

2005
Annual Report 年報



HOP FUNG GROUP

合豐集團控股有限公司

HOP FUNG GROUP 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: 2320



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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Hui Sum Kwok (*Chairman*)
Mr. Hui Sum Ping (*Vice Chairman*)
Mr. Hui Sum Tai (*Chief Executive Officer*)
Mr. Wong Wing Por
Ms. Hui Yuen Li

Independent Non-Executive Directors

Mr. Liu Kwok Fai, Alvan
Mr. Chee Man Sang, Eric
Mr. Wong Chu Leung

AUDIT COMMITTEE

Mr. Liu Kwok Fai, Alvan (*Chairman*)
Mr. Chee Man Sang, Eric
Mr. Wong Chu Leung

REMUNERATION COMMITTEE

Mr. Chee Man Sang, Eric (*Chairman*)
Mr. Wong Chu Leung
Ms. Hui Yuen Li

AUTHORISED REPRESENTATIVES

Mr. Hui Sum Kwok
Ms. Hui Yuen Li

COMPANY SECRETARY

Ms. Hui Yuen Li

董事會

執行董事

許森國先生 (*主席*)
許森平先生 (*副主席*)
許森泰先生 (*行政總裁*)
王榮波先生
許婉莉女士

獨立非執行董事

廖國輝先生
池民生先生
黃珠亮先生

審核委員會

廖國輝先生 (*主席*)
池民生先生
黃珠亮先生

薪酬委員會

池民生先生 (*主席*)
黃珠亮先生
許婉莉女士

授權代表

許森國先生
許婉莉女士

公司秘書

許婉莉女士

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Workshops E, F and H, on 22nd Floor
Superluck Industrial Centre (Phase 2)
No. 57 Sha Tsui Road and
Nos. 30–38 Tai Chung Road, Tsuen Wan
New Territories
Hong Kong

REGISTERED OFFICE

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

SHARE REGISTRARS AND TRANSFER AGENTS

Principal share registrar and transfer agent in the Cayman Islands

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
British West Indies

核數師

德勤 • 關黃陳方會計師行
執業會計師

香港總辦事處及主要營業 地點

香港
新界
荃灣沙咀道57號及
大涌道30-38號
荃運工業中心(第二期)
22樓E、F及H座

註冊辦事處

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

股份過戶登記處

開曼群島主要股份過戶登記處

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
British West Indies

CORPORATE INFORMATION

公司資料

Branch share registrar and transfer agent in Hong Kong

Abacus Share Registrars Limited
26th Floor
Tesbury Centre
No. 28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited

STOCK CODE

2320

股份過戶登記處香港分處

雅柏勤證券登記有限公司
香港
皇后大道東28號
金鐘匯中心
26樓

主要往來銀行

渣打銀行(香港)有限公司
香港上海滙豐銀行有限公司
恒生銀行有限公司
星展銀行(香港)有限公司

股份代號

2320

On behalf of the board of directors (the "Directors"), I am pleased to present to all shareholders the annual results of Hop Fung Group Holdings Limited ("the Company" and together with its subsidiaries, collectively referred to as "the Group") for the year 2005.

REVIEW

2005 posed serious challenges to manufacturers worldwide, in particular those with production base in the People's Republic of China ("PRC"). In spite of an increasing market demand for paper-ware packaging, our operation was tested by factors like the appreciation of the Renminbi, higher raw material prices and increased labour costs. However, leveraging on our proactive and positive efforts, the Group was able to keep its gross profit margin at a healthy level and continue to achieve growth in turnover and earnings through stringent internal control, enhanced capital management, improved production workflow, and provision of high value-added corrugated paper-ware products and related value-added services to customers in a timely manner.

The Group invested in establishing a corrugating medium production plant – Green Forest (QingXin) Paper Industrial Limited ("Green Forest") in Qingxin County, Qingyuan City, Guangdong Province to reduce our reliance on suppliers for raw materials. We experienced numerous problems and faced challenges that we have never met before in the setting up of the plant, the installment of machinery and the entire production system, but they were eventually overcome. As the management directly involved in the procurement of construction materials and monitoring the construction progress, efficient use of capital as well as good management of work in progress were ensured. It took merely fourteen months for a piece of farmland to be turned into blocks of well-equipped factories. Green Forest celebrated the completion of its corrugating medium production plant in March, 2006. On the same day, we also laid the foundation for another major raw material, kraft linerboard production plant.

本人謹代表董事會（「董事」）欣然向各位股東提呈合豐集團控股有限公司（「本公司」，連同其附屬公司，統稱「本集團」）的二零零五年度全年業績報告。

回顧

二零零五年對全球的企業尤其是以中華人民共和國（「中國」）為生產基地的製造業來說，實在是充滿著艱巨挑戰的一年。儘管市場對包裝紙品需求繼續上升，人民幣升值、原材料價格及工資水平上升等因素卻為我們的營運增添不少考驗；然而憑本集團積極進取的態度，我們成功透過加強內部監控、開源節流及改善生產流程，為客戶提供高增值瓦楞紙包裝產品，與及適時供應和相關增值服務，令毛利率保持於健康水平，並繼續為本集團取得營業額和盈利增長。

本集團於廣東省清遠市清新縣投資興建瓦楞芯紙製造廠－森葉（清新）紙業有限公司（「森葉紙業」），以減低我們對原材料供應商的倚賴。從建築廠房、安裝機器及整個生產系統，我們經歷了很多從未遇到的困難和挑戰，但都能一一克服。由於廠房之建造由我們親自購買材料及監督整個建築過程，無論在資金運用或建造速度方面都易於掌握，最終我們只花了十四個月時間將一片農地變成一棟棟的廠房及設施。森葉紙業於二零零六年三月已舉行了瓦楞芯紙生產廠房之慶成典禮，更於同日舉行了興建另一主要原材料－牛咭生產廠房工程之奠基儀式。

CHAIRMAN'S STATEMENT

主席報告

PROSPECTS

Looking into the future, it is expected that global demand for quality corrugated paper-ware products will continue to rise. This trend with improving living standard in the PRC will further prompt the demand for high-end paper-ware products. We believe that customers will become more demanding for quality products and services. The Group is well prepared to capture a larger share both in the international and local corrugated paper-ware markets. Apart from the existing three factories producing corrugated paper boards and carton boxes, we plan to set up a new plant at Green Forest scheduled to start production in mid 2007.

The commencement of operation of the corrugating medium production line in February 2006 marked the Group's expansion into upstream production. On top of that, it is expected that the kraft linerboard production plant to be set up at Green Forest will be completed by the end of 2007 for production to commence in early 2008. The upstream corrugating medium and kraft linerboard production lines, when completed, will guarantee stable supply of quality major raw materials, leading to vertically integrated operation. Not only will it reduce production costs but also raise the operation efficiency, and hence enhancing competitiveness and achieving synergy.

With basically adequate and stable supply of quality raw materials, the Group will further expand into the overseas and domestic corrugated paper-ware markets with no worries. To meet the needs of customers worldwide continue to increase its market share the Group may add or acquire new production lines or factories for corrugated paper boards and carton boxes. We will proceed with vertical integration by recycling waste paper into corrugated paper boards, carton boxes and other paper-ware products for our wide-ranging customers. I am confident that, backed by 20 years of experience, the group is able to secure higher returns for its shareholders.

展望

展望未來，全球對優質瓦楞紙品的需求持續上升，加上中國內地的生活水平不斷提升，對包裝精緻的產品需求大增，我們相信客戶對產品及服務質素的要求亦將繼續提升。本集團已為進一步擴大海外及中國瓦楞包裝市場佔有率作好準備，除了現有三家瓦楞紙板紙箱生產廠房外，將在森葉紙業現址興建另一家生產廠房，預計可於二零零七年中投產。

瓦楞芯紙生產線已於二零零六年二月開始投產，標誌著本集團正式開展上游生產業務。另外，我們將於森葉紙業現址興建牛咭生產廠房，預計於二零零七年底落成，在二零零八年初投產。隨著上游瓦楞芯紙及牛咭生產線的落成，我們將有穩定及優質的主要原材料供應，進一步達致縱向整合的營運模式。此營運模式不但減省生產成本，更可提高營運效率，產生協同效益，增加本集團的競爭能力。

有了這龐大、穩定及優質的主要原材料供應後，本集團便可無顧慮地進一步擴大海外及中國瓦楞包裝市場。為滿足不同地區的客戶需求，繼續擴大市場佔有率，本集團可能興建或購併更多瓦楞紙板紙箱生產線及廠房。我們將會繼續垂直整合業務，將廢紙製成包裝紙板、紙箱及其他紙製品送到我們廣大客戶的手裡。本人深信憑藉過往二十年的經驗，本集團必能為股東們帶來更理想的回報。

CHAIRMAN'S STATEMENT 主席報告

ACKNOWLEDGEMENT

Finally, I would like to take this opportunity to express my sincere thanks to our management team and staff for their dedicated work, and to our customers, suppliers, investors and all other parties for their continuous support.

Hui Sum Kwok
Chairman

19th April, 2006

致謝

最後，本人謹代表董事局，藉此機會就我們管理團隊及員工的不斷努力，以及客戶、供應商、投資者及其他各界友好一直以來的支持致以衷心謝意。

許森國
主席

二零零六年四月十九日

MANAGEMENT'S DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

With a sustaining growth in the global demand for products from the PRC, the demand of corrugated paper-ware packaging exhibited a corresponding rise. Meanwhile, the Group's GongMing processing plant in Shenzhen, Guangdong installed a corrugated paper board production line in the second half of the year under review. This enabled the Group to record a rise in its turnover and output of approximately 3.6% and 5.8% respectively despite a difficult business environment of escalating raw materials price and interest rate.

With the operation of its wholly-owned foreign enterprise in Dongguan, Guangdong, since March 2004, the Group began developing the domestic corrugated paper-ware market of the PRC. This also fulfilled our international customers' needs in entering or expanding the PRC market. The Group thus established a more long term and stable business relationship with its customers. Together with its effective sales strategy, the Group's market share in the PRC market was expanded, resulting in an increase in its 2005 domestic sales.

In order to provide high-quality and high value-added products and quality on-time services to its customers, the Group makes continuous effort to improve the production process, strengthen the computerized production procedure, and acquires advanced corrugated carton box production facilities. To achieve economy of scale and maximize production efficiency, the Group allocates different types of products to different factories for production, which enables different types of production lines and facilities to attain their highest effectiveness. On the other hand, since the production process of corrugated paper boards is shorter and simpler than that of corrugated carton boxes, the proportion of corrugated paper boards and carton boxes produced by the Group in 2005 remained at approximately 2:1, which enabled the utilisation of production facilities to reach approximately 85%.

業務回顧

隨著全球市場對中國出口產品需求持續上升，使包裝瓦楞紙之需求相對增加。加上於回顧期之下半年，本集團在廣東省深圳市之公明加工廠增設了一條瓦楞紙板生產線，使本集團於原材料價格及利息持續上揚之困難營商環境下，其營業額仍可錄得約3.6%增長，生產量亦上升約5.8%。

自二零零四年三月起，本集團透過其在廣東省東莞市的全資外資企業，開始發展中國本土瓦楞紙包裝市場，同時亦滿足了其國際性客戶開拓或擴大中國市場之需求，更因此與客戶建立了更長遠更穩健的業務關係。此外，再加上有效之銷售策略，集團之中國市場佔有率得以擴大，令其內銷營業額於二零零五年有所增長。

為了提供高質量高增值之產品與及優質準時的服務予客戶，本集團不斷積極改善生產流程，強化電腦化生產程序，添置先進高效之瓦楞紙箱生產設施。為使規模效益及生產效率達致最高水平，本集團將不同類型的產品分流到不同廠房進行生產，使不同類型之生產線及設施均可發揮其最佳效能。另一方面，由於瓦楞紙板之製造流程較瓦楞紙箱快捷及簡單，集團於二零零五年製造瓦楞紙板與瓦楞紙箱之比例維持在約2:1，令生產設備使用率最終可高達約85%。

MANAGEMENT'S DISCUSSION AND ANALYSIS

管理層討論及分析



FINANCIAL REVIEW

Operating results

In 2005, turnover of the Group increased approximately 3.6% to HK\$788,555,000 (2004: HK\$760,981,000). The increase was mainly attributable to the new equipment acquired in 2004 which was put into full operation in 2005, and commencement of operation of other new equipment in the second half of 2005. Increase in cost of sales was due to an increase in turnover, while various factors such as the appreciation of Renminbi, the rise of crude oil and raw material prices also exerted pressure on cost of sales. Hence gross profit margin slightly decreased from 19.8% in 2004 to 19.5%.

The continuous rising crude oil price in 2005 resulted in an increase in transportation cost. Nevertheless, as the Group has adopted stringent cost control and internal control measures, distribution costs were maintained at the level of 2004. Administrative expenses increased approximately 7.2% to HK\$37,724,000. The increase in administrative expenses was the result of treating share options as an expense following the adoption of new accounting standards.

Other expenses increased approximately 47.8% from 2004 to HK\$18,601,000. It is mainly due to an increase in depreciation charges for renovation and decoration of new and existing plant, warehouse, employees' dormitories and increase in professional expenses in 2005. As the Group funded the construction and decoration of the new plant of Green Forest (QingXin) Paper Industrial Limited ("Green Forest") by bank loans, finance costs increased by approximately 216.6% to HK\$5,924,000.

The net profit margin of the Group in 2005 was 8.8%. Earnings per share increased to 19 HK cents (2004: 18.3 HK cents). The Directors proposed a final dividend of 4.17 HK cents per share (2004: 4.22 HK cents).

財務回顧

經營業績

本集團於二零零五年之營業額增長約3.6%至788,555,000港元(二零零四年: 760,981,000港元), 此增長之主因是二零零四年之新增設備在二零零五年已全面運作, 及二零零五年之下半年亦有新設備投入運作。銷售成本除了因營業額上升而增加外, 人民幣升值、原油價格及原材料成本上升等因素對銷售成本亦構成少許壓力, 因此毛利率則較二零零四年的19.8%輕微調低至19.5%。

二零零五年之原油價格持續上升令運輸成本增加, 但由於集團一直採取嚴謹的成本控制及內部監控措施, 分銷成本得以維持在二零零四年之水平。行政開支增加了約7.2%至37,724,000港元, 行政開支增加主要是因採納了新會計準則而將購股權列為開支處理所致。

其他開支比二零零四年增加了約47.8%至18,601,000港元, 其主要成因是於二零零五年裝修新舊廠房倉庫宿舍之折舊以及專業費用之增加。由於集團用於興建森葉(清新)紙業有限公司(「森葉紙業」)新廠房及裝修之資金來源是銀行貸款, 因此財務成本增加了約216.6%至5,924,000港元。

本集團於二零零五年之純利率為8.8%。每股基本盈利增加至19港仙(二零零四年: 18.3港仙)。董事建議派付末期股息每股4.17港仙(二零零四年: 4.22港仙)。

MANAGEMENT'S DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Liquidity, financial and capital resources

Bank balances and cash increased to HK\$156 million (2004: HK\$133.4 million), representing cash inflow of HK\$22.6 million. Net current assets and current ratio (current assets divided by current liabilities) was HK\$135.5 million (2004: HK\$139.6 million) and 1.66 (2004: 1.92) respectively.

During 2005, the Group spent HK\$21.1 million (2004: HK\$9.2 million) on dividend payment. The Group further spent HK\$112 million for new factory construction and facilities of Green Forest for upstream corrugating medium production, and HK\$34 million for new production facilities in existing factories for expansion. The acquisition of property, plant and equipments was wholly financed by the term loans newly raised from banks.

As at 31st December, 2005, the Group did not pledge any assets as security for bank borrowings. The Group's total bank borrowings increased by HK\$135.7 million to HK\$221.9 million. It was attributable to the rise in long-term borrowings of HK\$82.7 million and short-term borrowings of HK\$53 million, mainly for financing acquisition of property, plant and equipments. The ratio of long-term borrowings to short-term borrowings was 53:47(2004: 41:59). The net gearing ratio (measured by total bank borrowings net of cash to equity attributable to shareholders) was 19% (2004: -17%, represented net cash position of HK\$47.3 million).

The Group has entered into agreements of interest rate swaps (covering 60% of total term loans) to minimize the adverse effect of increasing interest rates. The Group's financial position remains strong and healthy.

Contingent liabilities

A tax audit has been conducted by the Inland Revenue Department in December, 2004. The Inland Revenue Department issued protective assessments for the year of assessment 1999/2000 to certain subsidiaries of the Group during the year. As the tax audit is still in progress, in the opinion of the Directors, the outcome and impact of this matter cannot be determined with reasonable certainty at this stage.

財務回顧 (續)

流動資金、財務及資本資源

銀行結餘及現金增加至156,000,000港元(二零零四年: 133,400,000港元), 相當於現金流入22,600,000港元。流動資產淨值及流動比率(流動資產除以流動負債)分別為135,500,000港元(二零零四年: 139,600,000港元)及1.66(二零零四年: 1.92)。

於二零零五年, 本集團派付股息21,100,000港元(二零零四年: 9,200,000港元)。本集團就興建上游瓦楞芯紙生產之森葉紙業新廠房及設施及為擴建現有廠房而興建新生產設施, 分別進一步支出112,000,000港元及34,000,000港元。收購物業、廠房及設備之資金乃全部由新造之銀行有期貨款撥資。

於二零零五年十二月三十一日, 本集團並無將任何資產抵押作銀行借貸之抵押品。本集團之總借貸增加135,700,000港元至221,900,000港元。增加是由於主要為收購物業、廠房及設備而融資之長期借貸增加82,700,000港元及短期借貸增加53,000,000港元所致。長期借貸對短期借貸之比率為53:47(二零零四年: 41:59)。淨資本負債比率(按總銀行借貸減現金除以股東應佔權益計算)為19%(二零零四年: -17%, 即淨現金狀況為47,300,000港元)。

本集團已訂立利率掉期協議(覆蓋有期貨款總額之60%), 以盡量減低利率上升之不利影響。本集團之財務狀況保持穩健。

或然負債

稅務局於二零零四年十二月進行了稅務稽查。年內稅務局就截至一九九九年至二零零零年之課稅年度向本集團若干附屬公司發出評估保護。由於仍在進行稅務稽查程序, 董事認為現階段未能合理確定此事宜之結果及影響。

MANAGEMENT'S DISCUSSION AND ANALYSIS 管理層討論及分析



PROSPECTS

Looking ahead, the PRC's economy will continue to grow and the PRC remains as the world's industrial production base. With sustained growth in the corrugated paper-ware packaging market, the Group aims at increasing its market share, and ensures a stable growth through formulating long term and effective marketing policies. The Group will continue in acquiring new technology and equipment to enhance the production process in various aspects and increase its competitiveness, through which the Group will be well prepared to grasp the business opportunity arising in the PRC and abroad.

To achieve a vertical integration of our operation model, the Group has planned at an early stage to produce one of the main raw materials for corrugated paper boards and carton boxes – corrugating medium, and we have already established our first corrugating medium production plant, Green Forest. The plant was constructed in Taihe Industrial District, Qingxin County, Qingyuan City, Guangdong Province and commenced commercial production in February, 2006. It occupies a site area of about 700,000 sq. m. and its main product is high performance corrugating medium. With an annual production capacity of 100,000 tonnes, it will satisfy up to 30-40% of the Group's demand for raw materials.

In addition, the Group has also planned to construct (1) a new production line for another main raw material – kraft linerboard and (2) the Group's fourth plant for corrugated paper boards and carton boxes at the Green Forest site. The plant for kraft linerboard was founded in March, 2006 and is expected to be completed by the end of 2007. The completion of this production line will further reduce the Group's reliance on imported raw materials and would lower production cost and enhance product quality. The Group's fourth plant for corrugated paper boards and carton boxes is expected to be completed by mid-2007, paving the way for the Group to achieve the aim of increasing its market share.

展望

展望未來，中國經濟繼續增長，繼續為世界工業生產中心。在瓦楞包裝紙品市場持續發展的情況下，合豐將以擴大市場份額為目標，製訂長遠而有效的營銷政策，務求達致業務持續穩步增長。本集團將繼續積極引進新生產技術及設備，以多方面改善生產流程來提高競爭能力，為抓緊中國以至海外的業務商機作好準備。

為了達致縱向整合的營運模式，集團早已計劃生產瓦楞紙板紙箱之主要原材料之一的瓦楞芯紙，而森葉紙業便是合豐首家瓦楞芯紙製造廠。該廠房興建於廣東省清遠市清新縣太和工業區，並於二零零六年二月開始投產，佔地約七十萬平方米，以生產高強度瓦楞芯紙為主，年產能達十萬噸，將可滿足集團每年百分之三十至四十的原材料需求。

此外，集團亦已開始籌劃於森葉紙業工地興建(1)另一主要原材料生產線—牛咭，及(2)合豐第四家瓦楞紙板紙箱廠。牛咭廠房剛於二零零六年三月奠基，預期於二零零七年底落成。生產線落成後將有助進一步減低集團對進口原材料的依賴，有效降低生產成本和提升產品質素。而合豐第四家瓦楞紙板紙箱廠預計將於二零零七年中落成，進一步邁進集團擴大市場份額的目標。

MANAGEMENT PROFILE

管理層履歷

BOARD OF DIRECTORS

Executive Directors

Mr. Hui Sum Kwok, aged 46, is the chairman of the Board and a co-founder of the Group. He is responsible for the overall corporate planning, business development and management of the Group. He has over 21 years of experience in the corrugated paper-ware industry in Hong Kong and the PRC. He is a brother of Mr. Hui Sum Ping, Mr. Hui Sum Tai and Mr. Hui Sum Wah, and the spouse of Ms. Wong Mui.

Mr. Hui Sum Ping, aged 44, is the vice chairman of the Board, an executive Director and a co-founder of the Group. He is responsible for the business development of the Group. He has over 21 years of experience in the corrugated paper-ware industry in Hong Kong and the PRC. He is a brother of Mr. Hui Sum Kwok, Mr. Hui Sum Tai and Mr. Hui Sum Wah.

Mr. Hui Sum Tai, aged 39, is the chief executive officer of the Company and an executive Director. He has joined the Group since its establishment and is responsible for the strategic planning and day-to-day management of the Group. He has over 19 years of experience in the corrugated paper-ware industry in Hong Kong and the PRC. He is a brother of Mr. Hui Sum Kwok, Mr. Hui Sum Ping and Mr. Hui Sum Wah.

Mr. Wong Wing Por, aged 44, is an executive Director. He has joined the Group since its establishment and is responsible for the sales, marketing and production management of the Group. Mr. Wong has over 19 years of experience in the corrugated paper-ware industry in Hong Kong and the PRC.

Ms. Hui Yuen Li, aged 35, is an executive Director and the company secretary of the Company. Ms. Hui is responsible for the financial management of the Group. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Ms. Hui obtained a degree of Bachelor of Arts with Honours in Accountancy from the City University of Hong Kong in 1992. Prior to joining the Group in May, 1997, she had worked in the auditing field for around 5 years which included working for an international accounting firm.

