>1,769,183</u>	<u>159,123</u>	<u>24,038</u>	<u>-</u>
Contracted, but not provided for: 已訂約但未撥備：				
Acquisition of Beijing Haidian 收購北京海澱 (note 22) (附註22)	89,896	126,000	64,731	90,000
Construction works 發展中物業之 in respect of properties 建築工程 under development	75,523	93,808	-	-
Purchases of items of property, 購買物業、廠房 plant and equipment 及設備項目	10,332	-	-	-
Purchase of an investment 購買投資物業 property	88,581	-	-	-
	<u>264,332</u>	<u>219,808</u>	<u>64,731</u>	<u>90,000</u>
	<u><u>2,033,515</u></u>	<u><u>378,931</u></u>	<u><u>88,769</u></u>	<u><u>90,000</u></u>

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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42. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group also had the following material transactions with related parties during the year:

		Group 本集團	
		2005 二零零五年	2004 二零零四年
Notes 附註		HK\$'000 千港元	HK\$'000 千港元
Commission fees paid	已付佣金費用	–	4,524
Sales to the joint venturer	對合營方之銷售	18,332	–
Purchases of plant and machinery from joint venturer	向合營方購買廠房及機器	11,703	–
Rental expenses paid to minority equity holders	已付少數股東租金開支	305	–
Rental income received	已收租金收入	626	–

Notes:

- (i) The commission fees of last year were paid to a real estate agent, in which a director of the Company had an equity interest, for services provided in respect of the sale of the Group's properties under development. The directors considered that the commission rate was comparable to the commission rates charged by other real estate agents.
- (ii) Sales to the joint venturer (the "Joint Venturer") of the Group's jointly-controlled entity, in which a director of the Company is also a director, were made at the selling prices the Joint Venturer charged its customers.
- (iii) The consideration for the plant and machinery was determined with reference to the market values of the relevant assets estimated by independent professional valuers.

42. 有關連人士交易

- (a) 除本財務報表其他部分所載列之交易及結餘外，本集團於年內曾與有關連人士進行以下重大交易：

		Group 本集團	
		2005 二零零五年	2004 二零零四年
Notes 附註		HK\$'000 千港元	HK\$'000 千港元
Commission fees paid	已付佣金費用	–	4,524
Sales to the joint venturer	對合營方之銷售	18,332	–
Purchases of plant and machinery from joint venturer	向合營方購買廠房及機器	11,703	–
Rental expenses paid to minority equity holders	已付少數股東租金開支	305	–
Rental income received	已收租金收入	626	–

附註：

- (i) 去年之佣金費用乃就銷售本集團發展中物業所提供服務向本公司一名董事持有股本權益之一家房地產代理支付之佣金。董事認為，有關佣金比率與其他房地產代理收取者相若。
- (ii) 本公司一名董事亦為其董事之本集團共同控制實體之合營方（「合營方」）所作銷售，乃按合營方向其客戶收取之售價進行。
- (iii) 廠房及機器之代價乃參考獨立專業估值師就有關資產估計之市值釐定。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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42. RELATED PARTY TRANSACTIONS (continued)

(a) Notes: (continued)

- (iv) The rentals were charged at HK\$76,190 per month commencing from September 2005. The directors considered that the rental charged was comparable to the rentals of similar properties.
- (v) The rentals from companies in which a director of the Company is also directors were charged at HK\$52,000 per month during the year. The directors considered the rental charge was comparable to market rates.

(b) Other transactions with related parties:

- (i) During the year, the jointly-controlled entity of the Group leased its factory premises and the piece of land where the factory premises was erected from the Joint Venturer free of charge.
- (ii) On 29 December 2005, Ebohr executed a guarantee for a term of one year commencing from 25 January 2006 in favour of the Joint Venturer for a bank loan of approximately of HK\$16.3 million granted to the Joint Venturer by a bank. The bank loan was not utilised by the Joint Venturer at the balance sheet date and was fully drawn down by the Joint Venturer subsequent to the balance sheet date.

42. 有關連人士交易 (續)

(a) 附註：(續)

- (iv) 租金自二零零五年九月起為每月76,190港元。董事認為，所收取租金與同類物業租金相若。
- (v) 年內，來自本公司一名董事亦為其董事之若干公司之租金為每月52,000港元。董事認為，所收取租金與市場租值相若。

(b) 與有關連人士之其他交易：

- (i) 年內，本集團共同控制實體無償向合營方租賃其廠房物業及廠房物業所在土地。
- (ii) 於二零零五年十二月二十九日，依波就銀行授予合營方約16,300,000港元銀行貸款為合營方簽立擔保，自二零零六年一月二十五日起為期一年。截至結算日，合營方並無動用有關銀行貸款，但已於結算日後全數提取貸款。

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42. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties:

(i) As disclosed in the consolidated balance sheet, the Group had outstanding advances payable to a company, in which a director of the Company had equity interests of HK\$134,000 (2004: HK\$3,374,000), as at the balance sheet date. The advances are unsecured, interest free and have no fixed terms of repayment.

