



Dream International Limited 德林國際有限公司

(Incorporated in Hong Kong with limited liability 於香港註冊成立之有限公司)

(Stock Code 股份代號 : 1126)



2005 年報
Annual Report

Design and Production

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Corporate Information 公司資料

Board of Directors

Executive Directors

Mr. Kyoo Yoon CHOI (Chairman and Executive Director)
Mr. Tae Sub CHOI (Vice-president and Chief Operation Officer)
Mr. Young M. LEE (Executive Managing Director and Chief Financial Officer)
Mr. James WANG (appointed on 1 April 2005)
Mrs. Shin Hee CHA (appointed on 24 January 2006)

Independent Non-executive Directors

Mr. Valiant, Kin Piu CHEUNG
Professor Cheong Heon YI
Dr. Chan YOO

Audit Committee

Professor Cheong Heon YI (Chairman)
Mr. Valiant, Kin Piu CHEUNG
Dr. Chan YOO

Remuneration Committee

Dr. Chan YOO (Chairman)
Mr. Valiant, Kin Piu CHEUNG
Professor Cheong Heon YI
Mr. Young M. LEE

Registered Office and Principal Place of Business

8th Floor
Tower 5, China HK City
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Tsimshatsui Kowloon
Hong Kong

Company Secretary

Mr. Wilson, Wai Sing WONG, FCCA, FCPA, FCS, FCIS, MPA

Auditors

KPMG
Certified Public Accountants
8/F., Prince's Building
10 Chater Road
Central
Hong Kong

Authorised Representatives

Mr. Young M. LEE
Mr. Wilson, Wai Sing WONG

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Citibank, N.A.
Shinhan Finance Limited

Share Registrar

Abacus Share Registrars Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

Financial Relations Consultant

Strategic Financial Relations Limited
Unit A, 29/F., Admiralty Centre I
18 Harcourt Road, Hong Kong

Website Address

www.dream-i.com.hk

Stock Code

Stock Exchange, Hong Kong 1126
Access to Reuters 1126.HK
Access to Bloomberg 1126:HK

董事會

執行董事

崔奎琬先生 (主席及執行董事)
崔泰燮先生 (副總裁及營運總監)
李泳模先生 (執行常務董事及財務總監)

王傳泳先生 (於二零零五年四月一日獲委任)
車信熙女士 (於二零零六年一月二十四日獲委任)

獨立非執行董事

張建標先生
李政憲教授
柳贊博士

審核委員會

李政憲教授 (主席)
張建標先生
柳贊博士

薪酬委員會

柳贊博士 (主席)
張建標先生
李政憲教授
李泳模先生

註冊辦事處及主要營業地點

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中港城第5座
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公司秘書

黃偉盛先生 FCCA, FCPA, FCS, FCIS, MPA

核數師

畢馬威會計師事務所
執業會計師
香港
中環
遮打道10號
太子大廈8樓

授權代表

李泳模先生
黃偉盛先生

主要往來銀行

香港上海滙豐銀行有限公司
花旗銀行
新韓金融有限公司

股份過戶登記處

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香港
皇后大道東28號
金鐘匯中心26樓

財經公關顧問

縱橫財經公關顧問有限公司
香港金鐘夏慤道18號
海富中心1期29樓A室

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股票編號

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Chairman's Statement 主席報告書



Mr. Kyo Yoon Choi (Chairman)
崔奎琬先生 (主席)

Dear Shareholders,

2005 was still a tough year for manufacturers in the toy industry. Shouldering persistent pricing pressure, material costs pushed up by high crude oil price and labour shortage, the profit margins of Dream International Limited (the "Company") and its subsidiaries (the "Group") were inevitably squeezed. However, riding on its sizeable operation and reputation as an industry leader, the Group practiced strategic bulk purchasing and was able to enjoy bargain prices from various raw material suppliers, which allowed it to mitigate cost pressure. The Group showed great resilience amid the adverse global market conditions and managed to minimize operational loss of its toy business.

致各位股東：

對玩具製造商而言，二零零五年仍為艱巨的一年。價格持續受壓，加上油價高企及勞工短缺推高生產成本，德林國際有限公司（「本公司」）及其附屬公司（「本集團」）的毛利率無可避免地下降。然而，憑藉龐大的營運規模及作為業內領導者的聲譽，本集團實行策略性大量採購，並獲多個原材料供應商提供優惠價格，降低成本壓力。在全球市況不利的環境下，本集團仍能逆境自強，將玩具業務的營運虧損減至最低。

Chairman's Statement 主席報告書

BUSINESS REVIEW AND PROSPECTS

During the year under review, the Group mapped out various measures to meet the challenges. We selected several locations to set up production facilities in inland PRC to take advantage of the relatively lower wage level. Further investment in the plants in Vietnam has not only alleviated the impact of labour shortages in China, but also mitigated foreign currency risks as both the operational costs and revenues in Vietnam are denominated in US dollar. Moreover, by splitting production capacity strategically among three geographical locations, including northern, southern PRC and Vietnam, the Group can better constraint geographical production risks.

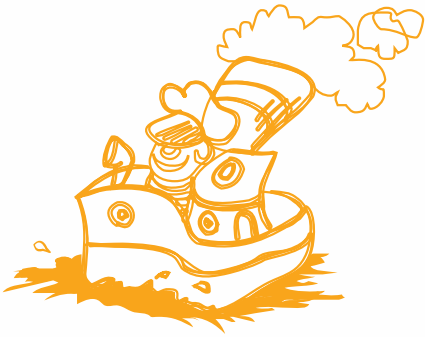
During the second half of 2005, we took a series of actions to advance our business. A joint venture, C & H HK Corp., Ltd. ("JV") was formed with three investors from the US, Japan and Taiwan. The JV will benefit from the Group's scalable manufacturing capability, and the marketing and technical expertise and potential business that the other partners bring. Through the JV, the Group will be able to broaden its worldwide and local distribution networks and enrich its product mix. The acquired trademarks "Great"

業務回顧及展望

回顧年內，本集團製訂多項措施應付種種挑戰。我們於中國內陸地區選定多個地點興建新生產設備，從而受惠於當地相對較低的工資水平。此外，我們進一步投資於越南廠房不僅舒緩了中國勞工短缺的問題，由於越南的經營成本及收入乃以美元計算，所以亦降低了外匯風險。此外，我們藉著將產能策略性分佈於華北、華南及越南三個地區，能更有效管理地域分佈上的生產風險。

於二零零五年下半年，我們採取一系列措施擴展業務。集團與三名來自美國、日本及台灣的投資者組成了一間名為C&H HK Corp., Ltd.的合營公司（「合營公司」）。合營公司將受惠於本集團規模龐大的產能，同時亦可享有其他夥伴在市場推廣及技術方面的專業知識，以及彼等帶來的潛在商機。透過合營公司，本集團將可擴闊其全球及本地的分銷網絡，並可豐富其產





and "Far Great" under the JV will provide a platform for the Group to achieve its goal of tapping Original Brand Manufacturing ("OBM") business.