董事會

執行董事

許森國先生，46歲，為董事會主席，並為本集團聯合創辦人。彼負責本集團整體企業規劃、業務發展及管理。彼於香港及中國之瓦楞紙品行業積逾二十一年經驗。彼為許森平先生、許森泰先生及許森華先生之兄弟，並為黃梅女士之配偶。

許森平先生，44歲，為董事會副主席兼執行董事，並為本集團聯合創辦人。彼負責本集團之業務發展。彼於香港及中國之瓦楞紙品行業積逾二十一年經驗。彼為許森國先生、許森泰先生及許森華先生之兄弟。

許森泰先生，39歲，為行政總裁兼執行董事。彼自集團成立起已加入本集團，負責本集團策略規劃及日常管理。彼於香港及中國之瓦楞紙品行業積逾十九年經驗。彼為許森國先生、許森平先生及許森華先生之兄弟。

王榮波先生，44歲，執行董事。彼自集團成立起已加入本集團，負責本集團銷售、市場推廣及生產管理。彼於香港及中國之瓦楞紙品行業積逾十九年經驗。

許婉莉女士，35歲，為執行董事兼公司秘書。許女士負責本集團財務管理。彼為英國特許公認會計師公會資深會員及香港會計師公會會員。許女士於一九九二年畢業於香港城市大學，持有會計學榮譽文學士學位。彼於一九九七年五月加盟本集團前，於核數方面積近五年經驗，曾於一間國際會計師行工作。

MANAGEMENT PROFILE 管理層履歷

BOARD OF DIRECTORS (Continued)

Independent Non-executive Directors

Mr. Liu Kwok Fai, Alvan, aged 43, graduated from the University of Manitoba in Canada with a bachelor's degree of arts in 1985. He thereafter continued to pursue his legal qualification and completed the law society's final examination at Bristol Polytechnic in the United Kingdom in 1989. He is the senior partner of a law firm, Messrs. Alvan Liu & Partners, and a China-appointed attesting officer appointed by the Ministry of Justice of the PRC. He has been appointed as the legal adviser of a number of organisations and associations in Hong Kong, including the Hong Kong Small and Medium Business Association, Wong Tai Sin District Affairs Advisors Committee and Junior Police Officers Association H.K.P.. In addition to his appointment in the Company, he is also an independent non-executive director of Fortune Telecom Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited. Mr. Liu was appointed as an independent non-executive Director of the Company on 4th September, 2003.

Mr. Chee Man Sang, Eric, aged 44, is a practising Certified Public Accountant in Hong Kong and a senior partner of Chan Chee Cheng & Co., a firm of certified public accountants. Mr. Chee graduated from Birmingham University in 1984 with a Bachelor's Degree of Commerce (majoring in Accounting). He had worked in two international accounting firms in Canada and Hong Kong. Mr. Chee is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Chee was appointed as an independent non-executive Director of the Company on 4th September, 2003.

Mr. Wong Chu Leung, aged 58, has over 21 years of experience in enterprise management and manufacturing operation management. Mr. Wong is shareholder and director of certain metal ware and plastic ware manufacturing companies/corporations with manufacturing plants located in the PRC. Mr. Wong was appointed as an independent non-executive Director of the Company on 15th September, 2004.

董事會 (續)

獨立非執行董事

廖國輝先生，43歲，於一九八五年在加拿大 University of Manitoba 畢業，持有文學士學位。其後繼續考取法律資格，於一九八九年完成英國 Bristol Polytechnic 之法律學會期終試。彼現為廖國輝律師事務所之高級合夥人，並為中國司法部委任之中國委任見證人員。廖國輝先生獲委任為香港多個組織及聯會（包括香港中小型業務聯會、黃大仙區政務顧問委員會及香港警察隊員佐級協會）之法律顧問。除獲本公司委任外，彼亦為長遠電信網絡集團有限公司之獨立非執行董事，該公司於香港聯合交易所有限公司主板上市。廖先生於二零零三年九月四日獲委任為本公司之獨立非執行董事。

池民生先生，44歲，香港執業會計師及執業會計師行陳池鄭會計師事務所之高級合夥人。池先生於一九八四年在伯明翰大學畢業，持有商業學士學位（主修會計）。彼曾任職加拿大及香港兩間國際會計師行。池先生乃香港會計師公會及加拿大安大略省特許會計師公會（Institute of Chartered Accountants of Ontario）會員。池先生於二零零三年九月四日獲委任為本公司之獨立非執行董事。

黃珠亮先生，58歲，於企業管理及製造業務管理方面積逾21年經驗。黃先生為若干於中國設有生產廠房之金屬製品及塑膠製品公司／企業之股東及董事。黃先生於二零零四年九月十五日獲委任為本公司之獨立非執行董事。

MANAGEMENT PROFILE

管理層履歷

BOARD OF DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company considers all the independent non-executive Directors are independent.

SENIOR MANAGEMENT

Ms. Wong Mui, aged 40, is the deputy general manager of the Group. She has worked for the Group since its establishment and is responsible for the general administration of the Group. Ms. Wong is the spouse of Mr. Hui Sum Kwok.

Mr. Hui Sum Wah, aged 49, is the project manager of the Group. He has worked for the Group since its establishment and is responsible for the project implementation of the Group. He is a brother of Mr. Hui Sum Kwok, Mr. Hui Sum Ping and Mr. Hui Sum Tai.

Mr. Yuen Fu Keung, aged 43, is the project manager of the Group. He is responsible for project development and implementation of the Group. Mr. Yuen graduated from the University of Bath in the United Kingdom in 1986 where he obtained a Bachelor of Science Degree in Electrical and Electronic Engineering with first class honours. Prior to joining the Group in November, 2003, he had over 8 years of working experience in corrugating machinery and control systems.

Ms. Wong Yuk Kwan, aged 34, is the accounting manager of the Group. She is responsible for the daily accounting operations of the Group. Ms. Wong graduated from the University of Houston – Downtown in the US with a bachelor degree of business administration majoring in accounting in 1994. Prior to joining the Group in May, 2002, she had worked in the auditing field for around 7 years which included working for an international accounting firm.

董事會 (續)

獨立非執行董事 (續)

本公司已接獲各獨立非執行董事根據香港聯合交易所有限公司證券上市規則(「上市規則」)第3.13條就彼之獨立性作出之年度確認書。本公司認為，全體獨立非執行董事均為獨立人士。

高級管理層

黃梅女士，40歲，本集團副總經理。彼自本集團成立以來一直任職於本集團，負責本集團之一般行政事務。黃女士為許森國先生之配偶。

許森華先生，49歲，本集團項目經理。彼自本集團成立以來一直任職於本集團，負責本集團之項目施行。彼為許森國先生、許森平先生及許森泰先生之兄弟。

袁富強先生，43歲，本集團項目經理。彼負責本集團之項目發展及施行。袁先生於一九八六年畢業於英國巴斯大學，持有電子及電機工程學一級榮譽理學士學位。彼於二零零三年十一月加盟本集團前，於瓦楞紙品之生產機械及控制系統方面積逾八年工作經驗。

黃玉君女士，34歲，本集團會計經理。彼負責本集團日常會計職務。黃女士於一九九四年畢業於美國University of Houston – Downtown，持有工商管理學士學位，主修會計。彼於二零零二年五月加盟本集團之前，在核數方面積近七年經驗，曾於一間國際會計師行工作。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31st December, 2005.

Good corporate governance has always been recognized as vital to the Group's success and to sustain development of the Group. We commit ourselves to a high standard of corporate governance as an essential component of quality and have introduced corporate governance practices appropriate to the conduct and growth of its business.

The Company recognizes the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs.

The Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") as promulgated by The Stock Exchange of Hong Kong Limited ("Stock Exchange") came into effect for accounting periods commencing on 1st January, 2005 (save for the provisions on internal controls which came into effect for accounting periods commencing from 1st July, 2005 onwards).

The Company has adopted various measures to ensure a high standard of corporate governance is maintained and has put in place corporate governance practices to meet the Code Provisions that are considered to be relevant to the Group.

Throughout the year under review ended 31st December, 2005, the Company has complied with the Code Provisions set out in the CG Code, save for:

Code Provision A.2.1

- Code Provision A.2.1 stipulates that the division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

董事會欣然提交載於本集團截至二零零五年十二月三十一日止年度報告之企業管治報告。

良好之企業管治一貫被視作為本集團成功及持續發展之關鍵。董事會將企業管治之高標準當作為企業質素之基本組成部分並採納適合於其業務經營及業務增長之企業管治慣例。

本公司確認良好之企業管治對本公司穩健增長具有重要性，並已作出多項努力以確定並編製適合本公司需要之企業管治慣例。

香港聯合交易所有限公司（「聯交所」）頒佈之香港聯合交易所有限公司證券上市規則附錄14所載之企業管治常規守則（「企業管治守則」）已於二零零五年一月一日開始之會計期間生效（惟內部監控之條文除外，該條文於二零零五年七月一日以後開始之會計期間生效）。

本公司已採納各種措施確保維持企業管治之高標準並已實施企業管治慣例以符合與本集團相關之守則條文。

於截至二零零五年十二月三十一日止之回顧年度內，本公司已遵守企業管治守則內所載之守則條文，惟以下各項除外：

守則條文A.2.1條

- 守則條文A.2.1條規定清楚地制定主席與行政總裁之職責範圍，並以書面列出。

CORPORATE GOVERNANCE REPORT

企業管治報告

- There is no written terms on division of responsibilities between the Chairman and the Chief executive officer. The Board of Directors considers that the responsibilities of the Chairman and Chief executive officer respectively are clear and distinctive and hence written terms thereof are not necessary.

Code Provision A.4.2

- Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.
- In accordance with the relevant provision of the Company's Articles of Association, Directors appointed to fill a casual vacancy are subject to re-election at next annual general meeting.

Code Provisions B.1.3 and C.3.3

- Code Provisions B.1.3 and C.3.3 stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective provisions.
- The terms of reference of the Remuneration Committee and the Audit Committee of the Company have been revised in May, 2005 to comply with the above Code Provisions with certain deviations. A major deviation from the Code Provision B.1.3 is that the Remuneration Committee of the Company should, pursuant to its revised terms of reference, review (as opposed to determine under the Code Provision) and make recommendations to the Board on the remuneration packages of the executive Directors only but not senior management.

The Company regularly reviews its organisational structure to ensure that operations are conducted in accordance with the standards of the CG Code.

- 本公司並無書面列出主席與行政總裁之職責範圍。董事會認為，主席與行政總裁各自之職責均有明確界定，故毋須編製彼等之書面職權範圍。

守則條文A.4.2條

- 守則條文A.4.2條規定所有為填補臨時空缺而獲委任之董事須於委任後之首次股東大會上接受股東選舉。
- 根據本公司組織章程之有關規定，填補臨時空缺而獲委任之董事須於下屆股東週年大會上重選。

守則條文B.1.3條及C.3.3條

- 守則條文B.1.3條及C.3.3條規定薪酬委員會及審核委員會之職權範圍最低限度包括有關條文所載之特定職責。
- 本公司已於二零零五年五月修訂薪酬委員會及審核委員會之職權範圍，以符合上述守則條文，惟有若干偏離。主要之偏離為守則條文B.1.3條規定本公司薪酬委員會應根據經修訂之職權範圍，僅就執行董事（而非就高級管理層）之薪酬進行檢討（守則條文則規定為釐定）及向董事會作出建議。

本公司定期檢討其組織架構以確保根據企業管治守則之標準經營業務。

CORPORATE GOVERNANCE REPORT

企業管治報告

The key corporate governance principles and practices of the Company are summarised as follows:

THE BOARD

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The senior management were delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group. In addition, the Board has also established Board committees and has delegated to these Board committees various responsibilities set out in their terms of reference respectively.

The Board takes responsibility for all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and objectives, annual budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial matters, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board has the full support of the Chief Executive Officer and the senior management to discharge its responsibilities.

本公司之核心企業管治原則及慣例概述如下：

董事會

責任

董事會負責領導及統管本公司並監察本集團業務、策略性決定及表現。董事會向高級管理人員轉授本集團日常管理及經營之權力及責任。此外，董事會轄下亦已設立委員會，並向該等委員會轉授其各自職權範圍載列之各項責任。

董事會為本公司所有重大事項負責，包括批准及監察所有政策事項、總體策略及目標、年度預算、內部監控及風險管理制度、重大交易（尤其是可能涉及利益衝突之交易）、財務事項、董事之委任以及其他重大財務及經營事項。

所有董事均可充分和準時獲取所有相關資料及公司秘書之建議及服務，以確保遵守董事會處事程序及所有適用之規則及規例。

每位董事一般可於適當情況下向董事會提出要求尋求獨立專業人士意見，並由本公司支付開支。

本公司之日常管理、行政管理及營運均轉授予行政總裁及高級管理層。董事會定期檢討有關職能及工作任務。上述高級職員進行任何重大交易前須獲取董事會之批准。

董事會於行政總裁及高級管理層充分支持下履行其責任。

CORPORATE GOVERNANCE REPORT

企業管治報告

Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board of the Company comprises the following Directors:

Executive Directors:

Hui Sum Kwok – *Chairman*

Hui Sum Ping – *Vice Chairman*

Hui Sum Tai – *Chief Executive Officer*

Wong Wing Por

Hui Yuen Li – *Company Secretary and Member of Remuneration Committee*

Independent Non-executive Directors:

Liu Kwok Fai, Alvan – *Chairman of Audit Committee*

Chee Man Sang, Eric – *Member of Audit Committee and Chairman of Remuneration Committee*

Wong Chu Leung – *Member of Audit Committee and Remuneration Committee*

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The relationships among the members of the Board are disclosed under "Management Profile" on page 12.

During the year ended 31st December, 2005, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

董事會組成

董事會之組成體現了本公司有效領導之合適技巧和經驗與獨立作出決策之間之平衡。

本公司董事會由以下董事組成：

執行董事：

許森國 – 主席

許森平 – 副主席

許森泰 – 行政總裁

王榮波

許婉莉 – 公司秘書兼薪酬委員會成員

獨立非執行董事：

廖國輝 – 審核委員會主席

池民生 – 審核委員會成員兼薪酬委員會主席

黃珠亮 – 審核委員會及薪酬委員會成員

董事名單(分類)亦根據上市規則於本公司不時公佈之所有公司通函中予以披露。

董事會成員之間之關係已於第12頁「管理層履歷」披露。

於截至二零零五年十二月三十一日止年度，董事會一直遵守上市規則有關委任最少三名獨立非執行董事，其中最少一名獨立非執行董事擁有適當專業資格或會計或相關財務管理專長之規定。

CORPORATE GOVERNANCE REPORT

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The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all non-executive Directors make various contributions to the effective direction of the Company.

Appointment and Succession Planning of Directors

The Company has established formal, considered and transparent procedures for the appointment and succession planning of directors.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment of directors and assessing the independence of independent non-executive directors.

Each of the non-executive Directors of the Company are appointed for a specific term. All the Directors of the Company, including those appointed for a specific term, shall be subject to retirement by rotation once every three years.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. The Company's Articles of Association deviate from Code Provision A.4.2 of the CG Code which provides that any new director appointed by the Board during the year shall hold office until the next following annual general meeting after appointment, and he/she shall be eligible for re-election.

本公司已收到每位獨立非執行董事根據上市規則須保持獨立性之年度書面確認函。本公司認為，根據上市規則載列之獨立性指引，所有獨立非執行董事均為獨立。

非執行董事以廣泛之商業及財務專長、經驗及獨立判斷為董事會作出貢獻。所有非執行董事透過積極參加董事會會議，於涉及潛在利益衝突之管理問題上發揮領導作用並服務於董事會轄下之委員會，為有效管理本公司作出各種貢獻。

董事之委任及接任計劃

本公司已就董事之委任及接任計劃確立經審慎考慮而高透明度之正式程序。

董事委任、重選及罷免之程序及過程已於本公司組織章程細則內作出規定。董事會作為一個整體負責審議董事會組成、制定並編製董事提名及委任之相關程序、監察董事之委任並評核獨立非執行董事之獨立性。

本公司每位非執行董事之委任均有特定任期。本公司所有董事，包括獲委任有特定任期之董事須每三年輪值退任一次。

守則條文A.4.2條規定所有獲委任填補臨時空缺之董事須於其獲委任後下次股東週年大會上接受股東選舉。本公司組織章程細則偏離企業管治守則之守則條文A.4.2條之規定，即年內獲董事會委任之任何新董事須任職至其獲委任後舉行之股東週年大會時為止，且彼有資格接受重選。

CORPORATE GOVERNANCE REPORT

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The Board reviewed its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company.

Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

In accordance with the Company's Articles of Association, Messrs Hui Sum Kwok, Liu Kwok Fai, Alvan and Chee Man Sang, Eric shall retire by rotation and being eligible, offer themselves for re-election at the next forthcoming annual general meeting.

The Board recommended the re-appointment of the Directors standing for re-election at the forthcoming annual general meeting of the Company.

The Company's circular dated 28th April, 2006 contains detailed information of the Directors standing for re-election.

Training for Directors

No director was appointed during the year ended 31st December, 2005. According to the current corporate governance practices of the Company, a newly appointed director will receive comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules, the other relevant regulatory requirements and the business policies of the Company.

There are also arrangements in place for providing continuing briefing and professional development to Directors whenever necessary.

董事會定期檢討其本身架構、規模及組成，以確保適合於本公司業務需要之技巧、技能及經驗之平衡。

倘若董事會出現空缺，董事會經考慮候選人之技能、經驗、專業知識、個人品格及可付出時間、本公司之需要及其他相關法例要求及規定後進行挑選。有需要時可能聘用外部招聘代理機構進行招聘及挑選程序。

根據本公司組織章程細則之規定，許森國先生、廖國輝先生及池民生先生須於下屆股東週年大會上輪值退任並有資格接受重選。

董事會建議再次被委任之董事須於下屆股東週年大會上接受重選。

本公司於二零零六年四月二十八日發出之通函已載列接受重選之董事之詳細資料。

董事之培訓

於截至二零零五年十二月三十一日止年度，本公司並無委任董事。根據本公司目前之企業管治慣例，新獲委任之董事須於其首次獲委任時接受全面、正式及因應個別董事而設計之入職培訓，以確保彼適當瞭解本公司業務及經營及充分明白上市規則規定其須承擔之責任及義務、其他相關監管規定及本公司業務政策。

本公司亦作出安排於需要時向董事提供持續資訊及專業發展計劃。

CORPORATE GOVERNANCE REPORT

企業管治報告

Board Meetings

Number of Meetings and Directors' Attendance

Regular Board meetings are held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year ended 31st December, 2005, four regular Board meetings were held and the attendance rate was 100%.

The individual attendance record of each Director at the meetings of the Board, Remuneration Committee and Audit Committee during the year ended 31st December, 2005 is set out below:

董事會會議

會議次數及董事出席率

董事會定期開會，至少每年四次，大約每季度一次，以檢討及批准財務及經營業績並審議及批准本公司總體策略及政策。

於截至二零零五年十二月三十一日止年度，董事會已舉行四次定期會議，董事之出席率為100%。

截至二零零五年十二月三十一日止年度董事會、薪酬委員會及審核委員會會議每位董事之個人出席記錄載列如下：

Attendance/Number of Meetings 會議出席率及次數

Name of Directors 董事姓名		Attendance/Number of Meetings 會議出席率及次數		
		Board 董事會	Remuneration Committee 薪酬委員會	Audit Committee 審核委員會
Hui Sum Kwok	許森國	4	N/A 不適用	2
Hui Sum Ping	許森平	4	N/A 不適用	2
Hui Sum Tai	許森泰	4	N/A 不適用	2
Wong Wing Por	王榮波	4	N/A 不適用	2
Hui Yuen Li	許婉莉	4	1	3
Liu Kwok Fai, Alvan	廖國輝	4	N/A 不適用	3
Chee Man Sang, Eric	池民生	4	1	3
Wong Chu Leung	黃珠亮	4	1	3

CORPORATE GOVERNANCE REPORT

企業管治報告

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chief Executive Officer, Qualified Accountant and Company Secretary attend all regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Articles of Association also contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

舉行會議之常規

全年會議時間表及每次會議草擬議程一般會事先向董事提供。

舉行會議前至少提前14日向所有董事送交董事會定期會議通知。至於其他董事會及委員會會議，在一般情況下亦給予合理通知。

每次董事會會議或委員會會議前至少提前3日向所有董事寄發董事會文件連同所有適當、完整及可靠資料，以便董事瞭解本公司最新發展及財政狀況及使董事在知情情況下作出決定。於需要時，董事會及每位董事亦可單獨及獨立地聯絡高級管理層。

行政總裁、合資格會計師及公司秘書出席所有定期董事會會議，且於需要時出席其他董事會及委員會會議，就本公司業務發展、財務及會計事項、遵守法規事宜、企業管治及其他重大事項提供意見。

公司秘書負責所有董事會會議及委員會會議記錄並保存有關記錄。每次會議後通常於合理時間內交由董事傳閱記錄草稿並發表意見，其定稿可供董事查閱。

根據目前董事會之慣例，涉及主要股東或董事之利益衝突之任何重大交易將由董事會於正式召開之董事會會議上審議及處理。本公司組織章程細則亦載有有關規定，要求有關董事於批准彼等或其任何聯繫人士擁有重大利益之交易時放棄投票並不計入會議法定人數。

CORPORATE GOVERNANCE REPORT

企業管治報告

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of the Chairman and Chief Executive Officer are held by two different persons in order to maintain an effective segregation of duties, independence and a balanced judgement of views. The Chairman of the Board is Mr Hui Sum Kwok and the Chief Executive Officer is Mr Hui Sum Tai.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings, and that all key and appropriate issues are discussed by the Board in a timely manner.

The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He has the executive responsibilities over the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval.

The Board of Directors considers that the responsibilities of the Chairman and Chief Executive Officer respectively are clear and distinctive and no written terms on division of responsibilities between Chairman and the Chief Executive Officer are necessary. This deviates from the Code Provision A.2.1 of the CG Code which stipulates that the division of responsibilities between chairman and chief executive officer should be established and set out in writing.

主席及行政總裁

主席及行政總裁之職位分別由兩位不同人士擔任，以便保持職責有效地區分、獨立性及作出判斷時有平衡意見。董事會主席為許森國先生，而行政總裁為許森泰先生。

主席根據良好企業管治慣例發揮領導作用並負責董事會之有效運作。主席在高級管理層協助下亦負責確保董事能及時收到充分、完整及可靠資料並適當通報董事會會議上產生之事項，以及董事會能及時討論所有核心及適當之事項。

行政總裁主要負責執行董事會之目標及董事會已批准及轉授之政策及策略。彼負責本公司日常管理及營運之行政工作。行政總裁亦負責制定發展策略計劃及制訂組織架構、監控制度及內部程序及過程供董事會批准。

董事會認為，主席與行政總裁各自之職責均有清楚及明確界定，故毋須以書面劃分兩者之職權範圍。此舉偏離企業管治守則之守則條文A.2.1條，該條文規定清楚地制定主席與行政總裁之職責範圍，並以書面列出。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD COMMITTEES

The Board has established two committees, namely, the Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. The Board committees of the Company are established with defined written terms of reference.