(ii) As disclosed in the consolidated balance sheet, the Group had outstanding receivables from the minority equity holders of Xin Yang of HK\$7,480,000 (2004: Nil), as at the balance sheet date. The advances are unsecured, interest-free and settled subsequently to the balance sheet date.

(d) Compensation of key management personnel of the Group:

42. 有關連人士交易 (續)

(c) 與有關連人士之未償付結餘:

(i) 誠如綜合資產負債表所披露，於結算日，本集團應付本公司一名董事擁有其權益之一家公司未償還墊款為134,000港元(二零零四年:3,374,000港元)。有關墊款為無抵押、免息及無固定還款期。

(ii) 誠如綜合資產負債表所披露，於結算日，本集團應收鑫陽少數股東之未償還應收賬款為7,480,000港元(二零零四年:無)。有關墊款為無抵押、免息及已於結算日後清還。

(d) 本集團主要管理人員之補償:

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Short term employee benefits	短期僱員福利	8,466	5,470
Post-employment benefits	離職後福利	107	14
Total compensation paid to key management personnel	已付主要管理人員補償總額	8,573	5,484



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42. RELATED PARTY TRANSACTIONS (continued)

- (d) Compensation of key management personnel of the Group (continued)

Further details of directors' emoluments are included in note 8 to the financial statements.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, trade payables, other receivables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

42. 有關連人士交易 (續)

- (d) 本集團主要管理人員之補償 (續)

有關董事酬金之進一步詳情載於財務報表附註8。

43. 財務風險管理目標及政策

本集團之主要金融工具包括銀行貸款、現金及短期存款。此等金融工具之主要用途乃為本集團業務籌集資金。本集團有其他直接源自業務之金融資產及負債，例如應收賬款、應付賬款、其他應收款及其他應付款。

本集團金融工具所產生主要風險為現金流量利率風險、外匯風險、信貸風險及流動資金風險。董事會檢討及協定管理上述各項風險之政策，有關政策概述如下。



NOTES TO FINANCIAL STATEMENTS

財務報表附註

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to maintain between 35% and 65% of its interest-bearing borrowings at fixed interest rates. The Group currently has not implemented any procedures to hedge its cashflow interest rate risk.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. Approximately 6% (2004: 11.7%) of the Group's sales are denominated in currencies other than the functional currency of the operating units making the sale, whilst approximately 5.2% (2004: 5.7%) of costs and expenses are denominated in other than the functional currency of the operating units incurring these costs and expenses. The Group currently has not implemented any procedures to hedge its foreign currency risk.

43. 財務風險管理目標及政策(續)

現金流量利率風險

本集團所面對市場利率波動風險主要與其浮動利率債務責任有關。

本集團之政策為同時運用定息及浮息債務管理其利息成本。本集團之政策為將保持35%至65%計息借貸為定息借貸。本集團現時並無實行任何程序對沖其現金流量利率風險。

外匯風險

本集團之交易面對外匯風險。有關風險來自進行買賣交易的營運單位之功能貨幣以外貨幣列值。本集團約6% (二零零四年:11.7%)之銷售以進行銷售營運單位之功能貨幣以外貨幣列值,約5.2% (二零零四年:5.7%)之成本及開支以產生該等成本及開支之營運單位之功能貨幣以外貨幣列值。本集團現時並無實行任何程序對沖其外匯風險。



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財務報表附註

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale investments and securities measured at fair value through profit or loss, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, convertible bonds, other interest-bearing loans and finance leases. The Group's policy is that not more than 75% of borrowings should mature in any 12-month period. 23.3% of the Group's debts would mature in less than one year as at 31 December 2005 (2004: 8.3%).