To reinforce our position as the world's largest plush stuffed toy manufacturer, we strived to explore new business opportunities during the year. Leveraging the JV, we won new orders on steel and plastic toys from a current renowned Original Equipment Manufacturing ("OEM") customer. Empowered by our well-established "CALTOY" brand, we also secured several new Original Design Manufacturing ("ODM") customers. To support our expanding business and heighten revenue, we will establish new production facilities in inland provinces of the PRC, such as Anhui and Guangxi, to expand production capacity and prepare for potential business.

To boost operational efficiency, the Group started to reinforce, reorganize and restructure its business last year. The major steps taken included reallocating management personnel and rationalizing the work forces of the Group. The benefits of these initiatives are expected to be reflected in the Group's performance in 2006.

Looking ahead, we are confident of the Group's performance in the coming years. Currently, the plush stuffed toy industry is undergoing market consolidation and smaller manufacturers will be eventually ousted. When the

品組合。合營公司一併收購的「Great」及「Far Great」商標，將為本集團提供一個平台，進軍原品牌製造（「OBM」）業務。

為鞏固作為全球最大毛絨玩具製造商的地位，我們於年內致力開拓新商機。憑藉合營公司的優勢，本集團贏得現有的著名原設備製造（「OEM」）客戶提供的金屬及塑膠玩具新訂單。憑藉「CALTOY」品牌在業內的聲譽，我們亦贏得數位新原設計製造（「ODM」）客戶。為支持業務擴展及增加收入，我們將會在中國內陸省份如安徽及廣西設立新生產設備，務求擴大產能及為潛在商機作好準備。

為提升營運效率，本集團於去年開始鞏固、整頓及改組其業務，當中主要包括重新調配管理人員，以及改革本集團的人力資源。上述行動的成效預期將反映在本集團二零零六年的業績之中。

展望未來，我們對集團未來數年的表現充滿信心。現時，毛絨玩具業正處於整固階段，規模較小的製造商最終會被淘汰。當整固完成後，只有少數具規模的製造商包

Chairman's Statement 主席報告書

consolidation is completed, only a few scalable manufacturers, including the Company, will subsist to enjoy greater bargaining power in negotiating with customers for higher margins.

Besides continuing to focus on its core plush stuffed toy business, the Group will offer its existing customers a wider mix of products with quality design. The Group will continue to utilize the resources and opportunities presented by the JV to build a profitable income stream. To better serve and satisfy major customers, we shall invest more time and resources in R&D and marketing, and develop products that embody creative concepts attuning to new trends and designs. Guided by our strong tradition and sound experience in bringing joy to children and adults around the world for over two decades, we believe we are well prepared to take on any challenges and bring our business back on the booming track in the future.

On behalf of the Board, I would like to extend my gratitude to the management team and staff for their commitment, perseverance and contribution to the Group. I would also like to thank all our shareholders, business partners and customers for their continuous support during the year.

Kyoo Yoon Choi 崔奎琿

Chairman 主席

Hong Kong, 12 April 2006

香港，二零零六年四月十二日

括本公司能碩果僅存，並能在與客戶磋商時享有更大的議價能力，從而提升邊際利潤。

除繼續專注於核心毛絨玩具業務外，本集團將為現有客戶提供更豐富及具優質設計的產品組合。本集團將繼續利用合營公司的資源及帶來的商機，建立額外的收入來源。為了向客戶提供更高質素的服務，本集團將投放更多時間及資源於研發及市場推廣，並開發意念創新的時尚產品。憑藉在過去二十多年，我們將歡樂帶給世界各地小朋友及成年人的深厚傳統及豐富經驗，我們已經準備就緒，迎接新的挑戰，並於未來帶領業務重回升軌。

最後，本人謹代表董事會向管理層及員工所作出的努力、堅持及貢獻致以衷心謝意。本人亦謹此感謝股東、業務夥伴及客戶多年來的支持。



Management Discussion and Analysis 管理層討論及分析

FINANCIAL REVIEW

For the year ended 31 December 2005, the Group reported turnover amounting to HK\$1,040.4 million (2004: HK\$1,158.1 million). Rising labour costs and labour shortages in coastal cities of the PRC, as well as persistently hefty raw material costs remained serious concerns for toy manufacturers. The unfavourable circumstances affected the Group's gross profit, which stood at HK\$186.9 million for the year (2004: HK\$290.5 million). Due to a loss of HK\$14.1 million from a financial activity, loss attributable to shareholders widened to HK\$36.3 million (2004: profit of HK\$49.1 million).

Nevertheless, the Group maintained a healthy financial position. As at 31 December 2005, its cash and bank deposits amounted to HK\$173.0 million (31 December 2004: HK\$234.7 million).

BUSINESS REVIEW

To deal with the challenging market environment which was expected to persist, the Group embarked on reinforcing, reorganizing and restructuring its business during the year under review.

財務回顧

截至二零零五年十二月三十一日止年度，本集團錄得營業額1,040,400,000港元（二零零四年：1,158,100,000港元）。中國沿海城市勞工成本上漲及勞工短缺，加上原材料價格持續高企，仍然是玩具製造商最為關注的問題。受到不利的經營環境影響，集團本年度的毛利錄得186,900,000港元（二零零四年：290,500,000港元）。由於財務活動錄得14,100,000港元的虧損，股東應佔虧損擴大至36,300,000港元（二零零四年：溢利49,100,000港元）。

然而，本集團仍維持良好財政狀況，於二零零五年十二月三十一日的現金及銀行存款達173,000,000港元（二零零四年十二月三十一日：234,700,000港元）。

業務回顧

集團預期嚴峻的市場環境將會持續，因此，集團在回顧年內採取行動，鞏固、整頓及改組現有業務。



Management Discussion and Analysis 管理層討論及分析

On the one hand, the Group sought to expand its existing customer base and markets by offering an enriched product mix. More resources were allocated to set up production facilities in Vietnam and inland PRC to mitigate labour shortages and increasing labour costs in the coastal cities of the PRC. The Group also streamlined its business structure to reduce cost and enhance efficiency. These strategies strengthened not only the Group's position as a market leader, but also its foundation in meeting challenges.

Product Analysis

Representing 94.4% of the total turnover, plush stuffed toys remained the core business of the Group and recorded HK\$981.8 million in sales during the year. Within this sector, the OEM business contributed HK\$810.6 million in turnover. With major character owners and licensors as customers, the Group focused on exploring business opportunities in its existing customer base, such as cross-selling of steel and plastic toys to these OEM customers.