The majority of the members of the Board committees are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Remuneration Committee

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive Directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive Directors and other related matters. The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

董事會轄下委員會

董事會已設立兩個委員會，即薪酬委員會及審核委員會，以監察本公司特定事務。本公司董事會轄下委員會訂有特定書面職權範圍。

董事會轄下委員會大部分成員為獨立非執行董事，而每個董事會轄下委員會之主席及成員名單載於第2頁「公司資料」內。

董事會轄下委員會獲提供足夠資源以履行其職責，並可在提出合理要求時於適當情況下尋求獨立專業人士意見，由本公司承擔開支。

薪酬委員會

薪酬委員會之主要目標包括就本公司之薪酬政策及架構提出建議並批准執行董事之薪酬。薪酬委員會亦負責建立制定該等薪酬政策及架構之透明程序，以確保董事或其任何聯繫人士不會參加決定根據個人及本公司表現以及市場慣例及條件而釐定其本身之薪酬。

薪酬委員會通常為檢討本公司之薪酬政策及架構以及釐定執行董事之年度薪酬及其他相關事項而舉行會議。人力資源部負責收集及管理人力資源資料並向薪酬委員會提出建議，以供其審議。薪酬委員會亦就有關薪酬政策及架構及薪酬之建議徵求本公司主席及/或行政總裁意見。

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The Remuneration Committee met once during the year ended 31st December, 2005 and reviewed the remuneration policy and structure of the Company and remuneration packages of the executive Directors for the year under review.

Under the written terms of reference of the Remuneration Committee of the Company, the remuneration of the senior management of the Company is not considered by the Remuneration Committee and this deviates from the Code Provision B.1.3 of the CG Code. Currently, the remuneration of the senior management is attended by the Chairman and/or Chief Executive Officer of the Company.

Audit Committee

The Audit Committee comprises three independent non-executive Directors (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise) namely Messrs Liu Kwok Fai, Alvan, Chee Man Sang, Eric and Wong Chu Leung. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

- (a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer (if any), internal auditor or external auditors before submission to the Board.
- (b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.
- (c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

薪酬委員會於截至二零零五年十二月三十一日止年度舉行一次會議，審議回顧年度本公司薪酬政策及架構以及執行董事之薪酬。

根據本公司薪酬委員會之書面職權範圍，薪酬委員會不會審議本公司高級管理層之薪酬，而此舉偏離企業管治守則之守則條文B.1.3條之規定。目前，高級管理層薪酬由主席及/或行政總裁負責釐定。

審核委員會

審核委員會由三名獨立非執行董事(包括一名擁有適當專業資格或會計或相關財務管理技巧之獨立非執行董事)組成，即廖國輝先生、池民生先生及黃珠亮先生。概無審核委員會成員曾為本公司現有外聘核數師之前任合夥人。

審核委員會之主要職責包括以下各項：

- (a) 向董事會提交由合資格會計師、監察主任(如有)、內部核數師或外聘核數師提交之財務報表及報告前，審閱該等財務報表及報告以及審議彼等所提出任何重大或不尋常事項。
- (b) 根據外聘核數師之工作檢討與外聘核數師之關係、其費用及聘用條款並就外聘核數師之委任、重新委任及免職向董事會提出建議。
- (c) 檢討本公司財務申報制度、內部監控制度、風險管理制度及相關之程序是否充分及有效。

CORPORATE GOVERNANCE REPORT

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The Audit Committee held three meetings during the year ended 31st December, 2005 to review the financial results and reports, financial reporting and compliance procedures, report of Internal Auditor on the Company's internal control and risk management review and processes and the re-appointment of the external auditors.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Audit Committee has not taken a different view from the Board regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31st December, 2005 has been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct for securities transactions by Directors (the "Own Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Own Code throughout the year ended 31st December, 2005.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

審核委員會於截至二零零五年十二月三十一日止年度舉行三次會議，審議財務業績及報告、財務申報及合規程序、內部核數師有關本公司內部監控及風險管理之審核及程序之報告以及重新委任外聘核數師事宜。

本公司概無涉及可能對本公司作為持續經營企業之持續經營能力產生重大疑問之事項或條件之重大不明朗因素。

就外聘核數師之遴選、委任、辭任或解聘而言，審核委員會與董事會並無不同看法。

審核委員會已檢討本公司截至二零零五年十二月三十一日止年度業績。

證券交易標準守則

本公司已採納其條款嚴格程度不低於上市規則附錄10載列之上市發行人董事進行證券交易標準守則（「標準守則」）載列之所規定標準之本身董事證券交易守則（「本身守則」）。

已向所有董事作出具體查詢並獲其確認，彼等已於截至二零零五年十二月三十一日止年度遵守本身守則。

本公司亦就可能獲得本公司未經公布價格敏感資料之僱員進行證券交易訂立其條款嚴格程度不低於標準守則之書面指引（「僱員書面指引」）。

就本公司所知，並無僱員未遵守僱員書面指引之事件。

CORPORATE GOVERNANCE REPORT

企業管治報告

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31st December, 2005.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Auditors' Report" on page 50.

AUDITORS' REMUNERATION

The remuneration payable/paid to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31st December, 2005 amounted to HK\$830,000 and HK\$259,000 respectively.

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets, and reviewing the effectiveness of such on an annual basis through the Audit Committee.

The Company has developed its systems of internal control and risk management. The internal control framework also provides for identification and management of risk.

During the year under review, the Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Company.

與財務報表相關之責任

董事會負責對上市規則及其他監管規定下所規定之年報及中期報告、價格敏感公告及其他披露資料作出平衡、清楚及易懂之評估。

董事確認其編製截至二零零五年十二月三十一日止年度本公司財務報表之責任。

本公司外聘核數師有關其申報財務報表之責任之聲明載於第50頁「核數師報告」內。

核數師酬金

本公司因於截至二零零五年十二月三十一日止年度之核數服務及非核數服務而應付／已付外聘核數師之酬金分別為830,000港元及259,000港元。

內部監控

董事會負責維持足夠之內部監控制度，以保護股東投資及本公司資產，並每年透過審核委員會檢討該等制度是否有效。

本公司已制定其內部監控及風險管理制度。內部監控之架構亦包括風險識別及管理。

於回顧年度，董事會已透過審核委員會檢討本公司內部監控制度是否有效。

CORPORATE GOVERNANCE REPORT

企業管治報告

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Articles of Association. Details of such rights to demand a poll and the poll procedures are included in all circulars to shareholders and will be explained during the proceedings of meetings.

Poll results will be published in newspapers on the business day following the shareholders' meeting and posted on the website of the Stock Exchange.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board as well as chairmen of the Audit Committee and Remuneration Committee, or in their absence, other members of the respective committees, and where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

股東權利及投資者關係

本公司組織章程細則已載列股東於股東大會上要求以投票方式表決決議案之權利及程序。要求以投票方式表決之該等權利及以投票方式表決之程序之詳情已納入交予股東之所有通函並於會議議事期間予以解釋。

以投票方式表決之結果將於股東會議後之營業日刊載於報章上並張貼於聯交所網頁內。

本公司股東大會提供股東與董事會溝通之機會。董事會主席以及審核委員會主席及薪酬委員會主席(或於其缺席時相關委員會其他成員)及董事會轄下之獨立委員會主席(如有)將出席股東會議,以回答問題。

股東大會上就重大問題提出獨立決議案,包括個別董事之選舉。

DIRECTORS' REPORT

董事會報告

The Directors have pleasure in presenting their annual report and the audited financial statements of the Group for the year ended 31st December, 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 31 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2005 are set out in the consolidated income statement on page 52.

On 16th June, 2005 and 17th June, 2005, a dividend of 4.22 HK cents per share, amounting to approximately HK\$15,523,000, was paid to the shareholders of the Company as final dividend for 2004.

An interim dividend of 1.52 HK cents per share, amounting to approximately HK\$5,592,000 in respect of 2005 was calculated by reference to 367,926,000 shares in issue on 22nd September, 2005 and was paid to the shareholders of the Company on 21st October, 2005.

The Directors now recommend the payment of a final dividend of 4.17 HK cents per share to the shareholders of the Company whose names appear on the register of members on 29th May, 2006.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired additional property, plant and equipment at a cost of HK\$166,342,000 for business expansion.

Details of this and other movements in property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

董事欣然提呈彼等就本集團截至二零零五年十二月三十一日止年度之年度報告及經審核財務報表。

主要業務

本公司為一間投資控股公司，其主要附屬公司之主要業務刊載於財務報表附註31。

業績及分配

本集團截至二零零五年十二月三十一日止年度之業績載於第52頁之綜合收益表內。

於二零零五年六月十六日及二零零五年六月十七日，本公司股東獲派股息每股4.22港仙，合共約15,523,000港元，作為二零零四年度末期股息。

二零零五年度中期股息為每股1.52港仙，共約5,592,000港元，乃參考於二零零五年九月二十二日已發行367,926,000股股份計算，並已於二零零五年十月二十一日派付予本公司股東。

董事現建議向於二零零六年五月二十九日名列股東名冊之本公司股東派發末期股息每股4.17港仙。

物業、廠房及設備

年內，本集團以約166,342,000港元成本購入額外物業、廠房及設備以擴充業務。

有關是項購入及本集團物業、廠房及設備於年內其他變動詳情，載於財務報表附註14。

DIRECTORS' REPORT

董事會報告

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 22 to the financial statements.

SHARE PREMIUM AND RESERVES

The Company's reserves available for distribution represent the share premium and retained profits. Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to the shareholders subject to the provisions of its memorandum or articles of association ("Articles of Association") and provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

At the balance sheet date, in the opinion of the Directors, the Company's reserves available for distribution to shareholders amounted to approximately HK\$235,622,000.

Movements in the share premium and reserves of the Group for the year ended 31st December, 2005 are set out in the consolidated statement of changes in equity on page 55.

股本

本公司股本於年內之變動詳情載於財務報表附註22。

股份溢價及儲備

本公司可供分派之儲備乃指股份溢價及保留利潤。根據開曼群島法例第22章公司法(一九六一年第3條法例，經綜合及修訂)，本公司之股份溢價可根據其公司組織章程大綱或細則(「細則」)之規定，用作向股東作出分派或派發股息，惟本公司在緊隨派發股息後仍須有能力支付在日常業務過程中到期應付之債務。

於結算日，董事認為本公司可供分派予股東之儲備約為235,622,000港元。

本集團股份溢價及儲備於截至二零零五年十二月三十一日止年度之變動詳情載於第55頁之綜合權益變動表內。

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Hui Sum Kwok, *Chairman*
Mr. Hui Sum Ping, *Vice Chairman*
Mr. Hui Sum Tai, *Chief Executive Officer*
Mr. Wong Wing Por
Ms. Hui Yuen Li

Independent Non-executive Directors

Mr. Liu Kwok Fai, Alvan
Mr. Chee Man Sang, Eric
Mr. Wong Chu Leung

In accordance with Article 87(1) of the Company's Articles of Association, Mr. Hui Sum Kwok, Mr. Liu Kwok Fai, Alvan and Mr. Chee Man Sang, Eric shall retire from office by rotation in the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Each of the executive Directors has entered into a service agreement with the Company for a term of one year commencing 15th September, 2005, which may be terminated by not less than three months' notice in writing served by either party.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

董事

年內及截至本報告日期止，本公司之在任董事如下：

執行董事

許森國先生，*主席*
許森平先生，*副主席*
許森泰先生，*行政總裁*
王榮波先生
許婉莉女士

獨立非執行董事

廖國輝先生
池民生先生
黃珠亮先生

根據本公司之細則第87(1)條，許森國先生、廖國輝先生及池民生先生將於應屆股東週年大會輪值告退，惟彼等符合資格並願膺選連任。

各執行董事已經與本公司訂立服務協議，由二零零五年九月十五日起為期一年，可於任何一方發出不少於三個月書面通知後終止。

除上文披露者外，擬於應屆股東週年大會重選連任之董事概無與本公司或其任何附屬公司訂立本集團如不作出賠償(法定賠償除外)則不能在一年內終止之服務合約。

DIRECTORS' REPORT

董事會報告

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 23 to the financial statements.

The following table discloses movements in the Company's share options during the year:

購股權

本公司購股權計劃之詳情載於財務報表附註23。

下表披露本公司購股權於年內之變動：

Category	Option type	Date of grant	Exercisable price	Outstanding at beginning of year	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at end of year
類別	購股權種類 (Note 1) (附註1)	授出日期	行使價 HK\$ 港元	年初 尚未行使	年內授出	年內行使	年內註銷	年終 尚未行使
Directors								
董事								
Mr. Hui Sum Kwok (Note 2)	A	3.11.2003	1.130	1,614,000	-	-	-	1,614,000
許森國先生(附註2)	B	29.7.2004	1.330	450,000	-	-	-	450,000
	C	4.11.2004	1.104	2,250,000	-	-	-	2,250,000
Mr. Hui Sum Ping	A	3.11.2003	1.130	2,726,000	-	-	-	2,726,000
許森平先生	B	29.7.2004	1.330	950,000	-	-	-	950,000
	C	4.11.2004	1.104	2,250,000	-	-	-	2,250,000
Mr. Hui Sum Tai	A	3.11.2003	1.130	3,600,000	-	-	-	3,600,000
許森泰先生	B	29.7.2004	1.330	70,000	-	-	-	70,000
	C	4.11.2004	1.104	2,250,000	-	-	-	2,250,000

SHARE OPTIONS (Continued)

購股權 (續)

Category 類別	Option type 購股權種類 (Note 1) (附註1)	Date of grant 授出日期	Exercisable price 行使價 HK\$ 港元	Outstanding at beginning of year 年初 尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Cancelled during the year 年內註銷	Outstanding at end of year 年終 尚未行使
Directors (Continued) 董事 (續)								
Mr. Wong Wing Por 王榮波先生	A	3.11.2003	1.130	2,100,000	-	-	-	2,100,000
	B	29.7.2004	1.330	970,000	-	-	-	970,000
	C	4.11.2004	1.104	2,250,000	-	-	-	2,250,000
Ms. Hui Yuen Li 許婉莉女士	A	3.11.2003	1.130	250,000	-	-	-	250,000
	B	29.7.2004	1.330	3,170,000	-	-	-	3,170,000
Mr. Liu Kwok Fai, Alvan 廖國輝先生	A	3.11.2003	1.130	250,000	-	-	-	250,000
Mr. Chee Man Sang, Eric 池民生先生	A	3.11.2003	1.130	250,000	-	-	-	250,000
				25,400,000	-	-	-	25,400,000
Other employees 其他僱員	A	3.11.2003	1.130	1,932,000	-	(50,000)	(14,000)	1,868,000
	B	29.7.2004	1.330	5,390,000	-	(40,000)	(20,000)	5,330,000
				7,322,000	-	(90,000)	(34,000)	7,198,000
Total all categories 全部類別總計				32,722,000	-	(90,000)	(34,000)	32,598,000

DIRECTORS' REPORT

董事會報告

SHARE OPTIONS (Continued)

Notes:

- The vesting period of the share options granted is determined by Directors at each time when the options are granted. Holders of share options granted under the Company's share option scheme may only exercise their options during the exercisable periods as follows:

Option type A A類購股權	Option type B B類購股權	Option type C C類購股權	Maximum % of share options exercisable 可行使購股權之最高百分比
3.5.2004 – 3.11.2004	1.1.2005 – 31.12.2005	1.3.2005 – 28.2.2006	up to 50% 最高可達50%
4.11.2004 – 3.11.2005	1.1.2006 – 31.12.2006	1.3.2006 – 28.2.2007	up to 75% (to the extent not already exercised) 最高可達75% (以尚未行使者為限)
4.11.2005 – 3.11.2006	1.1.2007 – 31.12.2007	1.3.2007 – 29.2.2008	up to 100% (to the extent not already exercised) 最高可達100% (以尚未行使者為限)

- Out of the 1,614,000 outstanding share options granted, Mr. Hui Sum Kwok was directly interested in 1,364,000 share options granted to him and was deemed to be interested in 250,000 share options granted to Ms. Wong Mui, who is the spouse of Mr. Hui Sum Kwok and a member of the senior management of the Group.

The closing price of the Company's share immediately before the date on which the options were exercised was HK\$1.39 per share.

At 31st December, 2005, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 32,598,000, representing approximately 8.86% of the shares of the Company in issue at that date.

購股權 (續)

附註：

- 授出購股權之歸屬期由董事於每次授出購股權時釐定。本公司購股權計劃項下購股權持有人僅可於以下行使期行使彼等之購股權：

- 於已授出而尚未行使之1,614,000份購股權中，許森國先生於彼獲授之1,364,000份購股權中持有直接權益，並被視為於授予黃梅女士（許森國先生之配偶及本集團高級管理層成員）之250,000份購股權中持有權益。

本公司股份於緊接購股權獲行使之日前收市價為每股1.39港元。

於二零零五年十二月三十一日，根據該計劃授出而尚未行使購股權涉及之股份數目為32,598,000股，約佔本公司當日已發行股份8.86%。

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed above, at 31st December, 2005, the interests and/or short positions of the Directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained 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 Companies, were as follows:

(a) Shares

Name of director 董事姓名	Company/Name of associated corporation 本公司／相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Hui Sum Kwok 許森國先生	Company 本公司	Founder of a discretionary trust/ interest of controlled corporations 全權信託創立人／ 受控法團權益	252,000,000 shares Long position (Note 1) 252,000,000股股份 好倉(附註1)	68.49%
Mr. Hui Sum Kwok 許森國先生	Company 本公司	Beneficial owner 實益擁有人	2,522,000 shares Long position 2,522,000股股份 好倉	0.69%
Mr. Hui Sum Kwok 許森國先生	Company 本公司	Interest of spouse 配偶之權益	250,000 shares Long position 250,000股股份 好倉	0.07%
Mr. Hui Sum Ping 許森平先生	Company 本公司	Founder of a discretionary trust/ interest of controlled corporations 全權信託創立人／ 受控法團權益	252,000,000 shares Long position (Note 1) 252,000,000股股份 好倉(附註1)	68.49%

董事於股份、相關股份及 債券之權益

除上文披露者外，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(「證券及期貨條例」)第352條之規定置存之登記冊所記錄，或根據上市公司董事進行證券交易的標準守則已知會本公司及香港聯合交易所有限公司(「聯交所」)者，董事及彼等之聯繫人士於本公司及其相聯法團(定義見證券及期貨條例)之股份、相關股份及債券中擁有之權益及／或淡倉如下：

(a) 股份

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

董事於股份、相關股份及 債券之權益 (續)

(a) Shares (Continued)

(a) 股份 (續)

Name of director 董事姓名	Company/Name of associated corporation 本公司／相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Hui Sum Ping 許森平先生	Company 本公司	Beneficial owner 實益擁有人	510,000 shares Long position 510,000股股份 好倉	0.14%
Mr. Hui Sum Tai 許森泰先生	Company 本公司	Beneficial owner 實益擁有人	200,000 shares Long position 200,000股股份 好倉	0.05%
Mr. Wong Wíng Por 王榮波先生	Company 本公司	Founder of a discretionary trust/ interest of controlled corporations 全權信託創立人／ 受控法團權益	Nil (Note 1) 無 (附註 1)	—
Mr. Wong Wíng Por 王榮波先生	Company 本公司	Beneficial owner 實益擁有人	600,000 shares Long position 600,000股股份 好倉	0.16%
Ms. Hui Yuen Li 許婉莉女士	Company 本公司	Beneficial owner 實益擁有人	250,000 shares Long position 250,000股股份 好倉	0.07%
Mr. Hui Sum Kwok 許森國先生	Hop Fung Industries Limited ("Hop Fung Industries")	Founder of a discretionary trust/ interest of controlled corporations 全權信託創立人／ 受控法團權益	7,886 shares of US\$0.01 each Long position (Notes 1 and 2) 7,886股每股面值 0.01美元之股份 好倉 (附註 1及2)	78.86%

DIRECTORS' REPORT 董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

董事於股份、相關股份及 債券之權益 (續)

(a) Shares (Continued)

(a) 股份 (續)

Name of director 董事姓名	Company/Name of associated corporation 本公司／相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Hui Sum Ping 許森平先生	Hop Fung Industries	Founder of a discretionary trust/ interest of controlled corporations 全權信託創立人／ 受控法團權益	7,886 shares of US\$0.01 each Long position (Notes 1 and 2) 7,886股每股面值 0.01美元之股份 好倉(附註1及2)	78.86%
Mr. Wong Wing Por 王榮波先生	Hop Fung Industries	Founder of a discretionary trust/ interest of a controlled corporation 全權信託創立人／ 受控法團權益	1,257 shares of US\$0.01 each Long position (Notes 1 and 2) 1,257股每股面值 0.01美元之股份 好倉(附註1及2)	12.57%
Mr. Hui Sum Kwok 許森國先生	Hop Fung Industries (Holdings) Limited (“Hop Fung Industries BVI”)	Beneficial owner/founder of a discretionary trust/ interest of a controlled corporation 實益擁有人／ 全權信託創立人／ 受控法團權益	5,000 shares of US\$0.01 each Long position (Notes 1 and 3) 5,000股每股面值 0.01美元之股份 好倉(附註1及3)	50%
Mr. Hui Sum Ping 許森平先生	Hop Fung Industries BVI	Beneficial owner/founder of a discretionary trust/ interest of a controlled corporation 實益擁有人／ 全權信託創立人／ 受控法團權益	5,000 shares of US\$0.01 each Long position (Notes 1 and 3) 5,000股每股面值 0.01美元之股份 好倉(附註1及3)	50%

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

董事於股份、相關股份及 債券之權益 (續)

(a) Shares (Continued)

(a) 股份 (續)

Name of director 董事姓名	Company/Name of associated corporation 本公司／相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Hui Sum Kwok 許森國先生	Gong Ming Hop Fung Paper Ware Factory Limited ("Hop Fung GM") 公明合豐紙品廠 有限公司 (「合豐公明」)	Interest of controlled corporations/short position of controlled corporations 受控法團權益／ 受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1 and 4) 3,000,000股每股面值 1港元之無投票權 遞延股 好倉及淡倉(附註1及4)	100%
Mr. Hui Sum Ping 許森平先生	Hop Fung GM 合豐公明	Founder of a discretionary trust/interest of controlled corporations/short position of controlled corporations 全權信託創立人／ 受控法團權益／ 受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1 and 4) 3,000,000股每股面值 1港元之無投票權 遞延股 好倉及淡倉(附註1及4)	100%
Mr. Wong Wing Por 王榮波先生	Hop Fung GM 合豐公明	Interest of controlled corporations/short position of a controlled corporation 受控法團權益／ 受控法團淡倉	Nil (Notes 1 and 4) 無(附註1及4)	—

DIRECTORS' INTERESTS IN SHARES,
UNDERLYING SHARES AND DEBENTURES
(Continued)

董事於股份、相關股份及
債券之權益 (續)

(a) Shares (Continued)

(a) 股份 (續)

Name of director 董事姓名	Company/Name of associated corporation 本公司／相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Hui Sum Kwok 許森國先生	Fung Kong Hop Fung Paper Ware Factory Limited ("Hop Fung FG") 鳳崗合豐紙品廠 有限公司 (「合豐鳳崗」)	Interest of controlled corporations/short position of controlled corporations 受控法團權益／ 受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1, 4 and 5) 3,000,000股每股面值 1港元之無投票權 遞延股 好倉及淡倉(附註1、 4及5)	100%
Mr. Hui Sum Ping 許森平先生	Hop Fung FG 合豐鳳崗	Founder of a discretionary trust/interest of controlled corporations/short position of controlled corporations 全權信託創立人／ 受控法團權益／ 受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1, 4 and 5) 3,000,000股每股面值 1港元之無投票權 遞延股 好倉及淡倉 (附註1、4及5)	100%

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

董事於股份、相關股份及 債券之權益 (續)

(a) Shares (Continued)

(a) 股份 (續)

Name of director 董事姓名	Company/Name of associated corporation 本公司／相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Wong Wing Por 王榮波先生	Hop Fung FG 合豐鳳崗	Interest of a controlled corporation/short position of a controlled corporation 受控法團權益／ 受控法團淡倉	Nil (Notes 1, 4 and 5) 無 (附註1、4及5)	—
Mr. Hui Sum Kwok 許森國先生	Applewood Forest Limited	Founder of a discretionary trust 全權信託創立人	1 share of US\$1 Long position (Notes 1 and 6) 1股面值1美元之股份 好倉 (附註1及6)	100%
Mr. Hui Sum Kwok 許森國先生	Profit Luck Limited 利萊有限公司	Founder of a discretionary trust 全權信託創立人	100 shares of HK\$1 Long position (Notes 1, 6 and 7) 100股每股面值1港元 之股份 好倉 (附註1、6及7)	100%

Notes:

- The 252,000,000 shares are owned by Hop Fung Industries. The issued share capital of Hop Fung Industries is owned as to 78.86%, 12.57% and 8.57% by Hop Fung Industries BVI, Delight Ocean Limited ("Delight") and Mr. Shum Lit Ki respectively.