43. 財務風險管理目標及政策 (續)

信貸風險

本集團僅與信譽良好之第三方進行買賣。本集團之政策為全部獲授信貸期之客戶均須通過信貸評核程序。此外，本集團不斷監控應收賬款結餘，且其所面對壞賬風險並不重大。

本集團其他金融資產包括現金及現金等價物、可出售投資及按公平值計入溢利或虧損之證券，有關信貸風險源自第三方失責，最高款額相等於該等工具賬面值。

由於本集團僅與信譽良好之認可第三方進行買賣，故毋須抵押品。

流動資金風險

本集團之目標為透過運用銀行透支、銀行貸款、可換股債券、其他計息貸款及融資租約，平衡備用資金與靈活彈性。本集團之政策為任何12個月內屆滿之借貸須佔總借貸不超過75%。截至二零零五年十二月三十一日，本集團23.3% (二零零四年：8.3%) 借貸將於一年內到期。



NOTES TO FINANCIAL STATEMENTS

財務報表附註

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44. POST BALANCE SHEET EVENTS

Save as disclosed elsewhere in the financial statements, the Group also has the following subsequent events:

- (a) On 9 January 2006, the registered capital of Xin Yang was increased from HK\$25,000,000 to HK\$85,100,000. The increase in registered capital were contributed by the equity holders on a pro rata basis to their respective equity holding in Xin Yang.
- (b) On 25 January 2006, the Group provided a loan guarantee given in favour of Fuzhou Dartong, the jointly-controlled entity of the Group, regarding a loan facility of HK\$17.3 million granted by a bank to Fuzhou Dartong for a period of one year commencing from January 2006. Further details of which are set out in the Company's press announcement dated 26 January 2006.
- (c) On 6 April 2006, the Company entered into a joint venture agreement with Citychamp Dartong Company Limited and Jiangsu Qingjiang M&E Company Limited ("Jiangsu M&E"), whereby the Company will invest HK\$24,000,000 in cash for a 25% interest in the registered capital of the Jiangsu M&E. Further details of which are set out in the Company's press announcement dated 10 April 2006.

37. 結算日後事項

除財務報表其他部分披露者外，本集團另曾於結算日後進行以下重大事項：

- (a) 於二零零六年一月九日，鑫陽之註冊股本由25,000,000港元增至85,100,000港元。註冊股本增加來自股本持有人按彼等各自於鑫陽股權比例所作注資。
- (b) 於二零零六年一月二十五日，本集團就銀行授予其共同控制實體福州大通之17,300,000港元貸款融資為福州大通作出貸款擔保，自二零零六年一月起為期一年。有關詳情載於本公司於二零零六年一月二十六日刊發之報章公佈。
- (c) 於二零零六年四月六日，本公司與冠城大通股份有限公司及江蘇大通清江機電有限公司（「江蘇機電」）訂立合營協議，據此，本公司將就於江蘇機電註冊股本之25%權益注資現金24,000,000港元。有關詳情載於本公司於二零零六年四月十日刊發之報章公佈。



NOTES TO FINANCIAL STATEMENTS

財務報表附註

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45. COMPARATIVE AMOUNTS

As further explained in notes 2.2 and 2.4 to the financial statements, due to the adoption of new HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain opening balance adjustments have been made and certain comparative amounts have been reclassified to conform with the current year's presentation and accounting treatment.

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 April 2006.

45. 比較數字

誠如財務報表附註2.2及2.4所述，由於年內採納新香港財務申報準則，財務報表若干項目及結餘之會計處理方法及呈列方式已修訂，以符合新規定。因此，若干期初結餘已調整及若干比較數字已重新分類，以符合本年度之呈列方式及會計處理方法。

46. 批准財務報表

財務報表已於二零零六年四月二十六日獲董事會批准及授權刊發。

FIVE YEAR FINANCIAL SUMMARY

五年財務資料摘要

31 December 2005
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A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years as extracted from the published audited financial statements is set out below:

本集團過去五個財政年度摘錄自己刊發經審核財務報表之業績、資產、負債及少數股東權益摘要載列如下：

RESULTS

業績

		Year ended 31 December 截至十二月三十一日止年度				
		2005	2004	2003	2002	2001
		二零零五年	二零零四年	二零零三年	二零零二年	二零零一年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
REVENUE	收入	620,709	523,802	287,878	116,396	99,389
Cost of sales	銷售成本	(537,975)	(426,332)	(223,046)	(65,854)	(44,248)
Gross profit	毛利	82,734	97,470	64,832	50,542	55,141
Other income and gains	其他收入及收益	9,992	7,927	20,036	6,210	7,794
Selling and distribution costs	銷售及分銷成本	(53,665)	(46,087)	(35,534)	(23,890)	(19,494)
Administrative expenses	行政費用	(71,636)	(62,646)	(41,432)	(30,789)	(35,009)
Other operating income/(expenses), net	其他經營收入/(開支)淨額	13,144	41,009	(46,658)	(5,747)	(4,637)
Finance costs	財務費用	(2,699)	(10,382)	(8,851)	-	(2,597)
Write-back of provision for an other receivable	撥回其他應收款撥備	-	-	16,382	-	-
Share of profits and losses of associates	所佔聯營公司溢利及虧損	-	-	-	-	38
Gain on disposal of subsidiaries	出售附屬公司收益	-	59	-	-	-
Gain on disposal of an associate	出售一家聯營公司收益	-	-	-	4,000	-
Write-back of provision for a long term receivable	撥回長期應收款撥備	-	-	-	7,000	4,000
PROFIT/(LOSS) BEFORE TAX	除稅前溢利/(虧損)	(22,130)	27,350	(31,225)	7,326	5,236
Tax	稅項	(21,581)	(15,933)	(661)	(1,921)	(1,201)
PROFIT/(LOSS) FOR THE YEAR	本年度溢利/(虧損)	(43,711)	11,417	(31,886)	5,405	4,035
Attributable to:	以下人士應佔:					
Equity holders of the Company	本公司權益持有人	(43,275)	11,373	(31,994)	5,393	4,017
Minority interests	少數股東權益	(436)	44	108	12	18
		(43,711)	11,417	(31,886)	5,405	4,035

FIVE YEAR FINANCIAL SUMMARY

五年財務資料摘要

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ASSETS, LIABILITIES AND MINORITY INTERESTS

資產、負債及少數股東權益

		As at 31 December 於十二月三十一日				
		2005	2004	2003	2002	2001
		二零零五年	二零零四年	二零零三年	二零零二年	二零零一年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
TOTAL ASSETS	總資產	1,546,256	1,137,547	1,163,703	565,871	559,349
TOTAL LIABILITIES	總負債	(1,066,361)	(636,533)	(667,057)	(46,364)	(43,054)
MINORITY INTERESTS	少數股東權益	(20,877)	(2,121)	(9,246)	(257)	(243)
		<u>459,018</u>	<u>498,893</u>	<u>487,400</u>	<u>519,250</u>	<u>516,052</u>

PARTICULARS OF MAJOR PROPERTIES

主要物業資料

31 December 2005
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Name/location 名稱／位置	Group interest 集團權益	Use 用途	Tenure 年期
Investment properties 投資物業			
Industrial Complex, including Dormitories In the Sixth Industrial Zone Houjie Town, Dongguan County Guangdong Province The People's Republic of China (the "PRC") 中華人民共和國廣東省東莞市厚街鎮 第六工業區工廠綜合大樓(包括宿舍)	100%	Industrial/ Residential 工業／住宅	Medium term lease 中期租賃
2nd Lower Ground Level Jin Hua Building Yan He South Road Luohu District, Shenzhen Guangdong Province The PRC 中華人民共和國廣東省深圳市羅湖區 沿河南路錦花大廈地下層二層	100%	Commercial 商業	Medium term lease 中期租賃
Shops at Street Nos. 13, 14 and 15 New City Centre Plaza Garden Nos. 459, 461 and 463 Xiang Hua Road Zhuhai City Guangdong Province The PRC 中華人民共和國廣東省珠海市 香華路459、461和463號 新城市中心花園·商舖13、14和15號	100%	Commercial 商業	Medium term lease 中期租賃
4/F, 5/F and 7/F, Guanhai Mansion Citychamp Palace Madian Haidian District Beijing The PRC 中華人民共和國北京市海澱區 馬甸冠城園冠海大廈4樓、5樓及7樓	100%	Commercial 商業	Medium term lease 中期租賃



PARTICULARS OF MAJOR PROPERTIES

主要物業資料

31 December 2005
二零零五年十二月三十一日

Name/location 名稱／位置	Group interest 集團權益	Use 用途	Site area 工地面積 (square metres) (平方米)	Gross floor area 樓面總面積 (square metres) (平方米)	Stage of completion 完工進度	Completion date 完工日期	Lease term 租賃期
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Properties under development

發展中物業

Land situated at East part of E Area Taiyanggong New District Taiyanggong North Street Beijing The PRC 中華人民共和國·北京市 太陽宮北街·太陽宮新區 E區東部	100%	Residential 住宅	44,581	183,304	Blocks 6 and 7 have been substantially completed; Block 9's foundation works are in progress. 第六及 七座樓宇 已大致完工; 第九座樓宇 之工程 現正進行中。	2008	Long term lease 長期租賃
Land situated at Guangqumen South Street Chongwen District Beijing The PRC 中華人民共和國·北京市 崇文區廣渠門南街	100%	Commercial Residential 商業及住宅	106,100	360,000	Demolition works are in progress 清拆工程 現正進行中。	2008	Long term lease 長期租賃