首先，集團透過提供更多樣化的產品組合，致力擴大現有的客戶基礎及市場。此外，集團投放更多資源在越南及中國內陸地區，設立生產設施，以減低中國沿海城市的勞工短缺及勞工成本上升的影響。集團積極精簡業務架構，從而減低成本及提高效率。此等策略不但鞏固本集團作為市場領導者的地位，亦加強集團的基礎以面對種種挑戰。

產品分析

年內，毛絨玩具仍是集團的核心業務，佔總營業額94.4%，並錄得981,800,000港元的銷售額。其中，原設備製造（「OEM」）業務帶來810,600,000港元的營業額貢獻。集團已獲得主要角色造型擁有人及特許商成為客戶，因此集中在現有客戶基礎上開拓商機，例如向此等OEM客戶銷售金屬及塑膠玩具。





The proportion of the ODM business to the total turnover of the Group rose from 14.2% last year to 16.4% this year. Driven by increased orders from US customers such as new customer KOHL'S for its Christmas promotion programme, the business segment reported continuous growth during the year. After extensive preparation, the Group's new product line - infant products such as rattle, plush and bedding, will be launched in the infant section of Walmart in 2006. This is going to bring in significant revenue to the Group and allow the Group to gain more exposure in the global infant products market.

Revenue from the steel and plastic toy business increased by 33.8% to HK\$58.6 million when compared with last year and accounted for 5.6% of the Group's total turnover. During the year, the Group invested in C & H HK Corp., Ltd. and J.Y. Plasteel (Suzhou) Co., Ltd. to acquire the trademarks "Great", "Far Great", the right and machineries to manufacture and distribute tricycles, bicycles, scooters, infant carts, inline skates, etc. under these brands. J.Y. Plasteel (Suzhou) Co., Ltd. will build a new plant, which will cost US\$4 million in capital investment including machinery, in Taicang city, Jiangsu province, to expand the steel and plastic toy product mix. These new subsidiaries would engage in manufacturing and distribution of steel and plastic toys under the character products of world-leading brands, and enables the Group to get access to the domestic PRC market and earn Renminbi revenue.

集團的原設計製造(「ODM」)業務佔總營業額的比例，由去年14.2%增加至本年度的16.4%。受惠於集團的美國客戶增加訂單，如新客戶KOHL'S在聖誕期間進行的推廣計劃，此業務於年內繼續取得增長。經過周密部署，本集團的嬰兒用品新產品線，如撥浪鼓、毛絨及寢具等，將於二零零六年在沃爾瑪的嬰兒用品部推出。此新產品線將為本集團帶來重大收益，並提升集團在全球嬰兒產品市場的知名度。

本集團來自金屬及塑膠玩具業務的收入較去年增長33.8%，至58,600,000港元，並佔本集團總營業額5.6%。年內，本集團投資於C & H HK Corp., Ltd.及正潤童車(蘇州)有限公司，藉此收購「Great」及「Far Great」商標、有關生產機器及以該等品牌生產和分銷三輪車、自行車、踏板車、嬰兒車及單線滾軸溜冰鞋等的權利。正潤童車(蘇州)有限公司將於江蘇省太倉市興建一座新廠房，擴大金屬及塑膠玩具產品組合，涉及的資本投資額(包括機器)為4,000,000美元。此等新成立的附屬公司將為世界主要品牌的角色造型產品生產及分銷金屬及塑膠玩具，而本集團亦得以涉足中國本地市場，賺取人民幣的收入。

Management Discussion and Analysis 管理層討論及分析

Market Analysis

During the year, North American remained the largest market of the Group, accounting for 46.0% of the Group's total turnover. Even though the US economy was affected by dampened consumption sentiment as a result of rising oil price and hurricanes devastation, the US market was resilient and only experienced a mild decrease in sales. Japan, the Group's second-largest market, contributed 31.1% of the total turnover. The Group continued to launch ODM products under the "CALTOY" brand in this market, where non-character toys were well received. The reduced sales to the Japan market was anticipated as the Group had been rationalizing its clientele by trimming the numbers of low margin customers or orders.

Benefited from the increasing orders of the OEM customer, IKEA, the Group enjoyed remarkable business growth in the Europe market. The proportion of turnover contribution from the Europe market increased to 16.0% of the Group's turnover for the year.

市場分析

年內，北美仍然是集團的最大市場，佔本集團總營業額46.0%。儘管油價上升及颶風災害打擊消費意欲，影響了美國經濟，但美國市場卻迅速復甦，故銷售僅略為下跌。日本為集團第二大市場，佔總營業額的31.1%。非特許角色造型的玩具深受日本顧客歡迎，因此本集團繼續在日本市場推出以「CALTOY」為品牌的ODM產品。年內，本集團重整其客戶結構，削減低利潤客戶或訂單的數量，導致日本市場的銷售額下跌。

受惠於OEM客戶宜家 (IKEA) 的訂單增加，集團在歐洲市場的業務增長理想。歐洲市場對營業額貢獻的比例，於本年度增至佔集團營業額的16.0%。



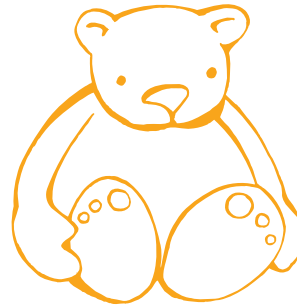


Operational Analysis

Fluctuation in oil price during the year adversely affected material costs, which pushed up production costs. However, capitalising on its leading industry position, the Group was able to obtain better prices for bulk purchase of raw materials. In view of greater market demand for polyester as raw materials for toys, the Group has established its own polyester production line to secure steady supply of this staple raw material at a lower cost.

In the coastal cities of the PRC, labour shortages persisted and the official minimum wage rose over 20% during the year. Even though the wage offered by the Group was higher than the minimum level, it still had to shoulder cost pressure with other factories raising their wages to attract workers. In view of this, the Group planned to shift part of its production facilities to inland PRC where the wage level was lower. Moreover, to lessen reliance on manpower, the Group has been automating its manufacturing processes by engaging state-of-the-art equipment as much as feasible.