附註：

- 該252,000,000股股份將由Hop Fung Industries擁有。Hop Fung Industries已發行股本分別由Hop Fung Industries BVI、Delight Ocean Limited (「Delight」) 及沈烈基先生擁有78.86%、12.57%及8.57%。

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(a) Shares (Continued)

Notes: (Continued)

The issued share capital of Hop Fung Industries BVI is owned as to 11.81%, 11.81%, 38.19% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood Holdings Limited ("Fullwood") and Goldspeed Holdings Limited ("Goldspeed") respectively. Fullwood is wholly owned by Pinecity Investments Limited ("Pinecity") and Pinecity is wholly owned by HSBC International Trustee Limited ("HSBC") in its capacity as the trustee of Hui & Wong 2004 Family Trust, a discretionary trust the founder of which is Hui Sum Kwok and the discretionary objects of which include family members of Hui Sum Kwok. Goldspeed is wholly owned by Goldkeen Assets Management Limited ("Goldkeen") and Goldkeen is wholly owned by HSBC in its capacity as the trustee of HSP 2004 Family Trust, a discretionary trust the founder of which is Hui Sum Ping and the discretionary objects of which include family members of Hui Sum Ping. Accordingly, each of Hui Sum Kwok and Hui Sum Ping will be deemed to be interested in the 252,000,000 shares under the SFO.

Delight is wholly owned by Richfaith Assets Management Limited ("Richfaith") and Richfaith is wholly owned by HSBC in its capacity as the trustee of Wong's 2004 Family Trust, a discretionary trust the founder of which is Wong Wing Por and the discretionary objects of which include family members of Wong Wing Por.

- Hop Fung Industries is a holding company of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung Industries is US\$100 divided into 10,000 shares of US\$0.01 each which is owned as to 7,886, 1,257 and 857 shares by Hop Fung Industries BVI, Delight and Mr. Shum Lit Ki respectively. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to be interested in the 7,886 shares of US\$0.01 each and Mr. Wong Wing Por is deemed to be interested in the 1,257 shares of US\$0.01 each in Hop Fung Industries.

董事於股份、相關股份及 債券之權益 (續)

(a) 股份 (續)

附註：(續)

Hop Fung Industries BVI之已發行股本分別由許森國先生、許森平先生、Fullwood Holdings Limited (「Fullwood」) 及 Goldspeed Holdings Limited (「Goldspeed」) 擁有 11.81%、11.81%、38.19% 及 38.19%。Fullwood 由 Pinecity Investments Limited (「Pinecity」) 全資擁有，而 Pinecity 由 HSBC International Trustee Limited (「HSBC」) 以 Hui & Wong 2004 Family Trust 受託人之身分全資擁有。該信託為一項全權信託，其創立人為許森國，全權信託對象包括許森國之家族成員。Goldspeed 由 Goldkeen Assets Management Limited (「Goldkeen」) 全資擁有，而 Goldkeen 由 HSBC 以 HSP 2004 Family Trust 受託人之身分全資擁有。該信託為一項全權信託，其創立人為許森平，全權信託對象包括許森平之家族成員。因此，根據證券及期貨條例，許森國及許森平各自被視為擁有該 252,000,000 股股份之權益。

Delight 由 Richfaith Assets Management Limited (「Richfaith」) 全資擁有，而 Richfaith 由 HSBC 以 Wong's 2004 Family Trust 受託人之身分全資擁有。該信託為一項全權信託，其創立人為王榮波，全權信託對象包括王榮波之家族成員。

- Hop Fung Industries 乃本公司之控股公司，因此根據證券及期貨條例，屬本公司之相聯法團。Hop Fung Industries 之全部已發行股本為 100 美元，分為 10,000 股每股面值 0.01 美元之股份，分別由 Hop Fung Industries BVI、Delight 及沈烈基先生擁有 7,886、1,257 及 857 股。根據證券及期貨條例，許森國先生及許森平先生均被視為擁有 Hop Fung Industries 7,886 股每股面值 0.01 美元股份之權益，而王榮波先生則被視為擁有 Hop Fung Industries 1,257 股每股面值 0.01 美元股份之權益。

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(a) Shares (Continued)

Notes: (Continued)

- Hop Fung Industries BVI is a holding company of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung Industries BVI is US\$100 divided into 10,000 shares of US\$0.01 each which is owned as to 1,181, 1,181, 3,819 and 3,819 shares by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood and Goldspeed respectively. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is interested and/or deemed to be interested in an aggregate of 5,000 shares of US\$0.01 each in Hop Fung Industries BVI.
- Hop Fung GM is a subsidiary of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung GM is HK\$3,000,100 divided into 100 ordinary shares of HK\$1 each and 3,000,000 non-voting deferred shares of HK\$1 each. The 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM are beneficially owned by Hop Fung Group (HK) Limited ("Hop Fung Group HK") which is owned as to 78.86%, 12.57% and 8.57% by Hop Fung Holdings Limited ("Hop Fung Holdings (BVI)"), Mr. Wong Wing Por and Mr. Shum Lit Ki respectively.

The issued share capital of Hop Fung Holdings (BVI) is owned as to 50%, 11.81% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping and Goldspeed respectively. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to be interested in the 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM.

Pursuant to an option deed dated 19th August, 2003, Hop Fung Group HK and its nominee granted to Hop Fung Group Company Limited ("Hop Fung Group (BVI)"), a wholly owned subsidiary of the Company, an option to purchase from them such 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM. Accordingly, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to have a short position in the underlying shares of the option granted under the option deed pursuant to the SFO.

董事於股份、相關股份及 債券之權益 (續)

(a) 股份 (續)

附註：(續)

- Hop Fung Industries BVI乃本公司之控股公司，因此根據證券及期貨條例，屬本公司之相聯法團。Hop Fung Industries BVI之全部已發行股本為100美元，分為10,000股每股面值0.01美元之股份，分別由許森國先生、許森平先生、Fullwood及Goldspeed擁有1,181、1,181、3,819及3,819股。根據證券及期貨條例，許森國先生及許森平先生擁有及／或被視為擁有Hop Fung Industries BVI合共5,000股每股面值0.01美元股份之權益。
- 合豐公明乃本公司之附屬公司，因此根據證券及期貨條例，屬本公司之相聯法團。合豐公明之全部已發行股本為3,000,100港元，分為100股每股面值1港元之普通股及3,000,000股每股面值1港元之無投票權遞延股。該3,000,000股每股面值1港元之合豐公明無投票權遞延股由合豐集團(香港)有限公司(「合豐集團香港」)實益擁有，而合豐集團香港則分別由Hop Fung Holdings Limited(「Hop Fung Holdings (BVI)」)、王榮波先生及沈烈基先生擁有78.86%、12.57%及8.57%。

Hop Fung Holdings (BVI)之已發行股本分別由許森國先生、許森平先生及Goldspeed擁有50%、11.81%及38.19%。根據證券及期貨條例，許森國先生及許森平先生被視為擁有合豐公明3,000,000股每股面值1港元無投票權遞延股之權益。

根據日期為二零零三年八月十九日之購股權契據，合豐集團香港及其代名人向本公司之全資附屬公司Hop Fung Group Company Limited(「Hop Fung Group (BVI)」)授出購股權，以自彼等購買3,000,000股每股面值1港元之合豐公明無投票權遞延股。因此，根據證券及期貨條例，許森國先生及許森平先生均被視為擁有根據購股權契據所授出購股權涉及之相關股份之淡倉。

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(a) Shares (Continued)

Notes: (Continued)

- Hop Fung FG is a subsidiary of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung FG is HK\$3,000,100 divided into 100 ordinary shares of HK\$1 each and 3,000,000 non-voting deferred shares of HK\$1 each. The 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung FG are beneficially owned by Hop Fung Group HK. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to be interested in the 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung FG.

Pursuant to an option deed dated 19th August, 2003, Hop Fung Group HK and its nominee granted to Hop Fung Group (BVI) an option to purchase from them such 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung FG. Accordingly, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to have a short position in the underlying shares of the option granted under the option deed pursuant to the SFO.

- Applewood Forest Limited ("Applewood") is a company incorporated in the British Virgin Islands. The entire issued share capital of Applewood is US\$1 comprises 1 share of US\$1 which is owned by HSBC in its capacity as the trustee of Hui & Wong 2004 Family Trust. Applewood is an associated corporation of the Company under the SFO. Under the SFO, Mr. Hui Sum Kwok is deemed to be interested in the 1 share of US\$1 in Applewood owned by HSBC in its capacity as the trustee of Hui & Wong 2004 Family Trust.
- Profit Luck Limited ("Profit") is a company incorporated in Hong Kong. The entire issued share capital of Profit is HK\$100 comprises 100 shares of HK\$1 each which is indirectly owned by HSBC through its wholly owned subsidiary, Applewood. Details of Applewood are set out in note 6 above.

董事於股份、相關股份及 債券之權益 (續)

(a) 股份 (續)

附註：(續)

- 合豐鳳崗乃本公司之附屬公司，因此根據證券及期貨條例，屬本公司之相聯法團。合豐鳳崗之全部已發行股本為3,000,100港元，分為100股每股面值1港元之普通股及3,000,000股每股面值1港元之無投票權遞延股。該3,000,000股每股面值1港元之合豐鳳崗無投票權遞延股由合豐集團香港實益擁有。根據證券及期貨條例，許森國先生及許森平先生均被視為擁有3,000,000股每股面值1港元之合豐鳳崗無投票權遞延股之權益。

根據日期為二零零三年八月十九日之購股權契據，合豐集團香港及其代名人向Hop Fung Group (BVI)授出購股權，以自彼等購買3,000,000股每股面值1港元之合豐鳳崗無投票權遞延股。因此，根據證券及期貨條例，許森國先生及許森平先生均被視為擁有根據購股權契據所授出購股權涉及之相關股份之淡倉。

- Applewood Forest Limited (「Applewood」) 乃於英屬處女群島註冊成立之公司。Applewood之全部已發行股本為1美元，包括1股面值1美元之股份。該股份由HSBC以Hui & Wong 2004 Family Trust受託人之身分擁有。根據證券及期貨條例，Applewood屬本公司之相聯法團。根據證券及期貨條例，許森國先生被視為擁有由HSBC以Hui & Wong 2004 Family Trust受託人身分擁有之Applewood 1股面值1美元股份之權益。
- 利萊有限公司 (「利萊」) 乃於香港註冊成立之公司。利萊之全部已發行股本為100港元，分為100股每股面值1港元之股份，由HSBC透過其全資附屬公司Applewood間接擁有。Applewood之詳情載於上文附註6。

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(b) Share options

Details of the Directors' and their associates' interests in share options of the Company are set out in the Section headed "Share Options" in this report.

Other than as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31st December, 2005.

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name of shareholder 股東名稱／姓名	Capacity 身分	Number of issued shares held 持有已發行 股份數目	Note(s) 附註	Approximate percentage of issued share capital 佔已發行股份 概約百分比
Hop Fung Industries	Beneficial owner 實益擁有人	252,000,000	1	68.49%
Hop Fung Industries BVI	Interest of a controlled corporation 受控法團權益	252,000,000	1, 2	68.49%
Fullwood	Interest of controlled corporations 受控法團權益	252,000,000	1, 2, 3, 4	68.49%
Pinacity	Interest of controlled corporations 受控法團權益	252,000,000	1, 2, 3, 4	68.49%
Goldspeed	Interest of controlled corporations 受控法團權益	252,000,000	1, 2, 3, 5	68.49%
Goldkeen	Interest of controlled corporations 受控法團權益	252,000,000	1, 2, 3, 5	68.49%

董事於股份、相關股份及 債券之權益 (續)

(b) 購股權

董事及彼等之聯繫人士於本公司購股權之權益詳情載於上文「購股權」一節。

除上文披露者外，於二零零五年十二月三十一日，董事及彼等之聯繫人士概無於本公司或其任何相聯法團之任何股份、相關股份或債券中擁有任何權益或淡倉。

主要股東

於二零零五年十二月三十一日，本公司根據證券及期貨條例第336條置存之主要股東名冊顯示，以下股東已知會本公司彼等持有本公司已發行股本之相關權益及淡倉：

SUBSTANTIAL SHAREHOLDERS (Continued)

主要股東 (續)

Name of shareholder 股東名稱／姓名	Capacity 身分	Number of issued shares held 持有已發行股份數目	Note(s) 附註	Approximate percentage of issued share capital 佔已發行股份 概約百分比
HSBC	Trustee of discretionary trust/interest of controlled corporations 全權信託受託人／受控法團權益	253,146,000	1, 2, 3, 4, 5	68.80%
Mr. Hui Sum Kwok 許森國先生	Beneficial owner/founder of a discretionary trust/interest of controlled corporations/interest of spouse 實益擁有人／全權信託創立人／ 受控法團權益／配偶之權益	254,772,000	1, 2, 3, 4	69.25%
Mr. Hui Sum Ping 許森平先生	Beneficial owner/founder of a discretionary trust/interest of controlled corporations 實益擁有人／全權信託創立人／ 受控法團權益	252,510,000	1, 2, 3, 5	68.63%
Ms. Wong Mui 黃梅女士	Beneficial owner/interest of spouse 實益擁有人／配偶權益	254,772,000	1, 2, 3, 4, 6	69.25%
Ms. Jian Jian Yi 簡健儀女士	Interest of spouse 配偶權益	252,510,000	1, 2, 3, 5, 7	68.63%
Hallgain Management Limited	Interest of controlled corporations 受控法團權益	29,382,000	8	7.99%
Kingboard Chemical Holdings Limited 建滔化工集團	Beneficial owner/interest of controlled corporations 實益擁有人／受控法團權益	29,382,000	9	7.99%

Notes:

- The 252,000,000 shares are owned by Hop Fung Industries.
- The issued share capital of Hop Fung Industries is owned as to 78.86%, 12.57% and 8.57% by Hop Fung Industries BVI, Delight and Mr. Shum Lit Ki respectively and Hop Fung Industries BVI is deemed to be interested in the 252,000,000 shares under the SFO.

附註：

- 該252,000,000股股份由Hop Fung Industries擁有。
- Hop Fung Industries之已發行股本由Hop Fung Industries BVI、Delight及沈烈基先生分別擁有78.86%、12.57%及8.57%，而根據證券及期貨條例，Hop Fung Industries BVI被視為擁有該252,000,000股股份之權益。

DIRECTORS' REPORT

董事會報告

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes: (Continued)

3. The issued share capital of Hop Fung Industries BVI is owned as to 11.81%, 11.81%, 38.19% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood and Goldspeed respectively.
4. The entire issued share capital of Fullwood is indirectly held by HSBC through its 100% controlled corporation, Pinecity in its capacity as the trustee of Hui & Wong 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Kwok and the discretionary objects of which include family members of Mr. Hui Sum Kwok. Accordingly, each of Fullwood, Pinecity, HSBC and Mr. Hui Sum Kwok is deemed to be interested in the 252,000,000 shares under the SFO.
5. The entire issued share capital of Goldspeed is indirectly held by HSBC through its 100% controlled corporation, Goldkeen in its capacity as the trustee of HSP 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Ping and the discretionary objects of which include family members of Mr. Hui Sum Ping. Accordingly, each of Goldspeed, Goldkeen, HSBC and Mr. Hui Sum Ping is deemed to be interested in the 252,000,000 shares under the SFO.
6. Ms. Wong Mui is directly interested in 250,000 shares in the Company and is deemed to be interested in 254,522,000 shares under the SFO as she is the spouse of Mr. Hui Sum Kwok, a director of the Company.
7. Ms. Jian Jian Yi is deemed to be interested in 252,510,000 shares under the SFO as she is the spouse of Mr. Hui Sum Ping, a director of the Company.
8. Hallgain Management Limited is deemed to be interested in 29,382,000 shares in the Company, which are directly or indirectly held by Kingboard Chemical Holdings Limited, by virtue of its holdings of approximately 36.2% interests in the issued share capital of Kingboard Chemical Holdings Limited.
9. Kingboard Chemical Holdings Limited is directly interested in 3,922,000 shares in the Company and is deemed to be interested in 25,460,000 shares in the Company as held by certain of its subsidiaries.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st December, 2005.

主要股東 (續)

附註：(續)

3. Hop Fung Industries BVI之已發行股本分別由許森國先生、許森平先生、Fullwood及Goldspeed擁有11.81%、11.81%、38.19%及38.19%。
4. Fullwood之全部已發行股本由HSBC透過其100%受控法團Pinecity以Hui & Wong 2004 Family Trust受託人之身分間接持有。Hui & Wong 2004 Family Trust乃一項全權信託，其創立人為許森國先生；而全權信託對象包括許森國先生之家族成員。因此，根據證券及期貨條例，Fullwood、Pinecity、HSBC及許森國先生各自被視為擁有該252,000,000股股份之權益。
5. Goldspeed之全部已發行股本由HSBC透過其100%受控法團Goldkeen以HSP 2004 Family Trust之受託人身分間接持有。HSP 2004 Family Trust乃一項全權信託，其創立人為許森平先生；而全權信託對象包括許森平先生之家族成員。因此，根據證券及期貨條例，Goldspeed、Goldkeen、HSBC及許森平先生各自被視為擁有該252,000,000股股份之權益。
6. 黃梅女士直接持有本公司250,000股股份權益，以及由於彼為本公司董事許森國先生之配偶，根據證券及期貨條例，黃梅女士被視為擁有該254,522,000股股份之權益。
7. 根據證券及期貨條例，由於彼為本公司董事許森平先生之配偶，簡健儀女士被視為擁有該252,510,000股股份之權益。
8. 由於Hallgain Management Limited持有建滔化工集團已發行股本約36.2%權益，故此被視為於建滔化工集團直接或間接持有之29,382,000股本公司股份中持有權益。
9. 建滔化工集團直接持有本公司3,922,000股股份權益，故此被視為於其若干附屬公司所持有之25,460,000股本公司股份中持有權益。

除上文披露者外，於二零零五年十二月三十一日，本公司並無獲悉任何其他人士於本公司已發行股本中擁有相關權益或淡倉。

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

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the heading "Share Options" above, at no time during the year was the Company, any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, save as disclosed above, none of the Directors, their spouse or children under the age of 18 were granted any right to subscribe for the securities of the Company or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS

Other than the transactions set out in note 29 to the financial statements, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December, 2005, the aggregate amount of turnover attributable to the Group's five largest customers accounted for less than 17% of the Group's total turnover.

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 55% of the Group's total purchases and the purchase attributable to the Group's largest supplier accounted for approximately 23% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) has any interest in the Group's five largest suppliers.

購買、出售或贖回本公司上市股份

本公司及其任何附屬公司並無於年內購買、贖回或出售本公司任何上市股份。

購買股份或債券之安排

除上文「購股權」一節披露者外，本公司、其任何控股公司、同系附屬公司或附屬公司並無於年內任何時間參與訂立任何安排，致使本公司董事可透過收購本公司或任何其他法人團體之股份或債券而獲益。此外，除上文披露者外，董事、彼等各自之配偶或十八歲以下子女亦無獲授或於年內行使任何可認購本公司證券之權利。

董事於合約之權益

除財務報表附註29所載之交易外，本公司或其任何附屬公司概無訂立任何於本年度完結時或年內任何時間仍然生效而本公司董事於當中直接或間接擁有重大權益之重大合約。

主要客戶及供應商

於截至二零零五年十二月三十一日止年度，本集團五大客戶之營業額合共佔本集團總營業額少於17%。

本集團五大供應商之購貨額合共佔本集團購貨總額約55%，而本集團最大供應商之購貨額則佔本集團購貨總額約23%。

各董事、其聯繫人士或就董事所知擁有本公司股本5%以上之股東概無在本集團五大供應商中擁有任何權益。

DIRECTORS' REPORT

董事會報告

CONNECTED TRANSACTIONS

During the year, the Group did not enter into any transactions with any connected persons.

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.

DONATIONS

During the year, the Group made charitable donations amounting to approximately HK\$709,000.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, during the year ended 31st December, 2005, except with the following deviations:

Code Provision A.2.1

- Code Provision A.2.1 stipulates that the division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.
- There is no written terms on division of responsibilities between the Chairman and the Chief Executive Officer. The Board of Directors considers that the responsibilities of the Chairman and Chief Executive Officer respectively are clear and distinctive and hence written terms thereof are not necessary.