In Vietnam, the pioneer plant was in full operation in July 2005 and the larger plant commenced operation in September 2005. These two new plants together handled orders worth over US\$4.2 million during the year. Fully utilized, the two plants will be able to produce US\$7 million worth of products each year. Moreover, expansion of the



營運分析

年內，油價波動對原材料成本造成不利影響，並推高生產成本。然而，憑藉於行業的領導地位，集團在大量採購原材料時享有較優惠的價格。有見於市場以聚酯作為玩具原材料的需求增加，本集團已自設聚酯生產線，以較低成本獲取此基本原材料的穩定供應。

中國沿海多個城市均繼續出現勞工短缺，而政府設訂的最低工資亦上升逾20%。儘管本集團給予工人的工資已高於最低工資，但由於其他廠商提高工資以吸引工人，令本集團仍要承受成本壓力。有見及此，本集團計劃把部份生產設施遷往工資水平較低的中國內陸地區。此外，為減低對勞工的依賴，集團已將部份生產工序自動化，盡量採用最先進的設備。

集團位於越南的首間廠房已於二零零五年七月全面投產，而另一更大規模的廠房亦於二零零五年九月開始運作。兩個廠房年內合共處理價值逾4,200,000美元的訂單。兩間廠房最多可於每年合共生產總值達7,000,000美元的產品。此外，位於江

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existing plant in Shuyang, Jiangsu province was completed ahead of schedule and the Group's production capacity was boosted up by 6.5%. The new facilities, especially those in Vietnam, have not only helped to mitigate the persistent labour shortage problem, but also lowered production risk of the Group from relying on China as a single production base and the continuing appreciation of the Renminbi. During the year, the average utilization rate of the Group's production facilities bounded back to above 80%.

PROSPECTS

The toy industry will stay very competitive in the coming years as the trends of hiking raw material costs and increasing labour costs in the coastal areas in the PRC are likely to persist. Continuous pressure on margins is anticipated for the next couple of years. However, the difficult operational environment has sparked consolidation of the toy industry, which will result in the ousting of small players leaving the most scalable players, including the Company. In the long run, the Group is set to enjoy better margins and will have yet stronger bargaining power in negotiating with customers and suppliers.

蘇沅陽的現有廠房擴建工程已經完成，時間較集團預期為早，將本集團的產能提升6.5%。此等新設施，尤其位於越南的設施，不但有助紓緩持續出現的勞工短缺問題，而且亦減低了本集團依賴中國作為單一生產基地的風險及人民幣持續升值的壓力。年內，本集團平均的生產設備使用率已回升至80%以上。

展望

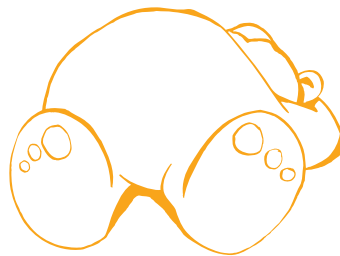
原材料成本上漲及中國沿海地區勞工成本上升的情況相信將會持續，因此，玩具業今後數年的競爭情況將仍然激烈，預期邊際利潤亦會繼續受壓。然而，艱苦的經營環境觸發玩具行業進入整固時期，結果規模較小的廠商將被淘汰，最後只餘下最具規模的企業，包括德林國際。長遠而言，本集團深信邊際利潤將有所改善，而在與客戶及供應商磋商時亦將有更大的議價能力。





Looking ahead, the Group will continue to reinforce, reorganise and restructure its business to fortify its operational foundation and enhance profitability. Reassessment of customer mix will continue. Besides easing out low margin customers, the Group will explore business opportunities with retained large customers. More emphasis will also be put on R&D with the aim of enriching the Group's product mix and to develop innovative products with higher margins. The Group will also streamline and relocate certain operations to enhance cost-effectiveness. It is expected that the positive results of these initiatives will be reflected in the Group's results in the coming year.

While continuing to focus on its major plush stuffed toys business, the Group will exploit every opportunity for its steel and plastic toy business. Riding on the "Great" and "Far Great" brands acquired and the Group's new plant in Taicang, the Group will be able to take up orders from existing Far Great customers and add more new product lines designed by the Group's strong team of product designers to boost its business growth. Moreover, the acquired distribution network can provide the Group a platform to enlarge its customer base in existing markets as well as explore new markets, such as the PRC. As scheduled, the new plant in Taicang will be completed by the end of April 2006 and is expected to be full operational in August. This new plant together with additional new machineries will cost about US\$4 million, which will be



展望未來，本集團將繼續鞏固、整頓及改組業務，務求加強營運基礎及提升盈利能力。集團將繼續評估客戶組合，除逐步減少邊際利潤較低的客戶外，亦將開拓與現有大客戶進一步合作的商機。集團將更注重研發，以豐富產品組合，並開發利潤較高的創新產品。另一方面，集團將精簡運作及重置部份營運地點，務求提高成本效益。集團預期此等措施所產生的成效，將會反映在集團來年的業績之中。

本集團一方面繼續專注其毛絨玩具的主要業務，同時將發掘在金屬和塑膠玩具業務方面的商機。憑藉收購「Great」和「Far Great」品牌加上在太倉市開設新廠房，本集團將吸納Far Great現有客戶的訂單，並增添更多由集團強大設計隊伍開發的新產品線，從而推動業務增長。此外，已被集團一併收購的分銷網絡為集團提供一個平台，藉此擴大於現有市場的客戶基礎，同時亦可開發其他新市場，例如中國。太倉新廠房將如期於二零零六年四月底竣工，並預計於八月全面運作。該新廠房加上額外的新機器將耗資約4,000,000美元，由集團內部資源及銀行借貸支付。該廠房將用作生產OEM產品及以

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funded by its internal resource and bank borrowing. The plant will manufacture OEM products and products under the "Great" and "Far Great" brands with anticipated annual sales over US\$15 million.

The Group will continue to relocate its production facilities inland in the coming year. New plants in Mingguang and Chaohu of Anhui province and in Beiliu of Guangxi province were set up early this year, which will boost its production capacity by 30% when they are in full operation. At the same time, 200 more sewing machines will be shipped to Vietnam in the first half of 2006. The Vietnam plants will be able to support sales up to US\$7 million a year. The expanded capacity will provide the Group a significant edge to capture more business opportunities in future.

「Great」和「Far Great」為品牌的產品，預期每年銷售額可達15,000,000美元以上。

未來一年，本集團將繼續重置生產設施往內陸地區。位於安徽省明光市及巢湖市以及廣西省北流市的新廠房於今年年初成立，待該等廠房全面投產後，將提升集團的產能達30%。同時，新增200部縫紉機將於二零零六年上半年運抵越南。兩間越南廠房共可應付每年高達7,000,000美元的銷售。擴充後的產能將為集團帶來重大優勢，於日後把握更多商機。



Directors and Senior Management 董事及高級管理人員

Executive Directors

Mr. Kyoo Yoon Choi, aged 57, is the Chairman and Executive Director of the Company and the founder of the Group. He studied at Seoul National University in Korea between 1968 and 1972 and graduated with a bachelor's degree in engineering. Prior to setting up the Group in Korea in 1984, Mr. Choi had over eight years of experience in the plush toy business at Daewoo Corporation, which was one of the leading conglomerates in Korea at the time. Mr. Choi is responsible for the strategic planning and overall business development of the Group.

Mr. Chul Hong Min, aged 50, was the President and the Chief Executive Officer of the Company and was responsible for the daily operation of the Group. Mr. Min's experience in the plush toy business also started in 1978 at Daewoo Corporation, one of the leading conglomerates in Korea at the time. He was the youngest General Manager within Daewoo Corporation with proven experience in management. Mr. Min also served as the Chief Executive Officer of a prestigious toy company, Prestige Toy Corp, which was a wholly-owned subsidiary of Daewoo Corporation for four years. He joined the Group in 1990 as the Managing Director and the President of Dream International USA. He was the President of the Company, JY International and Dream International USA. Mr. Min resigned from the Group on 31 December 2005.

Mrs. Shin Hee Cha, aged 51, was appointed as an Executive Director of the Company on 24 January 2006 and has been acting as the Vice President of Dream INKO. She joined C & H Co., Ltd. on 1 April 1984 and has been in charge of the sales and marketing function. Mrs. Cha graduated from the Inha University in South Korea, with a bachelor degree of social education in 1980. Prior to joining C & H Co., Ltd., Mrs. Cha was a general manager in Determined Productions, Inc. in South Korea for four years, which was engaged in toys trading business. She is the younger sister-in-law of Mr. Kyoo Yoon Choi.

執行董事

崔奎玟先生，57歲，本公司主席兼執行董事，並為本集團創辦人。於一九六八年至一九七二年間在韓國首爾(前稱漢城)國立大學攻讀，畢業時獲頒工程學學士學位。於一九八四年在韓國成立本集團之前，崔先生已在大宇集團之毛絨玩具業務方面積逾八年經驗，當時大宇集團乃韓國一間主要綜合企業。崔先生負責本集團之策略規劃及整體業務發展。

閔喆泓先生，50歲，本公司總裁及行政總監，負責本集團之日常運作。閔先生在毛絨玩具業務方面之經驗始於一九七八年在韓國當時其中一間主要綜合企業—大宇集團。閔先生曾經是大宇集團最年輕之總經理，具實質之管理經驗。閔先生亦曾在大宇集團之全資附屬及著名玩具公司 Prestige Toy Corp 擔任行政總監四年。閔先生於一九九零年加盟本集團，出任常務董事及 Dream International USA 總裁。他曾擔任本公司、JY International 及 Dream International USA 之總裁。閔先生於二零零五年十二月三十一日自本集團辭任。

車信熙女士，51歲，於二零零六年一月二十四日獲委任為本公司之執行董事，彼亦為 Dream INKO 之副總裁。彼於一九八四年四月一日加入 C & H Co., Ltd.，並負責管理銷售及市場部。車女士於一九八零年畢業於南韓仁荷大學，並取得社會教育學士學位。在加入 C & H Co., Ltd. 之前，車女士曾在南韓從事玩具貿易業務之 Determined Productions, Inc. 擔任總經理為期四年。彼為崔奎玟先生之小姨。

Directors and Senior Management 董事及高級管理人員

Mr. Young M. Lee, aged 50, is the Executive Managing Director and the Chief Financial Officer of the Company. Mr. Lee has 20 years of working experience in US in the areas of accounting and finance such as public accounting, consulting to financial institutions, mergers and acquisitions, corporate controllership and investment banking. Prior to joining the Group in May 2001, Mr. Lee was the Managing Director of Kohap (Hong Kong) Ltd., which is the trading and financing arm of a Korean conglomerate, Kohap Ltd.. He is responsible for the overall financial management, strategic and business planning of the Group.

Mr. Tae Sub Choi, aged 51, was appointed as an Executive Director of the Company on 8 April 2003. He is also the Vice President and the Chief Operation Officer of the Company. Mr. Choi graduated from Seoul National University in Korea with a bachelor degree in German Language and Literature in 1979. Prior to joining the Group in Korea in 1994, Mr. Choi acquired 19 years of profound experience in the area of product development at Daewoo Corporation, which was one of the leading conglomerates in Korea at the time. He first joined the C & H Co., Ltd. in the sales department. Mr. Choi was subsequently promoted and was in-charge of J.Y. Toys Co., Limited in PRC for 2 years and C & H Lanka (PVT) Co., Ltd. in Sri Lanka for 6 years. He is currently the Vice-President and authorized representative of C & H Toys (Suzhou) Co., Ltd. and Jung Yoon Toys (Shanghai) Co., Limited in Suzhou and Shanghai region of PRC.

Mr. James Wang, aged 44, is the Managing Director of Dream International USA. He joined Dream International USA on 1 July 1991 and has been in charge of the Group's marketing function in the US. Mr. Wang graduated from the University of California, Los Angeles, with a bachelor degree in business administration in 1986. Prior to joining the Group, Mr. Wang had extensive experience in the fields of logistics and trading from his previous employments with Trans-union Line, KAL Trading Co. and Daewoo America Corp. He was appointed as an Executive Director on 1 April 2005.

李泳模先生，50歲，本公司執行常務董事及財務總監。李先生擁有20年在美國之會計及財務經驗，例如公眾會計、金融機構諮詢、合併收購、企業控制及投資銀行業務。於二零零一年五月加盟本集團之前，李先生乃高合(香港)有限公司之常務董事，該公司為韓國綜合企業Kohap Ltd.之貿易及融資分部。李先生負責本集團整體財務管理、策略及業務規劃。

崔泰燮先生，51歲，於二零零三年四月八日獲委任為本公司執行董事。彼亦為本公司之副總裁兼營運總監。崔先生在一九七九年畢業於韓國首爾(前稱漢城)國立大學，持有德國語言及文學學士學位。崔先生於一九九四年在韓國加入本集團之前，任職於韓國當時其中一間著名綜合企業大宇集團，在產品開發方面擁有19年豐富經驗。崔先生最初加入C & H Co., Ltd.之銷售部門，其後獲擢升為中國香港正潤玩具有限公司之主管(在任兩年)及斯里蘭卡C & H Lanka (PVT) Co., Ltd.之主管(在任六年)。崔先生現為中國蘇州及上海地區希安琦玩具(蘇州)有限公司及正潤玩具(上海)有限公司之副總裁兼法人代表。

王傳泳先生，44歲，Dream International USA之常務董事。彼於一九九一年七月一日加盟Dream International USA，負責本集團於美國之市場營銷事宜。王先生於一九八六年畢業於洛杉磯加州大學，獲頒工商管理學士學位。於加盟本集團前，王先生曾任職於Trans-union Line、KAL Trading Co. 及 Daewoo America Corp，擁有有關物流及貿易之豐富經驗。王先生於二零零五年四月一日獲委任為執行董事。

Directors and Senior Management 董事及高級管理人員

Independent Non-executive Directors 獨立非執行董事

Mr. Valiant, Kin Piu Cheung, aged 60, was a partner at KPMG, a leading international accounting firm in Hong Kong. Mr. Cheung has extensive experience in assurance and corporate finance work, particularly on trading and manufacturing corporations in Hong Kong and the PRC, and has assisted a number of companies in obtaining a listing on stock exchanges in Hong Kong, the PRC, Singapore and the US. In addition, he has provided financial advisory and due diligence services to foreign investors on investments in the PRC. Mr. Cheung is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. He was appointed as the Company's Independent Non-executive Director on 22 October 2001.