關連交易

年內，本集團沒有與任何關連人士訂立任何交易。

優先購買權

本公司之細則或開曼群島法例並無有關優先購買權之條文，規定本公司須按比例向現有股東提呈發售新股。

捐款

年內，本集團作出慈善捐款約709,000港元。

公司管治

於截至二零零五年十二月三十一日止年度，本公司已遵守聯交所證券上市規則附錄14企業管治常規守則（「企業管治守則」）所載之守則條文，惟以下之偏離除外：

守則條文A.2.1條

- 守則條文A.2.1條規定清楚地制定主席與行政總裁之職責範圍，並以書面列出。
- 本公司並無書面列出主席與行政總裁之職責範圍。董事會認為，主席與行政總裁各自之職責均有明確界定，故毋須編製彼等之書面職權範圍。

CORPORATE GOVERNANCE (Continued)

Code Provision A.4.2

- Code Provision A.4.2 stipulates that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.
- In accordance with the relevant provision of the existing Company's Articles of Association, Directors appointed to fill a casual vacancy are subject to re-election at next annual general meeting.

Code Provisions B.1.3 and C.3.3

- Code Provisions B.1.3 and C.3.3 stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective provisions.
- The terms of reference of the Remuneration Committee and the Audit Committee of the Company have been revised in May, 2005 to comply with the above Code Provision with certain deviations. A major deviation from the Code Provision B.1.3 is that the Remuneration Committee of the Company should, pursuant to its revised terms of reference, review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of the executive Directors only but not senior management.

AUDITORS

Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company since its incorporation.

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Hui Sum Kwok
CHAIRMAN

19th April, 2006

公司管治 (續)

守則條文A.4.2條

- 守則條文A.4.2條規定所有填補臨時空缺而獲委任之董事須於委任後之首次股東大會上接受股東選舉。
- 根據本公司組織章程之有關規定，填補臨時空缺而獲委任之董事須於下屆股東週年大會上重選。

守則條文B.1.3及C.3.3條

- 守則條文B.1.3及C.3.3條規定薪酬委員會及審核委員會之職權範圍最低限度須包括有關條文所載之特定職責。
- 本公司已於二零零五年五月修訂薪酬委員會及審核委員會之職權範圍以符合上述守則，惟有若干偏離。主要之偏離為守則條文B.1.3條規定本公司薪酬委員會應根據經修訂之職權範圍，僅就執行董事（而非就高級管理層）之薪酬進行檢討（守則條文則規定為釐定）及向董事會作出建議。

核數師

德勤•關黃陳方會計師行自本公司註冊成立以來，一直擔任本公司核數師。

本公司將於應屆股東週年大會提呈續委聘德勤•關黃陳方會計師行為本公司核數師之決議案。

代表董事會

主席
許森國

二零零六年四月十九日

AUDITORS' REPORT

核數師報告

Deloitte.

德勤

TO THE SHAREHOLDERS OF HOP FUNG GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Hop Fung Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") on pages 52 to 110 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of consolidated financial statements which give a true and fair view. In preparing consolidated 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 consolidated 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.

致：合豐集團控股有限公司
(於開曼群島註冊成立之有限公司)

列位股東

本核數師行已完成審核載於第52頁至第110頁合豐集團控股有限公司(「貴公司」)及其附屬公司(下文統稱「貴集團」)按照香港普遍採納之會計原則而編製之綜合財務報表。

董事及核數師之責任

董事須編製真實而公平之綜合財務報表。在編製該等綜合財務報表時，董事必須貫徹採用合適之會計政策。

本行之責任是根據本行審核工作之結果，對該等綜合財務報表表達獨立意見，並僅向貴公司整體股東報告本行之意見，而不作其他用途。本行並不就本報告之內容向任何其他人士負上或承擔責任。

AUDITORS' REPORT

核數師報告

BASIS OF OPINION

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

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 consolidated financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2005 and of the profit 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.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
19th April, 2006

意見之基準

本行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綜合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製該等綜合財務報表時所作之重大估計及判斷、所釐定會計政策是否適合 貴集團之具體情況，以及有否貫徹應用並充分披露該等會計政策。

本行在策劃及進行審核工作時，均以取得一切本行認為必需之資料及解釋為目標，使本行能獲得充分之憑證，合理確定該等綜合財務報表是否存有重要錯誤陳述。在達致意見時，本行亦已衡量該等綜合財務報表所載資料整體上是否足夠。本行相信，本行之審核工作已為下列意見建立合理之基礎。

意見

本行認為上述綜合財務報表均真實與公平地反映 貴集團於二零零五年十二月三十一日之業務狀況及 貴集團截至該日止年度之利潤及現金流量，並已按照香港公司條例之披露規定妥善編製。

德勤•關黃陳方會計師行
執業會計師

香港
二零零六年四月十九日

CONSOLIDATED INCOME STATEMENT

綜合收益表

FOR THE YEAR ENDED 31ST DECEMBER, 2005

截至二零零五年十二月三十一日止年度

		Notes 附註	2005 HK\$'000 千港元	2004 HK\$'000 千港元 (Restated) (經重列)
Turnover	營業額	6	788,555	760,981
Cost of sales	銷售成本		(634,422)	(610,163)
Gross profit	毛利		154,133	150,818
Other income	其他收入	7	16,202	11,554
Distribution costs	分銷成本		(37,277)	(38,069)
Administrative expenses	行政開支		(37,724)	(35,200)
Other expenses	其他開支		(18,601)	(12,582)
Finance costs	財務成本	8	(5,924)	(1,871)
Profit before taxation	稅前利潤		70,809	74,650
Taxation	稅項	9	(1,096)	(7,719)
Profit for the year	年度利潤	10	69,713	66,931
Dividends	股息	12	21,115	9,235
Earnings per share	每股盈利	13		
– basic (HK cents)	– 基本 (港仙)		18.95	18.27
– diluted (HK cents)	– 攤薄 (港仙)		18.69	18.16

CONSOLIDATED BALANCE SHEET

綜合資產負債表

AT 31ST DECEMBER, 2005

於二零零五年十二月三十一日

		Notes	2005	2004
		附註	HK\$'000	HK\$'000
			千港元	千港元 (Restated) (經重列)
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	14	290,925	148,480
Prepaid lease payments on land use rights	土地使用權預付租賃款項	15	18,652	17,385
Prepayments under processing arrangement	根據加工安排之預付款項	16	2,179	2,240
Deposits paid for the acquisition of property, plant and equipment	購置物業、廠房及設備所付訂金		10,088	22,428
			321,844	190,533
Current assets	流動資產			
Inventories	存貨	17	74,737	59,033
Trade and other receivables	貿易及其他應收款項	18	102,986	88,535
Deposits and prepayments	按金及預付款		6,767	7,764
Prepaid lease payments on land use rights	土地使用權預付租賃款項	15	432	200
Prepayments under processing arrangement	根據加工安排之預付款項	16	61	61
Investment in equity-linked deposit	股本聯繫存款投資		-	2,002
Derivative financial instruments	衍生金融工具	19	862	-
Bank balances and cash	銀行結餘及現金	18	156,037	133,446
			341,882	291,041
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	20	81,696	88,407
Taxation	稅項		20,767	12,495
Derivative financial instruments	衍生金融工具	19	388	-
Bank borrowings	銀行借貸	21	103,515	50,504
			206,366	151,406
Net current assets	流動資產淨值		135,516	139,635
Total assets less current liabilities	總資產減流動負債		457,360	330,168

CONSOLIDATED BALANCE SHEET

綜合資產負債表

AT 31ST DECEMBER, 2005

於二零零五年十二月三十一日

		Notes 附註	2005 HK\$'000 千港元	2004 HK\$'000 千港元 (Restated) (經重列)
Capital and reserves	股本及儲備			
Share capital	股本	22	36,792	36,783
Share premium and reserves	股份溢價及儲備		301,533	249,239
			338,325	286,022
Non-current liabilities	非流動負債			
Bank borrowings	銀行借貸	21	118,369	35,655
Deferred taxation	遞延稅項	24	666	8,491
			119,035	44,146
			457,360	330,168

The financial statements on pages 52 to 110 were approved and authorised for issue by the Board of Directors on 19th April, 2006 and are signed on its behalf by:

於第52至110頁之財務報表已於二零零六年四月十九日經董事會批准及授權發表，並由下列董事代表簽署：

DIRECTOR 董事
HUI SUM KWOK 許森國

DIRECTOR 董事
HUI SUM PING 許森平

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

FOR THE YEAR ENDED 31ST DECEMBER, 2005

截至二零零五年十二月三十一日止年度

		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Special reserve 特別儲備 HK\$'000 千港元	Translation reserve 滙兌儲備 HK\$'000 千港元	Share options 購股權 儲備 HK\$'000 千港元	Retained profits 保留利潤 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1st January, 2004	於二零零四年 一月一日	36,504	168,468	(107,444)	-	-	127,420	224,948
Profit for the year and total recognised income for the year	年度利潤及年度 確認收入總額	-	-	-	-	-	66,931	66,931
Recognition of equity-settled share-based payments	確認以股權結算之 以股份支付之支出	-	-	-	-	221	-	221
Exercise of share options	行使購股權	279	2,878	-	-	-	-	3,157
Final dividend paid in respect of 2003	已派二零零三年 末期股息	-	-	-	-	-	(4,600)	(4,600)
Interim dividend paid in respect of 2004	已派二零零四年 中期股息	-	-	-	-	-	(4,635)	(4,635)
At 31st December, 2004	於二零零四年 十二月三十一日	36,783	171,346	(107,444)	-	221	185,116	286,022
Exchange differences arising on translation of foreign operations recognised directly in equity	於權益直接確認 換算海外業務 之匯兌差額	-	-	-	1,673	-	-	1,673
Profit for the year	年度利潤	-	-	-	-	-	69,713	69,713
Total recognised income for the year	年度確認收入總額	-	-	-	1,673	-	69,713	71,386
Recognition of equity-settled share-based payments	確認以股權結算之 以股份支付之支出	-	-	-	-	1,923	-	1,923
Exercise of share options	行使購股權	9	100	-	-	-	-	109
Final dividend paid in respect of 2004	已派二零零四年 末期股息	-	-	-	-	-	(15,523)	(15,523)
Interim dividend paid in respect of 2005	已派二零零五年 中期股息	-	-	-	-	-	(5,592)	(5,592)
At 31st December, 2005	於二零零五年 十二月三十一日	36,792	171,446	(107,444)	1,673	2,144	233,714	338,325

Note:

Special reserve represents the difference between the costs of investments in subsidiaries of the Company and the aggregate amount of the non-voting deferred share capital of Fung Kong Hop Fung Paper Ware Factory Limited and Gong Ming Hop Fung Paper Ware Factory Limited and the nominal value of the share capital of the subsidiaries acquired as a result of the group reorganisation in 2003.

附註：

特別儲備指本公司於附屬公司之投資成本與鳳崗合豐紙品廠有限公司及公明合豐紙品廠有限公司無投票權遞延股本總額及因二零零三年集團重組而收購之附屬公司之股本面值之差額。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

FOR THE YEAR ENDED 31ST DECEMBER, 2005

截至二零零五年十二月三十一日止年度

		2005 HK\$'000 千港元	2004 HK\$'000 千港元 (Restated) (經重列)
Operating activities	經營活動		
Profit before taxation	稅前利潤	70,809	74,650
Adjustments for:	經作出以下調整：		
Finance costs	財務成本	5,924	1,871
Allowance for doubtful debts	呆賬撥備	845	1,264
Depreciation	折舊	22,699	16,794
Release of prepaid lease payments on land use rights	撥回土地使用權預付 租賃款項	200	200
Interest income	利息收入	(1,618)	(309)
(Gain) loss on disposal of property, plant and equipment	出售物業、廠房及 設備(收益)虧損	(155)	176
Share-based payment expense	以股份支付之支出	1,923	221
Realised gain on investment in securities	證券投資已實現收益	-	(7)
Fair value changes in derivative financial instruments	衍生金融工具公平值之變動	(474)	-
Operating cash flows before movements in working capital	流動資金變動前 營運現金流量	100,153	94,860
Increase in inventories	存貨增加	(15,704)	(16,456)
Increase in trade and other receivables	貿易及其他應收款項增加	(15,296)	(6,533)
Decrease in deposits and prepayments	按金及預付款減少	997	16,880
Decrease in amounts due from related companies	應收關連公司款項減少	-	652
(Decrease) increase in trade and other payables	貿易及其他應付款項 (減少)增加	(6,711)	25,038
Cash generated from operations	營運產生之現金	63,439	114,441
Income taxes paid	已繳付所得稅	(649)	(768)
Net cash from operating activities	經營活動產生之現金淨額	62,790	113,673
Investing activities	投資活動		
Purchases of property, plant and equipment	收購物業、廠房及設備	(141,259)	(62,145)
Increase in deposits paid for the acquisition of property, plant and equipment	購置物業、廠房及設備 所付訂金增加	(10,088)	(22,428)
Increase in prepaid lease payments on land use rights	土地使用權預付租賃 款項增加	(1,699)	(9,905)
Proceeds from sale of equity-linked deposits	出售股本聯繫存款所得款項	2,002	-

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

FOR THE YEAR ENDED 31ST DECEMBER, 2005

截至二零零五年十二月三十一日止年度

		2005 HK\$'000 千港元	2004 HK\$'000 千港元 (Restated) (經重列)
Interest received	已收利息	1,618	309
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備 所得款項	1,353	107
Decrease in prepayments under processing arrangement	根據加工安排之 預付款項減少	61	62
Decrease in pledged bank deposits	已抵押銀行存款減少	-	16,519
Proceeds on disposal of investments in securities	出售證券投資所得款項	-	7,335
Net cash used in investing activities	投資活動使用之現金淨額	(148,012)	(70,146)
Financing activities	融資活動		
New bank loans raised	新增銀行貸款	130,000	28,629
Increase in trust receipt loans	信託收據貸款增加	31,118	15,652
Proceeds on issue of shares	發行股份所得款項	109	3,157
Repayment of bank loans	償還銀行貸款	(25,065)	(15,573)
Dividends paid	已派股息	(21,115)	(9,235)
Interest paid	已付利息	(8,579)	(1,776)
Repayment of obligations under finance leases	償還融資租賃承擔	-	(10,467)
Finance charges on obligations under finance leases paid	已付融資租賃承擔之 融資費用	-	(95)
Net cash from financing activities	融資活動產生之現金淨額	106,468	10,292
Net increase in cash and cash equivalents	現金及現金等值增加淨額	21,246	53,819
Cash and cash equivalents at beginning of the year	年初現金及現金等值	133,118	79,299
Effect of foreign exchange rate changes	匯率變動之影響	1,673	-
Cash and cash equivalents at end of the year	年末現金及現金等值	156,037	133,118
Analysis of the balances of cash and cash equivalents	現金及現金等值結餘分析		
Bank balances and cash	銀行結餘及現金	156,037	133,446
Bank overdraft	銀行透支	-	(328)
		156,037	133,118

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2005

截至二零零五年十二月三十一日止年度

1. GENERAL

The Company is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent is Hop Fung Industries Limited, a company incorporated in the British Virgin Islands and its ultimate holding company is Hop Fung Industries (Holdings) Limited, a company also incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed under Corporate Information section of the annual report.

The financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 31.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented.

1. 一般資料

本公司根據開曼群島法例第22章公司法(一九六一年第3條法例, 經綜合及修訂)於開曼群島註冊成立為獲豁免有限公司, 其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司之母公司為於英屬處女群島註冊成立之Hop Fung Industries Limited, 而最終控股公司則為於英屬處女群島註冊成立之Hop Fung Industries (Holdings) Limited。本公司之註冊辦事處及主要營業地點之地址載於本年報公司資料部份內。

財務報表均以港元呈列, 港元為本公司之功能貨幣。

本公司為投資控股公司, 其附屬公司之主要業務載於附註31。

2. 採用香港財務報告準則／會計政策之變更

在本年度, 本集團首次採用多項由香港會計師公會發出之新香港財務報告準則、香港會計準則及詮釋(文內統稱為「新香港財務報告準則」), 此等準則於二零零五年一月一日或之後開始之會計年度生效。採用新香港財務報告準則已導致收益表、資產負債表及權益變動報表之呈報方式有所變動。呈報方式之變動已追溯應用。採用新香港財務報告準則導致本集團在以下領域之會計政策出現變動, 影響本年度及以往之會計年度之業績之編製及呈報方式。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2005
截至二零零五年十二月三十一日止年度

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (Continued)

Share-based Payments

In the current year, the Group has applied HKFRS 2 "Share-based payments" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1st January, 2005. In relation to share options granted before 1st January, 2005, the Group has not applied HKFRS 2 to share options that were granted after 7th November, 2002 and had vested before 1st January, 2005 in accordance with the relevant transitional provisions. However, the Group is still required to apply HKFRS 2 retrospectively to share options that were granted after 7th November, 2002 and had not yet vested on 1st January, 2005. Comparative figures have been restated (see below for the financial impact).

2. 採用香港財務報告準則／會計政策之變更 (續)

以股份支付之支出

在本年度，本集團採用了香港財務報告準則第2號「以股份支付之支出」，規定本集團如以股份或就股份增設之權利（「股權結算交易」）作為購買貨物或取得服務，須列為開支處理。香港財務報告準則第2號對本集團之主要影響為須將董事及僱員之購股權按授出購股權日期釐定之公平值在歸屬期間列為開支。於採用香港財務報告準則第2號前，本集團並無確認此等購股權之財務影響，直至該等購股權被行使為止。本集團已對於二零零五年一月一日或之後授出之購股權採用香港財務報告準則第2號。就於二零零五年一月一日前授出之購股權而言，本集團根據有關之過渡性條文，並無對於二零零二年十一月七日後授出及於二零零五年一月一日前已歸屬之購股權採用香港財務報告準則第2號。然而，本集團仍須對於二零零二年十一月七日後授出但於二零零五年一月一日為止仍未歸屬之購股權追溯採用香港財務報告準則第2號。比較數字已予重列（請參考以下財務影響）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2005

截至二零零五年十二月三十一日止年度

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (Continued)

Financial Instruments

In the current year, the Group has applied HKAS 32 "Financial Instruments: disclosure and presentation" and HKAS 39 "Financial Instruments: recognition and measurement". HKAS 32 requires retrospective application. The application of HKAS 32 has had no material impact on the presentation of financial instruments in the financial statement of the Group. HKAS 39, which is effective for accounting periods beginning on or after 1st January, 2005, generally does not permit the recognition, derecognition or measurement of the financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Financial assets and financial liabilities other than debt and equity securities

From 1st January, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. Financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method. Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method. The application of HKAS 39 has had no material effect on the results for the current or prior accounting periods. As at 1st January 2005, the equity-linked deposit was classified as "loans and receivables" under HKAS 39.

2. 採用香港財務報告準則／會計政策之變更 (續)

金融工具

在本年度，本集團採用香港會計準則第32號「金融工具：披露及呈報」及香港會計準則第39號「金融工具：確認及計算」。香港會計準則第32號規定須追溯應用。採用香港會計準則第32號並無對本集團財務報表內之金融工具之呈列造成重大影響。於二零零五年一月一日或之後開始之會計年度生效之香港會計準則第39號一般不允許按追溯基準確認、不確認或計量財務資產及負債。因採用香港會計準則第39號之主要影響綜合如下：

財務資產及財務負債 (不包括債券及股本證券)

由二零零五年一月一日起，本集團根據香港會計準則第39號之規定，對除股本證券以外之財務資產及財務負債(以往並不在會計實務準則第24號之範圍內)進行分類及計算。根據香港會計準則第39號，財務資產分類為「在損益表內按公平值列值之財務資產」、「可供出售之財務資產」、「貸款及應收款項」或「持有至到期之財務資產」。分類視乎資產購買目的而定。「在損益表內按公平值列值之財務資產」及「可供出售之財務資產」按公平值列值，公平值之變動分別在損益及權益內確認。「貸款及應收款項」及「持有至到期之財務資產」運用實際利率法按攤銷成本計算。財務負債一般分類為「在損益表內按公平值列值之財務負債」或「除在損益表內按公平值列值之財務負債以外之財務負債(其他財務負債)」。「其他財務負債」運用實際利率法按攤銷成本列值。採用香港會計準則第39號對本年度或以前之會計年度之業績並無重大影響。於二零零五年一月一日，根據香港會計準則第39號，股本聯繫存款乃分類為「貸款及應收款項」。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2005
截至二零零五年十二月三十一日止年度

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Derivatives

By 31st December, 2004, the Group did not recognise derivative embedded in a non-derivative host contract on its financial statements.

From 1st January, 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. The corresponding adjustments on changes in fair values would depend on whether the derivatives are designated as effective hedging instruments, and if so, the nature of the item being hedged. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in profit or loss for the year in which they arise.

The Group has applied the relevant transitional provisions in HKAS 39. In the opinion of the directors of the Company, the fair value of the embedded derivative from the equity-linked deposit as at 1st January, 2005 is immaterial.

2. 採用香港財務報告準則／會計政策之變更 (續)

金融工具 (續)

衍生工具

於二零零四年十二月三十一日前，本集團在其財務報表中沒有確認非衍生主合約內之附屬衍生工具。

由二零零五年一月一日起，所有在香港會計準則第39號範圍內之衍生工具須按於每一結算日之公平值列賬，不論其是否被視為持作交易用途或指定為有效對沖工具。根據香港會計準則第39號，衍生工具(包括與主合約分開獨立地列賬之附屬衍生工具)被視為持作交易用途之財務資產或財務負債，除非其符合資格及被指定為有效對沖工具。對公平值變動作出相應之調整須視乎該等衍生工具是否被指定為有效對沖工具而定，如是，亦須視乎所對沖之項目性質而定。就被視為持作交易用途之衍生工具而言，該等衍生工具公平值之變動在其產生之年度於損益表內確認。

本集團已應用香港會計準則第39號之有關過渡規定。本公司董事認為，股本聯繫存款投資之附屬衍生工具於二零零五年一月一日之公平值並無重大影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2005

截至二零零五年十二月三十一日止年度

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (Continued)

Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively. The financial impact is set out in note 2A. Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

The Hong Kong (IFRIC) Interpretation 4 ("HK(IFRIC) – INT 4") provides guidance for determining whether arrangements, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset in return for a payment or series of payments are, or contain, leases that should be accounted for in accordance with HKAS 17. The classification of such lease as finance lease or operating lease is dealt with under HKAS 17. During the year, the Group reassessed the "Prepayments under processing arrangements" under HK(IFRIC) – INT 4 and considered that it contains a lease which should be classified under HKAS 17. Accordingly, the elements related to a finance lease of factory premises in the PRC are reclassified to property, plant and equipment and the remaining balance of the prepayments under processing arrangement is an operating lease of land use rights. This change has been applied retrospectively. There is no material impact on the results for the current or prior years.