Professor Cheong Heon Yi, aged 41, received his bachelor's degree and a master's degree in business administration from Seoul National University in Korea. Professor Yi was also awarded a philosophy of doctorate degree in accounting in 1997 from the University of California, Los Angeles. Professor Yi has taught at the University of California, Los Angeles for a year before joining the Hong Kong Polytechnic University in 1997. Professor Yi's research interests include financial reporting and corporate governance. His teaching focuses on financial accounting at the undergraduate level and financial reporting and corporate governance at the postgraduate level. He was appointed as the Company's Independent Non-Executive Director on 22 November, 2003.

張建標先生，60歲，曾是香港一間著名國際會計師事務所畢馬威會計師事務所之合夥人。張先生在審計及企業財務工作方面具備豐富經驗，尤其擅長處理香港及中國之貿易及製造企業之事項，曾經協助多間公司在香港、中國、新加坡及美國之證券交易所上市。此外，他亦向在中國進行投資事宜的外國投資者提供財務顧問及盡職審查之服務。張先生是英格蘭及威爾斯特許會計師公會及香港會計師公會之資深會員。於二零零一年十月二十二日獲委任為本公司之獨立非執行董事。

李政憲教授，41歲，在韓國首爾(前稱漢城)國立大學獲得工商管理學士及碩士學位。李教授亦於一九九七年獲洛杉磯加州大學頒授會計學博士學位。李教授於一九九七年加入香港理工大學前，曾在洛杉磯加州大學任教一年。李教授之研究項目包括財務申報及企業管治。其大學教學專注於財務會計學，研究生教學則集中於財務申報及企業管治。彼於二零零三年十一月二十二日獲委任為本公司之獨立非執行董事。

Directors and Senior Management 董事及高級管理人員

Dr. Chan Yoo, aged 41, graduated from Massachusetts Institute of Technology ("MIT"), Cambridge, MA, U.S. with a bachelor degree in Electrical Engineering and Computer Science in 1989. He obtained his master degree in Nuclear Engineering from MIT in 1991. He was conferred his PhD in Nuclear Engineering from MIT in 1995. Dr. Yoo gained over four years consulting experience from an international consultancy firm McKinsey & Company, Inc., Chicago office in U.S. and Seoul office in Korea. In the year 2000, Dr. Yoo set up McQs, incorporated in Seoul, Korea to provide business consulting services for Korean manufacturing companies to achieve world-class operational excellence and has been the Chief Executive Officer of the company since then. He was appointed as an independent non-executive director with effect from 30 September 2004.

Senior Management

Mr. Yong Kook Kim, aged 57, is the Vice-president of J.Y. Toys Co., Limited ("J Y Toys"). He joined the Group on 1 June 1987 and is in charge of the day-to-day operation and management of JY Toys.

Mr. Man Jin Cho, aged 64, is the Executive Managing Director of C & H Suzhou. He has extensive experience in the field of acrylic knitted fabric manufacturing. He joined the Group on 1 May 1997 and helped the Group in establishing C & H Plush in the same year to expand into acrylic knitted fabric business. Mr. Cho is now responsible for the production operation of acrylic knitted fabric and developing materials for plush toys.

Mr. Dong Wook Cha, aged 45, is the Head of accounting and administration department of the Company. Mr. Cha has over seven years of experience in the field of accounting from his employments with Dongkook Trading Co. and Hyundai Heavy Industrial Co., Ltd. He joined C & H Korea on 1 February 1986 and has been working in the accounting and administration department of the Group since 1996.

柳贊博士，41歲，一九八九年於美國麻省劍橋市之麻省理工學院畢業，持有電機工程及計算機科學學士學位。彼於一九九一年取得麻省理工學院核子工程碩士學位。彼於一九九五年獲麻省理工學院頒授核子工程博士學位。柳博士曾於國際顧問公司麥健時公司 (McKinsey & Company, Inc.) 位於美國芝加哥及韓國首爾(前稱漢城)之辦事處任職，獲得超逾四年之顧問經驗。於二零零零年，柳博士成立McQs, (於韓國首爾(前稱漢城)註冊成立)，為韓國製造業公司提供商業顧問服務，從而達到世界級卓越經營水平，而自當時起柳博士一直擔任該公司行政總裁一職。柳博士於二零零四年九月三十日獲委任為本公司之獨立非執行董事。

高級管理人員

金溶國先生，57歲，香港正潤玩具有限公司(「香港正潤」)之副總裁，於一九八七年六月一日加盟本集團，負責香港正潤之日常運作及管理。

曹萬辰先生，64歲，希安琦玩具之執行常務董事，於丙烯酸針織布製造方面具有豐富經驗。彼於一九九七年五月一日加盟本集團，同年協助本集團成立希安琦毛絨，以將業務擴展至丙烯酸針織布。曹先生目前負責丙烯酸針織布之生產及毛絨玩具所需之材料研究。

車東旭先生，45歲，本公司會計及行政部主管。曾任職Dongkook Trading Co. 及Hyundai Heavy Industrial Co., Ltd，積逾七年會計經驗。於一九八六年二月一日加盟C & H 韓國，自一九九六年起在本集團之會計及行政部門工作。

Directors and Senior Management 董事及高級管理人員

Company Secretary

Mr. Wilson W. S. Wong, aged 41, is a fellow member of the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Wong obtained his master degree in professional accountancy from the Polytechnic University of Hong Kong in 2002. He joined the Group on 20 September 2001.

公司秘書

黃偉盛先生，41歲，香港公司秘書公會、特許秘書及行政人員公會、香港會計師公會及英國特許公認會計師公會之資深會員。黃先生於二零零二年自香港理工大學取得專業會計碩士學位。黃先生於二零零一年九月二十日加入本集團。

Report of the Directors 董事會報告書

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2005.

Principal place of business

Dream International Limited ("the company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 8/F., Tower 5, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

Principal activities

The principal activities of the company are the design, development, manufacturing and sale of plush stuffed and steel and plastic toys and investment holding. The principal activities and other particulars of the subsidiaries are set out in note 16 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the company and its subsidiaries ("the group") during the financial year are set out in note 12 to the financial statements.

Major customers and suppliers

The information in respect of the group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

The largest customer	最大客戶
Five largest customers in aggregate	五大客戶總和
The largest supplier	最大供應商
Five largest suppliers in aggregate	五大供應商總和

董事會全人謹將截至二零零五年十二月三十一日止年度的年報及經審核財務報表呈覽。

主要營業地點

德林國際有限公司(「本公司」)乃一間在香港成立及註冊之公司，其註冊辦事處及主要營業地點位於香港九龍尖沙咀廣東道33號中港城第5座8樓。

主要業務

本公司的主要業務是設計、發展、生產及銷售毛絨玩具及鋼材和塑膠玩具，以及投資控股。各附屬公司的主要業務及其他詳情載列於財務報表附註16。

本公司及各附屬公司(「本集團」)於本財政年度的主要業務及經營地區分析載列於財務報表附註12。

主要客戶及供應商

本集團於本財政年度的主要客戶及供應商分別佔本集團銷售及採購總額的資料如下：

Percentage of the group's total

佔本集團總額百分比

Sales	Purchases
銷售	採購

The largest customer	最大客戶	44.2%	
Five largest customers in aggregate	五大客戶總和	71.0%	
The largest supplier	最大供應商		7.7%
Five largest suppliers in aggregate	五大供應商總和		18.9%

Report of the Directors 董事會報告書

Major customers and suppliers (Continued)

At no time during the year have the directors, their associates or any shareholder of the company (which to the knowledge of the directors owns more than 5% of the company's share capital) had any interest in these major customers and suppliers.

Financial statements

The loss of the group for the year ended 31 December 2005 and the state of the company's and the group's affairs as at that date are set out in the financial statements on pages 54 to 183.

Transfer to reserves

Loss attributable to shareholders, before dividends, of HK\$36,470,000 (2004 (restated): Profit of HK\$49,051,000) has been transferred to reserves. Other movements in reserves are set out in note 28 to the financial statements.

No interim dividend (2004: 3.0 HK cents per share) was declared and paid in 2005. The directors did not recommend a final dividend (2004: 6.0 HK cents) in respect of the year ended 31 December 2005.

Fixed assets

Details of the movements in fixed assets are set out in note 13 to the financial statements.

Share capital

Details of the movements in share capital of the company during the year are set out in note 28(c) to the financial statements. Shares were issued during the year on exercise of share options.

There were no purchases, sales or redemptions of the company's shares by the company or any of its subsidiaries during the year.

主要客戶及供應商 (續)

於本年度內任何時間，本公司各董事、與董事有聯繫人士或任何股東（據董事所知，持有本公司股本5%以上者）均沒有擁有這些主要客戶及供應商的任何權益。

財務報表

本集團截至二零零五年十二月三十一日止年度之虧損以及本公司及本集團於該日的財政狀況載於第54頁至第183頁之財務報表內。

轉撥至儲備

股東應佔虧損（未扣除股息）為36,470,000港元（二零零四年（重列）：溢利49,051,000港元）已轉入儲備。其他儲備變動載於財務報表附註28。

二零零五年並無派發中期股息（二零零四年：3.0港仙）。董事不建議派發截至二零零五年十二月三十一日止年度末期股息（二零零四年：6.0港仙）。

固定資產

固定資產之變動詳情載於財務報表附註13。

股本

本公司於年內股本變動之詳情載於財務報表附註28(c)。年內已就購股權獲行使而發行股份。

本公司或其任何附屬公司於年內概無購買、出售或贖回本公司股份。

Report of the Directors 董事會報告書

Directors

The directors during the financial year were:

Chairman and executive director

Kyoo Yoon **Choi**

Executive directors

Tae Sub **Choi**

Young M. **Lee**

James **Wang**

(appointed on 1 April 2005)

Chul Hong **Min**

(resigned on 31 December 2005)

Independent non-executive directors

Valiant, Kin Piu **Cheung**

Cheong Heon **Yi**

Chan **Yoo**

Mrs. Shin Hee **Cha** was appointed as an executive director after the end of financial year on 24 January 2006.

Mr. Young M. Lee, Mr. Valiant, Kin Piu Cheung and Professor Cheong Heon Yi together with Mrs. Shin Hee Cha will retire at the forthcoming annual general meeting in accordance with articles 101 and 92 respectively of the company's articles of association and, being eligible, offer themselves for re-election.

Directors' service contracts

The service contract of Mr. Valiant, Kin Piu Cheung, the independent non-executive director, was renewed by the board of directors on 22 October 2005 for a term of 2 years commencing on 22 October 2005.

The service contract of Professor Cheong H. Yi, the independent non-executive director, was renewed by the board of directors on 22 November 2005 for a term of 2 years commencing on 22 November 2005.

Mr. Chan Yoo, the independent non-executive director, was appointed by the board of directors on 20 September 2004 for a term of 2 years commencing on 30 September 2004.

Their remuneration is determined by the board of directors on the anniversary of the dates of their appointments.

董事

本財政年度內的董事會成員如下：

主席兼執行董事

崔奎琬

執行董事

崔泰燮

李泳模

王傳泳

(於二零零五年四月一日獲委任)

閔詰泓

(於二零零五年十二月三十一日辭任)

獨立非執行董事

張建標

李政憲

柳贊

於財政年度結算日後，車信熙女士於二零零六年一月二十四日獲委任為執行董事。

分別根據本公司之公司章程細則第101及92條，李泳模先生、張建標先生、李政憲博士及車信熙女士將於即將召開的股東週年大會依章告退，惟符合資格並願意膺選連任。

董事服務合約

獨立非執行董事張建標先生之服務合約已於二零零五年十月二十二日獲董事會重續，年期由二零零五年十月二十二日起計為期兩年。

獨立非執行董事李政憲博士之服務合約已於二零零五年十一月二十二日獲董事會重續，年期由二零零五年十一月二十二日為期兩年。

獨立非執行董事柳贊先生已於二零零四年九月二十日獲董事會重新委任，任期由二零零四年九月三十日起計為期兩年。

他們之薪酬乃董事會於在他們獲委任滿一週年時釐定。

Report of the Directors 董事會報告書

Directors' service contracts (Continued)

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

The directors and chief executive of the company who held office at 31 December 2005 had the following interests in the shares of the company, its holding company, subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) at that date as recorded in the register of directors' and chief executive's interests required to be kept by the company under section 352 of the SFO or notified to the company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers:

(i) Interests in issued shares

董事服務合約 (續)