2. 採用香港財務報告準則／會計政策之變更 (續)

業主佔用之土地租賃權益

於以往年度，業主佔用之租賃土地及樓宇列入物業、廠房及設備，並以成本模式計量。於本年度，本集團採用香港會計準則第17號「租賃」。根據香港會計準則第17號，為租賃分類目的，土地及樓宇租賃將土地及樓宇部份分開考慮，除非租金支出無法可靠地在土地及樓宇部份之間作出分配，在此情況下，整項租賃一般按融資租賃處理。倘可以可靠地分開土地及樓宇部份之租賃款項，土地中之租賃權益將重新分類至經營租賃下之預付租賃款項，並按成本列值及於租約期內按直線法攤銷。會計政策之變動已追溯應用。有關之財務影響已載於附註2A。相反，倘若不能可靠地分開土地及樓宇部份，土地中之租賃權益將繼續列入物業、廠房及設備。

香港(國際財務報告詮釋委員會)詮釋第4號(「香港國際財務報告詮釋委員會」—詮釋第4號)提供指引，以釐定包括了一宗交易或一系列相關交易(並無具備租賃之法律形式，但賦予權利可透過付款或支付一系列款項而使用資產)之安排，是否屬於根據香港會計準則第17號須作為租賃處理或包括有關租賃。將有關租賃分類為融資租賃或經營租賃時，須根據香港會計準則第17號處理。年內，本集團重新評估香港(國際財務報告詮釋委員會)—詮釋第4號項下之「根據加工安排之預付款項」，並認為其包括須根據香港會計準則第17號而分類之租賃。因此，與中國工廠物業之融資租賃有關之部分均重新分類為物業、廠房及設備，而根據加工安排之預付款項之結餘則屬於土地使用權之經營租賃。這變動已獲追溯應用。本年度或以前之業績並無受到重大影響。

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2A. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described above on the results for the current and prior year are as follows:

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Recognition of share-based payments as expenses	確認以股份作支付之支出	1,923	221
Gain arising from fair value changes in derivative financial instruments	衍生金融工具公平值變動所產生之收益	(474)	—
Decrease in profit for the year	年度利潤減少	1,449	221

2A. 會計政策變動之影響概要

以上所述會計政策變動對本年度及上年度業績之影響如下：

Analysis of decrease in profit for the year by line items presented according to their function:

按項目功能分析年度利潤減少如下：

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Increase in administrative expenses	行政開支增加	1,923	221
Increase in other income	其他收入增加	(474)	—
Decrease in profit for the year	年度利潤減少	1,449	221

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2A. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Continued)

The cumulative effects of the application of the new HKFRSs on 31st December, 2004 and 1st January, 2005 are summarised below:

2A. 會計政策變動之影響概要 (續)

於二零零四年十二月三十一日及二零零五年一月一日，採用新香港財務報告準則的累計影響概述如下：

		As at 31st December, 2004 (originally stated) 於二零零四年 十二月三十一日 (原列) HK\$'000 千港元	Adjustments 調整 HK\$'000 千港元	As at 31st December, 2004 and 1st January, 2005 (restated) 於二零零四年 十二月三十一日 及二零零五年 一月一日 (經重列) HK\$'000 千港元
Balance sheet items	資產負債表項目			
<i>Impact of HKAS 17 and HK(IFRIC) – INT 4</i>	香港會計準則第17號及香港(國際財務報告詮釋委員會) – 詮釋第4號之影響			
Property, plant and equipment	物業、廠房及設備	151,563	(3,083)	148,480
Prepaid lease payments on land use rights	土地使用權預付租賃款項	–	17,585	17,585
Prepayments under processing arrangement	根據加工安排之預付款項	16,803	(14,502)	2,301
Total effects on assets and liabilities	對資產及負債之影響總計	168,366	–	168,366
<i>Impact of HKFRS 2</i>	香港財務報告準則第2號之影響			
Retained profits	保留利潤	185,337	(221)	185,116
Share options reserve	購股權儲備	–	221	221
Total effects on equity	對權益之影響總計	185,337	–	185,337

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2A. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Continued)

2A. 會計政策變動之影響概要 (續)

The application of the new HKFRSs has no effect on the Group's equity on 1st January, 2004.

於二零零四年一月一日應用新香港財務報告準則對本集團之權益概無影響。

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the financial statements of the Group.

本集團並無提早應用下列已頒佈但未生效之新準則或詮釋。本公司董事預期，應用此等準則或詮釋將不會對本集團財務報表造成任何重大影響。

HKAS 1 (Amendment) 香港會計準則第1號(修訂本)	Capital Disclosures ¹ 資本披露 ¹
HKAS 19 (Amendment) 香港會計準則第19號(修訂本)	Actuarial Gains and Losses, Group Plans and Disclosures ³ 精算損益、集團計劃及披露 ³
HKAS 21 (Amendment) 香港會計準則第21號(修訂本)	Net Investment in a Foreign Operation ³ 境外業務投資淨額 ³
HKAS 39 (Amendment) 香港會計準則第39號(修訂本)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions ³ 預測集團內部交易之現金流量對沖會計處理法 ³
HKAS 39 (Amendment) 香港會計準則第39號(修訂本)	The Fair Value Option ³ 期權之公平價值 ³
HKAS 39 & HKFRS 4 (Amendments) 香港會計準則第39號及香港 財務報告準則第4號(修訂本)	Financial Guarantee Contracts ³ 財務擔保合約 ³
HKFRS 6 香港財務報告準則第6號	Exploration for and Evaluation of Mineral Resources ³ 礦物資源之勘探及評估 ³
HKFRS 7 香港財務報告準則第7號	Financial Instruments: Disclosures ¹ 金融工具：披露 ¹
HK(IFRIC) – INT 5 香港(IFRIC) – 詮釋第5號	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds ³ 解除運作、復原及環境修復基金所產生權益之權利 ³
HK(IFRIC) – INT 6 香港(IFRIC) – 詮釋第6號	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment ⁴ 參與特定市場所產生之負債 – 廢料、電力及電子設備 ⁴
HK(IFRIC) – INT 7 香港(IFRIC) – 詮釋第7號	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ² 根據香港會計準則第29號惡性通貨膨脹經濟中之財務報告採用重述法 ²

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2A. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Continued)

- ¹ Effective for annual periods beginning on or after 1st January 2007.
- ² Effective for annual periods beginning on or after 1st March 2006.
- ³ Effective for annual periods beginning on or after 1st January 2006.
- ⁴ Effective for annual periods beginning on or after 1st December 2005.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for financial instruments, which are measured at fair values, and in accordance with HKFRSs.

The consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2A. 會計政策變動之影響概要 (續)

- ¹ 於二零零七年一月一日或其後開始之年度期間生效。
- ² 於二零零六年三月一日或其後開始之年度期間生效。
- ³ 於二零零六年一月一日或其後開始之年度期間生效。
- ⁴ 於二零零五年十二月一日或其後開始之年度期間生效。

3. 主要會計政策

綜合財務報表根據歷史成本基準及新香港財務報告準則編製，惟若干金融工具按公平值計算者除外。

綜合財務報表載列香港聯合交易所有限公司證券上市規則及香港公司條例規定之適用披露，所採納之主要會計政策如下：

綜合基準

綜合財務報表包括本公司及其附屬公司每年結算至十二月三十一日止之財務報表。

於年內所收購或出售附屬公司之業績由收購生效之日起計入綜合收益表或結算至出售生效之日止（視適用情況而定）。

如有需要，本集團會對附屬公司之財務報表作出調整，使其會計政策與本集團其他成員公司所採用者保持一致。

所有集團內交易、結餘、收入及開支均於綜合賬目時對銷。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts.

Sales of goods are recognised when the goods are delivered and title has passed.

Service income is recognised when services are rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses, if any.

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives, using the straight line method.

No depreciation is provided on construction in progress until such time when construction work is completed and the costs of construction are transferred to the appropriate category of property, plant and equipment.

3. 主要會計政策 (續)

收入確認

收入按已收或應收代價之公平值計算，即日常業務中所提供貨品及服務之應收款項扣減折扣的數額。

貨品銷售於貨品交付客戶並轉移所有權時確認。

服務收入於提供服務時確認。

利息收入乃按時間基準，並參照尚未償還本金額及按所適用之實際利率釐生，而實際利率為透過財務資產之預期可用年期將估計日後所收現金折讓至該資產之賬面淨值之利率。

物業、廠房及設備

物業、廠房及設備按成本減累計折舊及攤銷以及累計減值虧損(如有)呈列。

物業、廠房及設備項目(在建工程除外)於其估計可使用年期以直線法就沖銷其成本作出折舊及攤銷撥備。

於在建工程完工時，並將建設成本轉撥至適當類別之物業、廠房及設備後，方就在建工程作出折舊撥備。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Investment in equity-linked deposit

Investment in equity-linked deposit is stated at cost, less any impairment loss that is other than temporary.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value and is calculated using the first-in, first-out method.

3. 主要會計政策 (續)

物業、廠房及設備 (續)

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時取消確認。資產取消確認產生之任何收益或虧損(按該項目之出售所得款項淨額及賬面值間之差額計算)於該項目取消確認之年度計入收益表。

股本聯繫存款投資

股本聯繫存款投資以成本減任何非暫時性減值虧損列賬。

減值

於各結算日，本集團會審閱其有形資產賬面值，以確定有否任何跡象顯示該等資產出現減值虧損。倘資產之可收回金額估計低於其賬面值，則將該資產賬面值減至其可收回金額。減值虧損即時確認為開支。

倘其後撥回減值虧損，則將該資產之賬面值增至經修訂之估計可收回金額，惟增加的賬面值不得超過假如該資產於過往年度未有確認減值虧損而原應釐定之賬面值。減值虧損之撥回即時確認為收入。

存貨

存貨以成本及可變現淨值之較低者列賬，且採用先進先出法計算。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits and prepayments and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策 (續)

金融工具

財務資產及財務負債乃當某集團實體成為工具合同條文之訂約方時在資產負債表上確認。財務資產及財務負債按公平值初步確認。首次確認時，收購或發行財務資產及財務負債產生之直接交易成本(以公平值計入損益表之財務資產及財務負債除外)將視乎情況加入或扣除財務資產或財務負債之公平值。收購以公平值計入損益之財務資產或財務負債產生之直接交易成本即時在損益表確認。

財務資產

本集團之財務資產為貸款及應收款項。

貸款及應收款項

貸款及應收款項乃於現行市場所報之固定或可釐定付款之非衍生財務資產。於初步確認後各結算日，貸款及應收款項(包括貿易及其他應收款項、按金及預付款及銀行結餘及現金)均按採用實際利率法計算之已攤銷成本減任何已識別減值虧損入賬。減值虧損乃當可實質證明資產減值時於損益中確認，並按該資產之賬面值與按原先實際利率折讓之估計未來現金流量之現值間的差額計量。當資產之可收回數額增加乃確實與於確認減值後所引致之事件有關時，則減值虧損會於隨後會計期間予以回撥，惟該資產於減值被回撥之日之賬面值不得超過未確認減值時之已攤銷成本。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

The Group's financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest rate method after initial recognition.

Derivatives that do not qualify for hedge accounting

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised directly in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

3. 主要會計政策 (續)

金融工具 (續)

財務負債及股本

集團實體發行之財務負債及股本投資工具乃根據合同安排之性質與財務負債及股本投資工具之定義分類。

股本投資工具

股本投資工具乃證明集團於扣減所有負債後之資產中擁有剩餘權益之任何合同。本公司發行之股本工具乃按已收所得款項(扣除直接發行成本)記賬。

財務負債

本集團財務負債(包括貿易及其他應付款項及銀行借貸)乃隨後採用實際利率法按已攤銷成本計量。

不適合對沖會計法之衍生工具

不適合對沖會計法之衍生工具視為持作交易之財務資產或持作交易之財務負債。該等衍生工具之公平值變動直接於損益中確認。

取消確認

若從資產收取現金流量之權利已到期，或財務資產已轉讓及本集團已將其於財務資產擁有權之絕大部份風險及回報轉移，則財務資產將被取消確認。於取消確認財務資產時，資產賬面值與已收代價及已直接於股本權益確認之累計損益之總和之差額，將於損益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition (Continued)

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Share-based payment transactions

Share options granted to employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will continue to be held in share option reserve.

Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership of the assets concerned to the Group.

All other leases are classified as operating leases and the rentals payable under operating leases are charged to the income statements on a straight line basis over the lease terms. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. 主要會計政策 (續)

金融工具 (續)

取消確認 (續)

就財務負債而言，則於本集團之資產負債表中移除（即倘於有關合約之特定責任獲解除、取消或到期）。取消確認之財務負債賬面值與已付或應付代價之差額乃於損益中確認。

以股份支付之支出交易

本公司僱員獲授之購股權

所獲服務按購股權授出日公平值釐定之公平值，在歸屬期間隨股權有相應增加以直線法列作開支（購股權儲備）。

購股權獲行使時，先前於購股權儲備中確認之數額將轉移至股份溢價。當購股權被收回或於屆滿日仍未獲行使，先前於購股權儲備中確認之數額將繼續留存於購股權儲備。

租賃

當租賃條款將有關資產擁有權之絕大部分風險及收益轉移給本集團，租賃便列為融資租賃。

所有其他租賃列為經營租賃，而根據經營租賃之應付租金採用直線法按租賃期間於收益表支銷。作為促使訂立經營租約之已收及應收利益，於租約期以直線法確認為租金支出扣減。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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 profits will be available to allow all or part of the asset to be recovered.

3. 主要會計政策 (續)

稅項

所得稅開支為即期應付稅項及遞延稅項之總和。

即期應付稅項乃按本年度應課稅溢利計算。應課稅溢利不包括已撥往其他年度的應課稅或可扣減之收入及開支項目，亦不包括收益表內可免稅或不可扣稅之項目，故與收益表所列純利不同。本集團之即期稅項負債乃按結算日已實行或大致上已實行之稅率計算。

遞延稅項指就財務報表資產及負債賬面值與計算應課稅溢利所用相應稅基間之差額而確認，並以資產負債表負債法列賬。遞延稅項負債一般就所有應課稅暫時差額確認，遞延稅項資產則於很可能以可扣減暫時差額對銷應課稅溢利時確認。如暫時差額由商譽或由初次確認一項不影響稅項溢利或會計溢利之交易之其他資產及負債(業務合併除外)所產生，有關資產及負債則不予確認。

遞延稅項資產之賬面值於各個結算日檢討，並予以相應扣減，直至並無足夠應課稅溢利以收回全部或部分遞延稅項資產為止。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. 主要會計政策 (續)

稅項 (續)

遞延稅項按預期適用於清償負債或變現資產期間之稅率計算。遞延稅項從綜合收益表扣除或計入綜合收益表，除非遞延稅項關乎從股本權益直接扣除或直接計入股本權益之項目，在該情況下，遞延稅項亦於股本權益處理。

外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行之交易均按交易日期之適用匯率換算為功能貨幣(如該實體經營所在主要經濟地區之貨幣)記賬。於各結算日，以外幣為定值之貨幣項目均按結算日之適用匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

於結算及換算貨幣項目時產生之匯兌差額均於彼等產生期間內於損益賬中確認。

就呈列綜合財務報表而言，本集團海外經營業務之資產及負債乃按於結算日之適用匯率換算為本公司之列賬貨幣(如港元)，而其他收入及支出乃按該年度之平均匯率進行換算，除非匯率於該期間內出動大幅波動則作別論，於此情況下，則採用於換算當日之適用匯率。所產生之匯兌差額(如有)乃確認作股本之獨立部分(匯兌儲備)。該等匯兌差額乃於海外業務被出售之期間內於損益賬內確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit scheme

The retirement benefit costs charged in the consolidated income statement represent the contributions payable in respect of the current year to the Group's retirement benefit scheme.

4. KEY SOURCES OF 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 set out in note 28.

3. 主要會計政策 (續)

借貸成本

收購、建造或生產未完成資產之直接應佔借貸成本撥充資本作為該等資產之部份成本。有關借貸成本在資產大致可作擬定用途或銷售時不再撥充資本。特定借貸有待用於未完成資產時作臨時投資所賺取之投資收入，於可撥充資本之借貸成本扣除。

所有其他借貸成本乃於產生之期間於損益賬內確認。

退休福利計劃

於綜合收益表支銷之退休福利成本指本年度就本集團退休福利計劃應付之供款。

4. 不明朗因素之主要來源

涉及日後之主要假設及於結算日估計不明朗因素之其他主要來源(彼等均擁有導致下個財政年度之資產及負債之賬面值出現大幅調整之重大風險)載於附註28。

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and bank borrowings. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st December, 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

The Group's principal financial assets are trade receivables and bank balances and cash. The Group's credit risk is primarily attributable to its trade receivables and bank deposits. It is the Group's policy to enter into transactions with credit-worthy parties. Also, the Group reviews the recoverable amount of each individual trade receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. Bank deposits are placed directly with reputable financial institutions. In this regard, the directors of the Company consider that the Group credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

5. 財務風險管理目標及政策

本集團之主要財務工具包括貿易及其他應收款項、銀行結餘及現金、貿易及其他應付款項及銀行借貸。下文載列與該等金融工具有關之風險及如何降低該等風險之政策。

信貸風險

倘對方於二零零五年十二月三十一日未能履行彼等之承擔，則本集團就每類已確認財務資產而須承受之最大信貸風險為已於綜合資產負債表列值之資產之賬面金額反映。

本集團之主要財務資產為貿易應收款項及銀行結餘及現金。本集團之主要信貸風險來自其貿易應收款項及銀行存款。本集團之政策是與信譽可靠之人士進行交易。此外，於各結算日，本集團會評估每項個別貿易應收款項之可收回金額，以確保就不可收回金額所作出之減值虧損已足夠。銀行存款則直接存於享譽盛名之金融機構。就此而言，本公司董事認為本集團之信貸風險已大幅降低。

本集團之信貸風險承擔分散於數目眾多之交易對手及客戶，故本集團並無重大集中之信貸風險。

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

Interest-bearing financial liabilities are mainly bank borrowings which are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. However, the management monitors the interest rate exposure and considers hedging significant interest exposure should the need arises.

Foreign currency risk

Certain trade payables of the Group are denominated in foreign currencies. The Group currently does not have a formal currency hedging policy. However, the management monitors foreign exchange exposure and consider hedging significant foreign currency exposure should the need arises.

6. TURNOVER AND SEGMENT INFORMATION

Turnover

Turnover represents the net amount received and receivable for goods sold during the year.

Segment information

All of the Group's turnover and contribution to operating profit are attributable to the manufacturing and sales of paper ware products and over 90% of the Group's turnover and contribution to operating profit is attributable to customers who have their manufacturing base in the PRC. Accordingly, no analysis of segment is presented.

As at 31st December, 2004 and 31st December, 2005, all the Group's assets and liabilities are located in the PRC, including Hong Kong and Macau.

5. 財務風險管理目標及政策 (續)

利率風險

本集團之財務負債主要為以浮動利率安排之銀行借貸，故本集團須承受現金流量利率變動風險。不過，管理人員控制利率風險及考慮必要時對沖重大利率風險。

外幣風險

本集團若干貿易應付款項乃以外幣計值。本集團現時尚無正式貨幣對沖政策。然而，管理層監控外匯風險，並會考慮於必要時對沖重大外幣風險。

6. 營業額及分部資料

營業額

營業額指年內銷售貨品而已收及應收款淨額。

分部資料

本集團所有營業額及經營溢利貢獻均來自紙品生產與銷售，本集團超過90%營業額及經營溢利來自在中國設有生產基地之客戶。因此，並無呈列分部分析。

於二零零四年十二月三十一日及二零零五年十二月三十一日，本集團之資產及負債全部位於中國，包括香港及澳門。

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7. OTHER INCOME

7. 其他收入

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Claims received from suppliers	自供應商索償所得	477	785
Exchange gain, net	貨幣兌換收益淨值	1,807	603
Fair value changes in derivative financial instruments	衍生金融工具公平值之變動	474	-
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	155	-
Interest income	利息收入	1,618	309
Realised gain on investment in securities	證券投資已實現收益	-	7
Scrap sales	廢料銷售	4,337	5,039
Service income from customers	自顧客收取服務收入	2,232	1,951
Sundry income	雜項收入	5,102	2,860
		16,202	11,554

8. FINANCE COSTS

8. 財務成本

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Interest on bank borrowings wholly repayable within five years	須於五年內清付之銀行借貸之利息	8,121	1,523
Interest on discounted bills	貼現票據利息	458	253
Total borrowing costs	借貸成本總額	8,579	1,776
Less: amounts capitalised to property, plant and equipment	減：撥充物業、廠房及設備之資本金額	(2,655)	-
		5,924	1,776
Finance charges on obligations under finance leases	融資租賃承擔之融資費用	-	95
		5,924	1,871

Borrowing costs capitalised during the year ended 31st December, 2005 arising on the general borrowing pool of the Group were calculated by applying a capitalisation rate of approximately 2.342% to expenditure on the qualifying assets.

於截至二零零五年十二月三十一日止年度內由本集團一般借貸金撥充資本之借貸成本將發展中物業開支按資本化比率2.342%計算而得出。

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9. TAXATION

9. 稅項

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
The charge comprises:	稅項包括：		
Current taxation	即期稅項		
– Hong Kong Profits Tax	– 香港利得稅	8,921	2,719
Deferred taxation (note 24)	遞延稅項(附註24)	(7,825)	5,000
		1,096	7,719

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) on the estimated assessable profit for the year.

香港利得稅按期內估計應課稅溢利及按17.5%(二零零四年：17.5%)稅率計算。

A portion of the Group's profits are earned by the Macau subsidiaries of the Group incorporated under the Macau SAR's Offshore Law. Pursuant to the Macau SAR's Offshore Law, such portion of profits are exempted from Macau complimentary tax, which is currently at 12% of the profits. Further, in the opinion of the Directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdiction in which the Group operates.

本集團部分利潤乃由本集團根據澳門特別行政區離岸法律註冊成立之澳門附屬公司所賺取。根據澳門特別行政區離岸法律，該部分利潤毋須繳付澳門優惠稅(目前按利潤之12%徵收)。此外，董事認為，目前本集團該部分利潤亦毋須於本集團經營所在之任何其他司法權區內繳納稅項。

Pursuant to the relevant laws and regulations in the PRC, the major operating PRC subsidiary of the Group is exempted from PRC income tax for two years starting from the first profit-making year, followed by a 50% reduction in the income tax rate in the following three years. No provision for PRC income tax has been made in the financial statements as the PRC subsidiary was exempted from PRC income tax during the year.

根據中國有關法例及法規，本集團旗下之主要中國附屬公司自首個獲利年度起計兩年獲豁免繳交中國所得稅，其後三年獲減免50%所得稅。由於中國附屬公司於本年度獲豁免繳交中國所得稅，故並毋須於財務報表就中國所得稅作出撥備。

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9. TAXATION (Continued)

9. 稅項 (續)

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

年內稅項支出與綜合收益表所示稅前利潤之對賬如下：

		2005 HK\$'000 千港元	2004 HK\$'000 千港元 (Restated) (經重列)
Profit before taxation	稅前利潤	70,809	74,650
Tax at Hong Kong Profits Tax rate of 17.5%	按香港利得稅率17.5%計算之稅項	12,392	13,064
Tax effect of income not taxable for tax purpose	毋須課稅收入之稅務影響	(12,131)	(1,559)
Tax effect of expenses not deductible for tax purpose	不可扣稅開支之稅務影響	457	144
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	63	50
Utilisation of tax loss previously not recognised	使用先前未確認之稅項虧損	(50)	-
Tax effect of other deferred tax assets not recognised	未確認其他遞延稅項資產之稅務影響	-	753
Tax effect of deferred tax assets previously not recognised	先前未確認遞延稅項資產之稅務影響	(419)	-
Effect of tax exemption/different tax rate of PRC subsidiaries	中國附屬公司獲豁免稅項/稅率不同之影響	(91)	(6,181)
Others	其他	875	1,448
Tax charge for the year	年度稅項開支	1,096	7,719

Details of the deferred taxation are set out in note 24.

遞延稅項之詳情載於附註24。

Contingent liabilities relating to taxation of the Group are set out in note 28.

有關本集團稅項之或然負債載於附註28。

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10. PROFIT FOR THE YEAR

10. 年度利潤

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Profit for the year has been arrived at after charging:	年度利潤已扣除下列各項：		
Allowance for doubtful debts	呆賬撥備	845	1,264
Auditors' remuneration	核數師酬金	830	708
Cost of inventories recognised as expenses	確認為開支之存貨成本	634,422	610,163
Depreciation	折舊	22,699	16,794
Release of prepaid lease payments on land use rights	撥回土地使用權預付租賃款項	200	200
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	-	176
Operating lease rental for warehouse and office premises	倉庫及辦公室經營租賃租金	464	341
Staff costs	員工成本		
Directors' emoluments (note 11)	董事酬金(附註11)	9,871	9,909
Other staff	其他員工		
- salaries and other allowances	- 薪金及其他津貼	11,458	9,758
- retirement benefit scheme contribution	- 退休福利計劃供款	307	260
- share-based payments	- 以股份支付之支出	423	34
		22,059	19,961

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11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Directors

11. 董事酬金及五名最高薪酬僱員

董事

		Other emoluments 其他酬金					
		Salaries and other benefits 薪金及 其他福利	Bonus 花紅	Retirement benefit scheme contribution 退休福利 計劃供款		Share- based payments 以股份 支付之支出	Total 酬金總額
				Fees 袍金			
		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
2005	二零零五年						
Mr. Hui Sum Kwok	許森國先生	–	702	1,250	12	275	2,239
Mr. Hui Sum Ping	許森平先生	–	702	1,250	12	345	2,309
Mr. Hui Sum Tai	許森泰先生	–	515	1,250	12	313	2,090
Mr. Wong Wing Por	王榮波先生	–	574	1,250	12	326	2,162
Ms. Hui Yuen Li	許婉莉女士	–	467	105	12	225	809
Mr. Liu Kwok Fai, Alvan	廖國輝先生	98	–	–	–	8	106
Mr. Chee Man Sang, Eric	池民生先生	98	–	–	–	8	106
Mr. Wong Chu Leung	黃珠亮先生	50	–	–	–	–	50
		246	2,960	5,105	60	1,500	9,871

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11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Continued)

Directors (Continued)

		Other emoluments 其他酬金					
		Fees 袍金 HK\$'000 千港元	Salaries and other benefits 薪金及 其他福利 HK\$'000 千港元	Bonus 花紅 HK\$'000 千港元	Retirement	Share-	Total 酬金總額 HK\$'000 千港元
					benefit scheme contribution 退休福利 計劃供款 HK\$'000 千港元	based payments 以股份 支付之支出 HK\$'000 千港元	
2004	二零零四年						
Mr. Hui Sum Kwok	許森國先生	–	611	1,500	12	28	2,151
Mr. Hui Sum Ping	許森平先生	–	611	1,500	12	47	2,170
Mr. Hui Sum Tai	許森泰先生	–	448	1,500	12	63	2,023
Mr. Wong Wing Por	王榮波先生	–	500	1,500	12	37	2,049
Ms. Hui Yuen Li	許婉莉女士	–	438	88	12	4	542
Mr. Lam Hin Chi	藍顯賜先生	–	747	–	10	–	757
Mr. Liu Kwok Fai, Alvan	廖國輝先生	98	–	–	–	4	102
Mr. Chee Man Sang, Eric	池民生先生	98	–	–	–	4	102
Mr. Wong Chu Leung	黃珠亮先生	13	–	–	–	–	13
		209	3,355	6,088	70	187	9,909

Bonuses to directors, who are key management of the Group, are determined as a percentage of the profit before taxation of the Group for the two years ended 31st December, 2005.

During the year, no emoluments were paid by the Group to these directors as an inducement to join or upon joining the Group or as compensation for loss of office and no director had waived any emoluments.

本集團主要管理人員董事之花紅，乃參考截至二零零五年十二月三十一日止兩年度本集團稅前利潤百分比。

於年內，本集團概無支付任何酬金予此等董事作為招攬其加入或作為加入本集團之獎勵金或離職補償金，亦無董事放棄任何酬金。

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11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Continued)

Employees

Of the five highest paid individuals of the Group, four (2004: five) were directors of the Company whose emoluments are set out above. The emoluments of the remaining one (2004: nil) individual were as follows:

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	765	—
Retirement benefit scheme contribution	退休福利計劃供款	12	—
Share-based payments	以股份支付之支出	111	—
		888	—

11. 董事酬金及五名最高薪酬僱員 (續)

僱員

五位最高薪酬人士中四位為本公司董事(二零零四年：五位)，有關彼等薪酬已於上文載列。其餘一位(二零零四年：無)人士之酬金如下：

12. DIVIDENDS

12. 股息

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Final dividend paid in respect of 2004 of 4.22 HK cents (2003: 1.26 HK cents) per share	已派二零零四年末期股息 每股4.22港仙 (二零零三年： 每股1.26港仙)	15,523	4,600
Interim dividend paid in respect of 2005 of 1.52 HK cents (2004: 1.26 HK cents) per share	已派二零零五年中期股息 每股1.52港仙 (二零零四年： 每股1.26港仙)	5,592	4,635
		21,115	9,235

The final dividend in respect of 2005 of 4.17 HK cents (2004: 4.22 HK Cents) per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

董事建議派付二零零五年末期股息每股4.17港仙(二零零四年：4.22港仙)，惟有待股東於應屆股東週年大會批准，方告落實。

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13. EARNINGS PER SHARE

13. 每股盈利

The calculation of the basic and diluted earnings per share is based on the following data:

每股基本及攤薄盈利乃按以下數據計算：

		2005 HK\$'000 千港元	2004 HK\$'000 千港元 (Restated) (經重列)
Earnings	盈利		
Earnings for the purposes of basic and diluted earnings per share – Profit for the year	計算每股基本及攤薄盈利之盈利－年度利潤	69,713	66,931
		2005	2004 (Restated) (經重列)
Number of shares	股份數目		
Weighted average number of shares for the purpose of basic earnings per share	計算每股基本盈利之加權平均股數	367,886,794	366,362,661
Effect of dilutive potential shares in respect of share options	購股權有關潛在攤薄股份之影響	5,202,216	2,210,705
Weighted average number of shares for the purpose of diluted earnings per share	計算每股攤薄盈利之加權平均股數	373,089,010	368,573,366

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13. EARNINGS PER SHARE (Continued)

The following table summarises the impact on both basic and diluted earnings per share as a result of the application of new accounting standards or interpretations:

13. 每股盈利 (續)

下表概述因採用新會計準則或釋義而對每股基本及攤薄盈利之影響：

		Basic earnings per share 每股基本盈利		Diluted earnings per share 每股攤薄盈利	
		2005 HK cents 港仙	2004 HK cents 港仙	2005 HK cents 港仙	2004 HK cents 港仙
Figures before adjustments	調整前數字	19.34	18.33	19.07	18.21
Adjustments arising from changes in accounting policies (see Note 2A)	因會計政策變動 而作出之調整 (見附註2A)	(0.39)	(0.06)	(0.38)	(0.05)
As reported/restated	如前呈報／經重列	18.95	18.27	18.69	18.16

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14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備

		Land use rights in the PRC 中國土地 使用權 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Factory premises in the PRC 中國廠房 HK\$'000 千港元	Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvements 租賃 物業裝修 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俬、裝置 及辦公室 設備 HK\$'000 千港元	Plant, machinery and equipment 廠房、 機器及 設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
THE GROUP	本集團									
COST	成本									
At 1st January, 2004 as originally stated	二零零四年 一月一日， 原列	8,709	-	22,043	1,888	7,793	4,186	95,646	4,847	145,112
Effects of changes in accounting policies	會計政策變動 之影響	(8,709)	-	19,358	-	-	-	-	-	10,649
At 1st January, 2004 as restated	二零零四年 一月一日， 經重列	-	-	41,401	1,888	7,793	4,186	95,646	4,847	155,761
Additions	增添	-	28,523	-	-	1,351	1,619	29,595	1,057	62,145
Disposals	出售	-	-	-	-	-	-	(323)	(86)	(409)
At 31st December, 2004	二零零四年 十二月三十一日	-	28,523	41,401	1,888	9,144	5,805	124,918	5,818	217,497
Additions	增添	-	45,242	-	-	6,524	1,645	110,174	2,757	166,342
Disposals	出售	-	-	-	-	(3)	(8)	(1,179)	(716)	(1,906)
Transfer	轉撥	-	(8,945)	-	-	8,945	-	-	-	-
At 31st December, 2005	二零零五年 十二月三十一日	-	64,820	41,401	1,888	24,610	7,442	233,913	7,859	381,933

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14. PROPERTY, PLANT AND EQUIPMENT (Continued)

14. 物業、廠房及設備 (續)

		Land use rights in the PRC 中國土地 使用權 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Factory premises in the PRC 中國廠房 HK\$'000 千港元	Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvements 租賃 物業裝修 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俬、裝置 及辦公室 設備 HK\$'000 千港元	Plant, machinery and equipment 廠房、 機器及 設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
DEPRECIATION AND AMORTISATION	折舊及攤銷									
At 1st January, 2004 as originally stated	二零零四年 一月一日， 原列	829	-	4,744	45	1,665	1,004	37,262	3,547	49,096
Effects of changes in accounting policies	會計政策變動 之影響	(829)	-	4,082	-	-	-	-	-	3,253
At 1st January, 2004 as restated	二零零四年 一月一日， 經重列	-	-	8,826	45	1,665	1,004	37,262	3,547	52,349
Provided for the year	年度撥備	-	-	1,680	76	1,638	556	12,184	660	16,794
Eliminated on disposals	出售時註銷	-	-	-	-	-	-	(40)	(86)	(126)
At 31st December, 2004	二零零四年 十二月三十一日	-	-	10,506	121	3,303	1,560	49,406	4,121	69,017
Provided for the year	年度撥備	-	-	1,680	76	4,280	651	15,105	907	22,699
Eliminated on disposals	出售時註銷	-	-	-	-	-	(2)	(83)	(623)	(708)
At 31st December, 2005	二零零五年 十二月三十一日	-	-	12,186	197	7,583	2,209	64,428	4,405	91,008
CARRYING VALUE	賬面值									
At 31st December, 2005	二零零五年 十二月三十一日	-	64,820	29,215	1,691	17,027	5,233	169,485	3,454	290,925
At 31st December, 2004	二零零四年 十二月三十一日	-	28,523	30,895	1,767	5,841	4,245	75,512	1,697	148,480

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14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight line method at the following rates per annum:

Factory premises in the PRC	4%
Leasehold land and buildings	4%
Leasehold improvements	20%
Furniture, fixtures and office equipment	10%
Plant, machinery and equipment	10% – 33½%
Motor vehicles	20%

The leasehold land and buildings are situated in Hong Kong and are held under medium term leases.

14. 物業、廠房及設備 (續)

上述物業、廠房及設備以直線法按以下年率折舊：

中國廠房	4%
租賃土地及樓宇	4%
租賃物業裝修	20%
傢俬、裝置及辦公室設備	10%
廠房、機器及設備	10% – 33½%
汽車	20%

租賃土地及樓宇位於香港並按照中期租約持有。

15. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

15. 土地使用權預付租賃款項

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
The Group's prepaid lease payments on land use rights comprise:	本集團土地使用權預付租賃款項包括：		
Land use rights in the PRC	位於中國之土地使用權		
Medium-term leases	中期租約	19,084	17,585
		19,084	17,585
Analysed for reporting purpose as:	就呈報而作分析：		
Non-current asset	非流動資產	18,652	17,385
Current asset	流動資產	432	200
		19,084	17,585

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16. PREPAYMENTS UNDER PROCESSING ARRANGEMENT

The amount represented the prepaid amount under an operating lease for land use rights.

16. 根據加工安排之預付款項

款項相等於在土地使權經營租賃下之預付款項。

17. INVENTORIES

17. 存貨

		THE GROUP	
		本集團	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Raw materials	原材料	72,634	57,035
Work in progress	在製品	734	614
Finished goods	製成品	1,369	1,384
		74,737	59,033

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18. OTHER FINANCIAL ASSETS

Trade and other receivables

The Group has a policy of allowing a credit period of 5 - 120 days which may be extended to selected trade customers depending on their trade volume and history of settlement with the Group.

An aged analysis of trade receivables is as follows:

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Current	即期	93,252	83,101
Overdue 1 to 30 days	逾期1至30日	9,221	4,133
		102,473	87,234
Other receivables	其他應收款項	513	1,301
		102,986	88,535

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits at prevailing market interest rates and short-term bank deposits of fixed interest rates ranging from 0.1% to 4.0% with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

18. 其他財務資產

貿易及其他應收款項

本集團之政策為選擇性給予客戶5-120日之信貸期。且可以根據特定客戶與本集團之貿易量及付款歷史延長該信貸期。

貿易應收款項之賬齡分析如下：

董事認為貿易及其他應收款項之賬面值與其公平值相若。

銀行結餘及現金

本集團及短期銀行存款持有之銀行結餘及現金，於普遍市場利率及定期利率之短期銀行存款為0.1%至4.0%，其原本償還期為三個月或以下。該等資產之賬面值接近其公允價值。

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19. DERIVATIVE FINANCIAL INSTRUMENTS

19. 衍生金融工具

	2005		2004	
	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元
Forward foreign exchange contracts 遠期外匯合約	-	(388)	-	-
Interest rate swaps 利率掉期	862	-	-	-
	862	(388)	-	-

Major terms of the forward foreign exchange contracts are as follows:

遠期外匯合約之主要條款如下：

Notional amount 名義金額		12 monthly contracts with maturity dates 12份每月合約之到期日	Contracted exchange rates 合約匯率
Purchase US\$500,000 or US\$1,000,000 per contract (Note)	每份合約購買價格 為500,000美元或 1,000,000美元(附註)	19.1.2006–20.12.2006	HK\$7.7475/US\$1
Purchase US\$500,000 or US\$1,500,000 per contract (Note)	每份合約購買價格 為500,000美元或 1,500,000美元(附註)	24.1.2006–20.12.2006	HK\$7.7490/US\$1

Note:

附註：

The amount of United States dollars to be purchased by the Group will be determined based on the market exchange rate at each maturity date as compared with the contracted exchange rates.

本集團所購買之美元金額將視乎各到期日市場匯率與合約匯率之相對數值而定。

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19. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Major terms of the interest rate swaps are as follows:

Notional amount 名義金額	Maturity 到期日	Swaps 掉期
HK\$50,000,000	17.5.2010	From HIBOR floating rate to HIBOR floating rate with maximum interest rate of 4.95% 由香港銀行同業拆息浮息至香港銀行同業拆息浮息，最高利率為4.95%
HK\$50,000,000	25.5.2010	From HIBOR floating rate to HIBOR floating rate with maximum interest rate of 5.00% 由香港銀行同業拆息浮息至香港銀行同業拆息浮息，最高利率為5.00%

The above derivatives are measured at fair values at each balance sheet date. Their fair values are determined based on the market prices for equivalent instruments provided by the banks at the balance sheet date.

利率掉期之主要條款如下：

上述衍生工具於各結算日按公平值計算。其公平值乃按同等工具於結算日由銀行所報之市價釐定。

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20. TRADE AND OTHER PAYABLES

An aged analysis of the trade payables is as follows:

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Current	即期	36,006	46,597
Overdue 1 to 30 days	逾期1至30日	4,270	5,745
Overdue 31 to 60 days	逾期31至60日	56	43
Overdue for more than 60 days	逾期60日以上	507	1,032
		40,839	53,417
Other payables and accrued charges	其他應付款項及應計支出	40,857	34,990
		81,696	88,407

The directors consider that the carrying amount of trade and other payable approximates their fair value.

貿易應付款項之賬齡分析如下：

董事認為貿易及其他應付款項之賬面值與其公平值相若。

21. BANK BORROWINGS

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Unsecured bank borrowings comprises:	無抵押銀行借貸包括：		
Trust receipt loans	信託收據貸款	55,454	24,336
Bank loans	銀行貸款	166,430	61,495
Bank overdraft	銀行透支	-	328
		221,884	86,159

21. 銀行借貸

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21. BANK BORROWINGS (Continued)

21. 銀行借貸 (續)

The maturity profile of the above loans and overdraft is as follows:

上述貸款及透支還款期限如下：

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
On demand or within one year	按要求或一年內	103,515	50,504
More than one year, but not exceeding two years	一年後但兩年內	38,739	24,138
More than two years, but not exceeding five years	兩年後但五年內	79,630	11,517
		221,884	86,159
Less: Amount due within one year shown under current liabilities	減：流動負債項下 一年內到期金額	(103,515)	(50,504)
Amount due after one year	一年後到期金額	118,369	35,655

Bank loans and trust receipt loans comprise the following Hong Kong dollars borrowings:

銀行貸款及信託收據貸款包括以下香港港元借貸：

		Effective interest rate 實際利率	2005 HK\$'000 千港元	2004 HK\$'000 千港元
Bank loans at Hong Kong Interbank Offer rate ("HIBOR") +0.7% to HIBOR+1.95%	按香港銀行同業拆息 (「香港銀行同業拆息」)之 銀行貸款加0.7厘至1.95厘	3.838%-4.919%	160,085	-
Other bank loans at Prime rate -1% to Prime rate -1.25%	按最優惠利率之其他 銀行貸款減1厘至1.25厘	4.698%-5.085%	6,345	10,840
Trust receipt loans	信託收據貸款	5.310%-5.680%	55,454	24,336
			221,884	85,831

All the bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. HIBOR interest is repricing monthly or quarterly.

所有銀行貸款以浮動利率安排，使本集團面對流動現金利率風險。香港銀行同業拆息利率每月或每季重訂。

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22. SHARE CAPITAL

22. 股本

	Number of shares		Nominal value	
	股份數目		面值	
	2005	2004	2005 HK\$'000 千港元	2004 HK\$'000 千港元
Shares of HK\$0.10 each	每股面值0.10港元之股份			
Authorised:	法定股本：			
At the beginning and the end of the year	於年初及年終			
	1,000,000,000	1,000,000,000	100,000	100,000
Issue and fully paid:	已發行及繳足股本：			
At the beginning of the year	於年初			
Exercise of share options (Note 23)	行使購股權 (附註23)			
	367,836,000	365,042,000	36,783	36,504
	90,000	2,794,000	9	279
At the end of the year	於年終			
	367,926,000	367,836,000	36,792	36,783

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23. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 4th September, 2003 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. The Scheme will expire on 3rd September, 2013.

Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive or non-executive directors (including independent non-executive directors), of the Company, its subsidiaries, or any entity ("Invested Entity") in which any member of the Group holds any equity interest, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to any supplier of goods or services to any member of the Group or any Invested Entity, any customer of the Group or any Invested Entity, and any consultants, advisers, managers, officers or entities that provides research, development or other technological support to the Group or any Invested Entity.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme is not permitted to exceed 36,000,000 shares, being 10% of the shares of the Company in issue as at the date on which the shares of the Company are listed on the Stock Exchange, which can be refreshed according to the Scheme. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Scheme shall not exceed 30% of the issued share capital of the Company from time to time.

23. 以股份支付之支出

股權支付交易購股權計劃

根據於二零零三年九月四日通過之決議案，本公司已採納購股權計劃（「該計劃」），主要目的為向指定參與者授予購股權，以鼓勵或獎賞彼等對本集團作出之貢獻。該計劃將於二零一三年九月三日屆滿。

根據該計劃，本公司董事會可向本公司、其附屬公司或本集團任何成員公司持有任何股權之任何機構（「所投資機構」）之合資格僱員（包括執行董事或非執行董事或獨立非執行董事）授出購股權，以認購本公司股份。另外，本公司有權不時授出購股權予任何向本集團之成員公司或任何所投資機構提供貨物或服務之任何供應商、本集團或任何所投資機構之任何客戶，以及向本集團或任何所投資機構提供研究、開發或其他技術支援服務之任何諮詢人、顧問、經理、高層人員或機構。

根據該計劃授出之購股權獲全數行使時可予發行之股份總數，不得超逾36,000,000股股份，即本公司股份於聯交所上市當日已發行股份之10%，而此限額可根據該計劃更新。於任何時間因隨時行使根據該計劃授出而未行使之全部購股權而可予發行股份數目，不得超過本公司不時之已發行股本之30%。

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23. SHARE-BASED PAYMENTS (Continued)

The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders in accordance with the Scheme. Where any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates would result in the shares in the Company issued and to be issued upon exercise of all options to such person in the 12-month period up to and including the date of grant in excess of 0.1% of the shares of the Company in issue and with a value (based on the closing price of the shares of the Company at the offer date of each offer) in excess of HK\$5,000,000, such grant of options must be approved in advance by the Company's shareholders in accordance with the Scheme.

An option may be exercised at any time during the period to be determined and notified by the Directors to the grantee and in the absence of such determination, from the date of acceptance of an offer of the grant of such option to the earlier of the date on which such option lapses and ten years from the date of offer of that option. A consideration of HK\$1 is payable upon acceptance of the offer.

The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the share; the closing price of the Company's shares on the date of offer; and the average closing price of the shares for the five business days immediately preceding the date of offer.

23. 以股份支付之支出 (續)

未經本公司股東根據該計劃事先批准，向任何個人授出之購股權可能涉及之股份數目，於任何十二個月期間，均不得超過本公司於任何時間已發行股份之1%。倘向一名主要股東、獨立非執行董事或彼等之任何聯繫人士授出任何購股權，會導致因授予該人士之所有購股權獲行使而於截至授出當日止十二個月期間，已經及將予發行之本公司股份，合共佔本公司已發行股份超過0.1%，且價值（根據本公司股份於每次授出購股權日期之收市價計算）超過5,000,000港元，則該項授出購股權須事先得到本公司股東根據該計劃批准。

購股權可於董事釐定及知會承授人之期間內隨時行使，倘未有釐定，則由接納授出購股權日期起至該購股權根據該計劃失效之日及授出該購股權日期起計十年之較早日期。於接納購股權時須付1港元代價。

行使價乃由本公司董事釐定，惟不得低於股份面值、本公司股份於授出日期之收市價及股份緊接於授出日期前五個營業日之平均收市價之較高者。

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23. SHARE-BASED PAYMENTS (Continued)

The following table discloses details of the Company's share options held by the employees and movements in such holdings during the year:

2005

Option type 購股權類別	Date of grant 授出日期	Exercisable price 行使價 HK\$ 港元	Outstanding	Granted	Exercised	Cancelled	Outstanding
			at 1.1.2005 於二零零五年 一月一日 尚未行使	during 2005 二零零五年 內授出	during 2005 二零零五年 內行使	during 2005 二零零五年 內註銷	at 31.12.2005 於二零零五年 十二月 三十一日 尚未行使
A	3.11.2003	1.130	12,722,000	–	(50,000)	(14,000)	12,658,000
B	29.7.2004	1.330	11,000,000	–	(40,000)	(20,000)	10,940,000
C	4.11.2004	1.104	9,000,000	–	–	–	9,000,000
			32,722,000	–	(90,000)	(34,000)	32,598,000
Exercisable at the end of the year	於年終可行使						22,598,000
Weighted average exercise price	加權平均行使價		1.190	–	1.219	1.248	1.190

23. 以股份支付之支出 (續)

下表披露由僱員持有之本公司購股權以及該等購股權於年內之變動詳情：

二零零五年

Outstanding

at 31.12.2005

於二零零五年

十二月

三十一日

尚未行使

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23. SHARE-BASED PAYMENTS (Continued)

23. 以股份支付之支出 (續)

2004		二零零四年					Outstanding
Option type	Date of grant	Exercisable price	Outstanding at 1.1.2004	Granted during 2004	Exercised during 2004	Cancelled during 2004	at 31.12.2004
購股權類別	授出日期	行使價 HK\$ 港元	於二零零四年 一月一日 尚未行使	二零零四年 內授出	二零零四年 內行使	二零零四年 內註銷	於二零零四年 十二月 三十一日 尚未行使
A	3.11.2003	1.130	16,000,000	–	(2,794,000)	(484,000)	12,722,000
B	29.7.2004	1.330	–	11,000,000	–	–	11,000,000
C	4.11.2004	1.104	–	9,000,000	–	–	9,000,000
			16,000,000	20,000,000	(2,794,000)	(484,000)	32,722,000
Exercisable at the end of the year	於年終可行使						8,722,000
Weighted average exercise price	加權平均行使價		1.130	1.228	1.130	1.130	1.190

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23. SHARE-BASED PAYMENTS (Continued)

Note:

The vesting period, which is the period from the date of grant to the exercisable date, of the share options granted is determined by directors at each time when the options are granted. Holders of share options granted under the Scheme may only exercise their options during the exercisable periods as follows:

Option type A A類購股權	Option type B B類購股權	Option type C C類購股權	Maximum % of share options exercisable 可行使購股權最高百分比
3.5.2004 – 3.11.2004	1.1.2005 – 31.12.2005	1.3.2005 – 28.2.2006	up to 50% 最高可達50%
4.11.2004 – 3.11.2005	1.1.2006 – 31.12.2006	1.3.2006 – 28.2.2007	up to 75% (to the extent not already exercised) 最高可達75% (以尚未行使者為限)
4.11.2005 – 3.11.2006	1.1.2007 – 31.12.2007	1.3.2007 – 29.2.2008	up to 100% (to the extent not already exercised) 最高可達100% (以尚未行使者為限)

Total consideration received from employees during the year ended 31st December, 2004 for taking up the share options granted amounted to HK\$17.

The weighted average share price at the dates of exercise for those share options exercised during the year was HK\$1.32 (2004: HK\$1.38). The options outstanding at the end of the year have a weighted average remaining contractual life of 1.6 years (2004: 2.6 years).

During the year ended 31st December, 2004, options were granted on 29th July and 4th November. The estimated fair values of the options granted on those dates are HK\$966,197 and HK\$989,256 respectively.

23. 以股份支付之支出 (續)

附註：

授出購股權之歸屬期為行使授權日期期間由董事於每次授出購股權時釐定。根據該計劃授出之購股權持有人僅可於以下行使期間行使其購股權：

於截至二零零四年十二月三十一日止年度內，就董事及僱員接納購股權而自彼等收取之總代價為17港元。

就年內行使之購股權而言，其行使日之加權平均股價為1.32港元(二零零四年：1.38港元)。於年終尚未行使之購股權之加權平均剩餘合約期為1.6年(二零零四年：2.6年)。

於截至二零零四年十二月三十一日止年度，本公司分別於七月二十九日及十一月四日授出購股權。於上述日期授出之購股權之估計公平值分別為966,197港元及989,256港元。

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23. SHARE-BASED PAYMENTS (Continued)

These fair values were calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	2004
Weighted average share price	HK\$1.11/HK\$1.33
加權平均股價	1.11港元／1.33港元
Exercise price	HK\$1.104/HK\$1.33
行使價	1.104港元／1.33港元
Expected volatility	29%
預計波幅	29%
Expected life	0.3 to 2.4 years
預計年期	0.3年至2.4年
Risk-free rate	3.21%
無風險利率	3.21%
Expected dividend yield	5%
預計股息率	5%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The Black-Scholes pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

The Group recognised the total expense of HK\$1,923,000 for the year ended 31st December, 2005 (2004: HK\$221,000) in relation to share options granted by the Company.

23. 以股份支付之支出 (續)

該等公平值乃根據柏力克－舒爾斯定價模式計算。該定價模式之輸入數值列明如下：

預計波幅乃依據本公司股價於上年之歷史波幅測算。就非轉讓性、行使限制及行為考慮而言，根據管理層之最佳估計，該模式所使用之預計年期已作出調整。

由於「柏力克－舒爾斯」定價模式要求輸入較多主觀假設數據，包括股價之波幅，任何已採用之主觀假設數據倘出現變化，可能對公平值之估算產生重大影響。

本集團確認截至二零零五年十二月三十一日止年度與本公司所授出之購股權有關之總支出為1,923,000港元（二零零四年：221,000港元）。

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24. DEFERRED TAXATION

The following are the deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior reporting period:

24. 遞延稅項

以下為本集團確認之遞延稅項負債(資產)及於本報告期間及以往報告期間之變動：

		Accelerated tax depreciation 加速稅項折舊	Tax losses 稅項虧損	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1st January, 2004	於二零零四年一月一日	5,395	(1,904)	3,491
Charge to income for the year	自本年度收入扣除	3,096	1,904	5,000
At 31st December, 2004	於二零零四年 十二月三十一日	8,491	-	8,491
Credit to income for the year	自本年度收入扣除	(7,825)	-	(7,825)
At 31st December, 2005	於二零零五年 十二月三十一日	666	-	666

At 31st December, 2005, the Group has unused tax losses of HK\$359,000 (2004: HK\$284,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

於二零零五年十二月三十一日，本集團可用以抵銷日後利潤之未使用稅項虧損為359,000港元(二零零四年：284,000港元)。由於無法預計未來利潤來源，故並無就該等稅項虧損確認遞延稅項資產。虧損可無限期結轉。

At 31st December, 2005, the Group also has other deductible temporary differences of HK\$1,911,000 (2004: HK\$4,305,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

於二零零五年十二月三十一日，本集團亦有其他可扣稅暫時差額1,911,000港元(二零零四年：4,305,000港元)。由於可能沒有應課稅利潤可用以抵銷該等可扣稅暫時差額，故並無就該等可扣稅暫時差額確認遞延稅項資產。

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25. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating lease which fall due as follows:

Within one year	一年內
In the second to fifth years inclusive	第二年至第五年(包括首尾兩年)

Operating lease payments represent rentals payable by the Group for certain of its warehouse, ancillary office properties and car parks.

Lease is negotiated for a term of two years with fixed monthly rentals over the term of the lease.

25. 經營租賃承擔

於結算日，本集團根據不可取消經營租賃而有未實現未來最低租賃付款承擔，且於下列期間到期：

		THE GROUP	
		本集團	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Within one year	一年內	484	466
In the second to fifth years inclusive	第二年至第五年(包括首尾兩年)	672	1,095
		1,156	1,561

經營租賃付款指本集團用作倉庫、輔助辦公物業及停車位之應付租金。

租賃議定為兩年期，並於租約期間按月支付固定租金。

26. CAPITAL COMMITMENTS

Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the financial statements	已訂約但未於財務報表提撥之廠房及設備收購資本開支
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		1,917	40,392
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26. 資本承擔

		THE GROUP	
		本集團	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the financial statements	已訂約但未於財務報表提撥之廠房及設備收購資本開支	1,917	40,392

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27. RETIREMENT BENEFIT SCHEME

Hong Kong

The Group has joined a Mandatory Provident Fund Scheme (the "MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

The retirement benefit scheme contributions arising from the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

PRC

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute 10% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

27. 退休福利計劃

香港

本集團為其香港僱員加入強制性公積金計劃（「強積金計劃」）。強積金計劃根據強制性公積金計劃條例於強制性公積金計劃管理局註冊。強積金計劃之資產與本集團資產分開，由獨立受託人控制之基金託管。根據強積金計劃規則，僱主及其僱員各自須按規則指定的比率向強積金計劃繳付供款。本集團對有關強積金計劃之唯一責任是向強積金計劃繳付規定的供款。

於綜合收益表支銷之強積金計劃退休福利計劃供款為本集團按計劃規定之比率應向基金作出之供款。

中國

本集團之中國附屬公司僱員為中國政府管理之國家管理退休福利計劃成員。附屬公司須按其薪金成本10%向退休福利計劃供款，以撥資福利。本集團對退休福利計劃之唯一責任為作出指定供款。

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28. CONTINGENT LIABILITIES

On 9th December, 2004, a tax audit has been commenced by the Hong Kong Inland Revenue Department (the "IRD") on certain subsidiaries of the Company, namely, Gong Ming Hop Fung Paper Ware Factory Limited, Fung Kong Hop Fung Paper Ware Factory Limited and Hop Fung (Overseas) Trading Limited (the "Subsidiaries"), in respect of the years of assessment 1998/1999 to 2003/2004. On 26th January, 2005, and 5th January, 2006 whilst these cases are still under investigation, the IRD issued protective assessments for the years of assessment 1998/1999 and 1999/2000 respectively to the above-mentioned subsidiaries in order not to jeopardise the assessment powers of the IRD which will be time-barred after 6 years of assessment. Objections have been filed against all these assessments and, accordingly, no provision has been made in the financial statements in respect of any potential tax liabilities.

Up to date, the taxes demanded under the protective assessments amounted to HK\$13,758,000 in aggregate. Subsequent to the lodgement of objections by the Subsidiaries, tax reserve certificates of HK\$480,000 and HK\$1,400,000 in respect of the assessments for Gong Ming Hop Fung Paper Ware Factory Limited and Fung Kong Hop Fung Paper Ware Factory Limited, pending the outcome of the tax audits and the objections, were purchased in March 2005 and March, 2006 respectively. The remaining amounts of HK\$11,878,000 tax demanded by the IRD have been held over unconditionally.

In the opinion of the Company's directors, the potential tax liabilities that may arise as a result of the tax audits, if any, would not have any significant effects on the financial statements of the Group.

28. 或然負債

於二零零四年十二月九日，香港稅務局（「稅務局」）就本公司若干附屬公司公明合豐紙品廠有限公司、鳳崗合豐紙品廠有限公司及Hop Fung (Overseas) Trading Limited（附屬公司）於一九九八／一九九九年至二零零三年／二零零四年評稅年度展開稅務審核。有關審核尚在進行期間，於二零零五年一月二十六日及二零零六年一月五日稅務局就上述附屬公司之一九九八／一九九九年及一九九九／二零零零年評稅年度發出保障性評稅單，以免影響稅務局須於有關評稅年度後六年內行使之評稅權力。本集團已就所有該等評稅提出反對，因此，並無就任何潛在稅務負債於財務報表作出撥備。

直至該日期，在保障性評稅要求之稅款總額為13,758,000港元。分別於二零零五年三月及二零零六年三月就公明合豐紙品廠有限公司及鳳崗合豐紙品廠有限公司之評稅購買480,000港元及1,400,000港元儲稅券，以待稅務審核及提出反對之結果。其餘稅務局要求之稅項11,878,000港元已獲無條件暫緩。

本公司董事認為，有關稅務審核可能產生潛在稅務負債，惟即使產生有關負債，亦不會對本集團財務報表構成任何重大影響。

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29. RELATED PARTY TRANSACTIONS

During the year, the Group had the following transactions with related companies:

Name 名稱	Notes 附註	Nature of transactions 交易性質	2005 千港元 HK\$'000	2004 千港元 HK\$'000
Fung Kong Wing Lung Paper Ware Factory Limited 鳳崗永隆紙品廠有限公司	(i)	Sales of goods 銷售貨品	—	2,219
Hop Fung (Australia) Pty. Ltd.	(ii)	Agency services 代理服務	—	—

Notes:

- (i) Sales to related party were determined on a cost-plus basis with reference to the market condition, and were negotiated on a case by case basis and mutually agreed by both parties.
- (ii) The Group has engaged Hop Fung (Australia) Pty. Ltd. as the Group's purchase agent in Australia at an annual fee of HK\$1 for the agency services rendered to the Group. The total value of goods purchased under this arrangement from the suppliers amounted to HK\$46,679,000 (2004: HK\$20,202,000). Hop Fung (Australia) Pty. Ltd. is a company in which Mr. Hui Sum Kwok, executive director of the Company, has beneficial interest.

29. 關連人士交易

年內，本集團曾與其關連公司進行以下交易：

附註：

- (i) 對關連人士之銷售乃根據成本加利潤基準及參考市場狀況釐定，且因應每次情況及經雙方同意後議定。
- (ii) 本集團聘用 Hop Fung (Australia) Pty Ltd 為本集團於澳洲之採購代理人，並就其向本集團提供之代理服務支付年費 1 港元。根據此項安排自供應商採購之貨品總值為 46,679,000 港元 (二零零四年：20,202,000 港元)。本公司執行董事許森國先生於 Hop Fung (Australia) Pty Ltd 中擁有實益權益。

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30. SUMMARISED BALANCE SHEET OF THE COMPANY

30. 本公司資產負債表概要

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Investment in subsidiary	於附屬公司之投資	113,455	113,455
Amounts due from subsidiaries	應收附屬公司款項	379,199	135,579
Deposit and prepayments	按金及預付款	237	150
Bank balances and cash	銀行結餘及現金	8,743	12,829
Amounts due to subsidiaries	應付附屬公司款項	(219,267)	(542)
Other payables and accrued charges	其他應付款項及應計支出	(7,643)	(677)
Taxation	稅項	(166)	(447)
		274,558	260,347
Share capital	股本	36,792	36,783
Share premium and reserves	股份溢價及儲備	237,766	223,564
		274,558	260,347

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財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2005

截至二零零五年十二月三十一日止年度

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the subsidiaries, all of which are wholly-owned by the Company, as at 31st December, 2005 are as follows:

31. 主要附屬公司資料

於二零零五年十二月三十一日，本公司旗下全資擁有之附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operation 註冊成立/ 營業地點	Issued and fully paid share capital/ contributed capital 已發行及繳足 股本/實繳股本	Principal activities 主要業務
Chun Yik (Macao Commercial Offshore) Limited	Macau 澳門	Ordinary shares MOP100,000 普通股100,000澳門元	Trading of paper ware products 紙品貿易
Fung Kong Hop Fung Paper Ware Factory Limited 鳳崗合豐紙品廠有限公司	Hong Kong 香港	Ordinary shares HK\$100 普通股100港元 Non-voting deferred shares HK\$3,000,000 (Note) 無投票權遞延股 3,000,000港元 (附註)	Provision of management service 提供管理服務
Fung Kong Shing Fung Paper Ware Factory Limited 鳳崗誠豐紙品廠有限公司	Hong Kong 香港	Ordinary shares HK\$2 普通股2港元	Investment holding 投資控股

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財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2005
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31. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

31. 主要附屬公司資料 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operation 註冊成立/ 營業地點	Issued and fully paid share capital/ contributed capital 已發行及繳足 股本/實繳股本	Principal activities 主要業務
Gong Ming Hop Fung Paper Ware Factory Limited 公明合豐紙品廠有限公司	Hong Kong 香港	Ordinary shares HK\$100 普通股100港元 Non-voting deferred shares HK\$3,000,000 (Note) 無投票權遞延股 3,000,000港元 (附註)	Trading of paper ware products 紙品貿易
Green Forest (QingXin) Paper Industrial Limited *	PRC 中國	Contributed capital HK\$172,094,899 實繳股本 172,094,899港元	Not yet commenced business 尚未營業
Hop Fung Consultants Limited	Hong Kong 香港	Ordinary shares HK\$2 普通股2港元	Provision of management service 提供管理服務
Hop Fung Group Company Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	Ordinary shares US\$600 普通股600美元	Investment holding 投資控股

NOTES TO THE FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 31ST DECEMBER, 2005

截至二零零五年十二月三十一日止年度

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

31. 主要附屬公司資料 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operation 註冊成立/ 營業地點	Issued and fully paid share capital/ contributed capital 已發行及繳足 股本/實繳股本	Principal activities 主要業務
Hop Fung International Enterprise Limited 合豐國際企業有限公司	Hong Kong 香港	Ordinary shares HK\$2 普通股2港元	Provision of accounting service 提供會計服務
Man Shung (Macao Commercial Offshore) Limited	Macau 澳門	Ordinary shares MOP100,000 普通股100,000澳門元	Manufacturing and trading of paper ware products 製造紙品及紙品貿易
Top Develop Limited	British Virgin Islands 英屬處女群島	Ordinary shares US\$1 普通股1美元	Investment holding 投資控股
東莞進益紙品有限公司*	PRC 中國	Contributed capital HK\$20,000,000 實繳股本 20,000,000港元	Manufacturing and sales of paper ware products 製造及銷售紙品

Note: The non-voting deferred shares, which are not held by the Group, practically carry no right to dividends or to receive notice of or to attend or vote at any annual general meeting of the companies. On winding up, the holders of the deferred shares are entitled to the distribution after the distribution of HK\$100,000,000 million to holders of ordinary shares, as specified in the articles of association.

附註：無投票權遞延股並非由本集團持有，且實際上並無附帶獲派股息、收取相關公司任何股東週年大會通知、出席或於會上投票之權利。於清盤時，根據公司組織章程細則規定，遞延股份持有人於向普通股持有人分派100,000,000,000,000港元後可參與分派。

Other than Hop Fung Group Company Limited, all subsidiaries are indirectly held by the Company.

除Hop Fung Group Company Limited外，其他所有附屬公司均由本公司間接持有。

None of the subsidiaries had any debt securities subsisting at 31st December, 2005 or at any time during the year.

於二零零五年十二月三十一日或年內任何時間，各附屬公司均無債務證券。

* Green Forest (QingXin) Paper Industrial Limited and 東莞進益紙品有限公司 are wholly foreign owned enterprise.

* 森葉(清新)紙業有限公司及東莞進益紙品有限公司為全資外資企業。

FINANCIAL SUMMARY

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Year ended 31st December,
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		2001	2002	2003	2004	2005
		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
					(Restated)	
					(重列)	
RESULTS	業績					
Turnover	營業額	367,561	393,574	592,554	760,981	788,555
Cost of sales	銷售成本	(285,783)	(303,593)	(467,243)	(610,163)	(634,422)
Gross profit	毛利	81,778	89,981	125,311	150,818	154,133
Other income	其他收入	7,367	6,608	10,113	11,554	16,202
Distribution costs	分銷成本	(16,780)	(20,433)	(29,849)	(38,069)	(37,277)
Administrative expenses	行政開支	(19,012)	(22,253)	(30,343)	(35,200)	(37,724)
Other expenses	其他開支	(7,360)	(7,666)	(9,609)	(12,582)	(18,601)
Finance costs	財務成本	(8,420)	(5,361)	(4,173)	(1,871)	(5,924)
Profit before taxation	稅前利潤	37,573	40,876	61,450	74,650	70,809
Taxation	稅項	(3,167)	(3,416)	(5,763)	(7,719)	(1,096)
Profit for the year	年度利潤	34,406	37,460	55,687	66,931	69,713

At 31st December,
於十二月三十一日

		2001	2002	2003	2004	2005
		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
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	207,857	248,617	370,590	481,574	663,726
Total liabilities	總負債	107,574	140,874	145,642	195,552	325,401
Equity	股本	100,283	107,743	224,948	286,022	338,325

FINANCIAL SUMMARY

財務概要

Notes:

1. The Company was incorporated in the Cayman Islands on 28th March, 2003 and became the holding company of the Group with effect from 25th August, 2003 upon the completion of the Group Reorganisation as set out in the Company's prospectus dated 15th September, 2003.
2. The results of the Group for the two years ended 31st December, 2002 and the balance sheets of the Group at 31st December, 2001 and 31st December, 2002 have been prepared on a merger basis and are extracted from the Company's prospectus dated 15th September, 2003.
3. The results of the Group for the year ended 31st December, 2003 and the balance sheets of the Group at 31st December, 2003 have been extracted from the audited financial statements of the Group as set out in the annual reports for the year 2003.
4. The results of the Group for the two years ended 31st December, 2004 and 31st December, 2005 and the balance sheets of the Group at 31st December 2004 and 31st December, 2005 have been extracted from the audited financial statements of the Group as set out on pages 52 to 54 respectively.

附註：

1. 本公司於二零零三年三月二十八日於開曼群島註冊成立，並於本公司日期為二零零三年九月十五日之招股章程所載之集團重組完成後，自二零零三年八月二十五日起成為本集團之控股公司。
2. 本集團截至二零零二年十二月三十一日止兩個年度之業績及本集團於二零零一年十二月三十一日及二零零二年十二月三十一日之資產負債表均以合併形式編製，並摘錄自本公司日期為二零零三年九月十五日之招股章程。
3. 本集團截至二零零三年十二月三十一日止年度之業績及本集團於二零零三年十二月三十一日之資產負債表分別摘錄自二零零三年年報所載本集團經審核財務報表。
4. 本集團截至二零零四年十二月三十一日止及二零零五年十二月三十一日兩個年度之業績及本集團於二零零四年十二月三十一日止及二零零五年十二月三十一日之資產負債表分別摘錄自本集團經審核財務報表第52至54頁。