擬於即將召開的股東週年大會中候選連任的董事概無與本公司或其任何附屬公司訂立於一年內不可在不予賠償(一般法定義務除外)的情況下終止的尚未屆滿服務合約。

董事及最高行政人員擁有股份、相關股份及債權證之權益及淡倉

遵照《證券及期貨條例》第352條須備存之董事及最高行政人員權益及淡倉登記冊顯示，或本公司及香港聯合交易所有限公司(「香港聯交所」)根據《上市發行人董事進行證券交易之標準守則》獲得之通知，於二零零五年十二月三十一日擔任本公司董事及最高行政人員職務之人士於該日擁有本公司、其控股公司、附屬公司及其他相聯法團(須符合《證券及期貨條例》所載的定義)有關股份的權益如下：

(i) 於已發行股份之權益

Ordinary shares of US\$0.01 each
每股面值0.01美元之普通股數目

		Personal interests (Note 1)	Family interests	Corporate interests	Trustee interests	Total number of shares held	Percentage of total issued shares
		個人權益 (附註1)	家族權益	公司權益	受託人權益	持有股份總數	佔已發行股份總數的百分比
Beneficial Interests	實益權益						
The company	本公司						
- Kyoo Yoon Choi	- 崔奎琬	-	-	455,000,000 (Note 2) (附註2)	-	455,000,000	68.06%
- Chul Hong Min (resigned on 31 December 2005)	- 閔詰泓 (於二零零五年十二月三十一日辭任)	3,900,000	-	-	-	3,900,000	0.58%
- Tae Sub Choi	- 崔泰燮	585,000	-	-	-	585,000	0.09%
- Young M. Lee	- 李泳模	1,740,000	-	-	-	1,740,000	0.26%
C & H Co., Ltd	C & H Co., Ltd						
- Kyoo Yoon Choi	- 崔奎琬	189,917	124,073 (Note 3) (附註3)	-	-	313,990	61.03%
- Chul Hong Min (resigned on 31 December 2005)	- 閔詰泓 (於二零零五年十二月三十一日辭任)	14,212	-	-	-	14,212	2.76%
- Tae Sub Choi	- 崔泰燮	5,685	-	-	-	5,685	1.10%

Report of the Directors 董事會報告書

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures (Continued)

(i) Interests in issued shares (Continued)

Notes:

- (1) The shares are registered under the names of the directors and chief executive who are the beneficial owners.
- (2) Kyoo Yoon Choi in his own name holds approximately 36.91% of the issued share capital of C & H Co., Ltd ("C & H Korea"), together with his wife, Woul Hee Cha, hold approximately 61.03% of the issued share capital of C & H Korea which owned 382,850,000 shares in the company. In addition, Kyoo Yoon Choi beneficially owns 100% of interest of Uni-Link Technology Limited which owned 72,150,000 shares of the company.
- (3) The wife of Kyoo Yoon Choi, Woul Hee Cha, holds approximately 24.12% of the issued share capital of C & H Korea.

(ii) Interests in underlying shares

The directors and chief executive of the company have been granted options under the company's share option scheme, details of which are set out in the section "Share option scheme" below.

Apart from the foregoing, none of the directors and chief executive of the company or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the company, and of its holding company, subsidiaries or other associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

董事及最高行政人員擁有股份、相關股份及債權證之權益及淡倉 (續)

(i) 於已發行股份之權益 (續)

附註：

- (1) 股份乃以作為實益擁有人之董事及最高行政人員之名義登記。
- (2) 崔奎琬以其個人名義持有 C & H Co., Ltd (「C&H韓國」) (擁有本公司382,850,000 股股份) 之已發行股本約36.91%，並連同其妻子車月姬持有 C & H 韓國之已發行股本約 61.03%。另外，崔奎琬實益擁有 Uni-Link Technology Limited 之 100%權益，而該公司則擁有本公司 72,150,000 股股份。
- (3) 崔奎琬之妻子車月姬持有 C & H 韓國之已發行股本約24.12%。

(ii) 相關股份之權益

本公司董事及最高行政人員已根據本公司之購股權計劃獲授購股權，有關詳情載於下文「購股權計劃」一節。

除上文所述者外，遵照《證券及期貨條例》第352條備存之登記冊顯示，或按照《上市發行人董事進行證券交易之標準守則》以其他方式向本公司具報，本公司董事及最高行政人員或任何他們的配偶或未滿十八歲之子女均沒有擁有本公司、其控股公司、附屬公司或其他相聯法團之股份、相關股份或債權證權益或持有股份的淡倉。

Report of the Directors 董事會報告書

Share option scheme

The company has a share option scheme which was adopted on 22 January 2002 whereby the directors of the company are authorised, at their discretion, to invite employees of the group, including directors of any company in the group, to take up options to subscribe for shares of the company. The exercise price of the options is the highest of (i) the nominal value of the shares, (ii) the closing price of the shares on the SEHK on the date of grant and (iii) the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The options may be exercised progressively after one to three years from the date of grant and are exercisable for a period to be notified by the directors to each option holder upon the grant of the option. Such period will not exceed ten years from the date on which the option is granted.

The maximum number of shares which may be issued upon the exercise of all outstanding options and yet to be exercised under the share option scheme shall not exceed 30% of the issued share capital of the company from time to time. Subject always to the above overall limit, the directors may grant options under the share option scheme, generally and without further authority, in respect of such number of shares which may be issued upon exercise of all options to be granted under the share option scheme not exceeding 10% of the issued share capital of the company as at 7 February 2002, being the date on which the company's shares were listed on the SEHK. For the purpose of calculating the above, options lapsed in accordance with the share option scheme shall not be counted.

購股權計劃

本公司於二零零二年一月二十二日採納一項購股權計劃。據此，本公司董事獲授權酌情邀請本集團之僱員（包括本集團任何成員公司之董事）接受購股權以認購本公司股份。購股權之行使價為：(i) 股份之票面值；(ii) 股份於購股權授予當日於香港聯交所錄得的收市價；及(iii) 股份於緊接購股權授予當日前五個營業日在香港聯交所錄得的平均收市價三者之最高數額。購股權可於授予日期後起計之一至三年後逐步行使，行使期在董事會授出購股權時通知各購股權持有人，惟該等期間不可超出購股權授出日期起計十年。

於行使所有根據購股權計劃已授出惟未行使購股權時可能發行之股份總數量最多不得超過本公司不時已發行股本之30%。在一直遵守以上總限額之情況下，董事可在一般及不再有進一步授權情況下根據購股權計劃授出購股權，惟於行使根據購股權計劃將予授出之所有購股權時可能發行之股份數目，不超過本公司於二零零二年二月七日（即本公司股份在香港聯交所上市日期）已發行股本之10%。就計算上述股份數目而言，根據購股權計劃而失效之購股權將不在計算之列。

Report of the Directors 董事會報告書

Share option scheme (Continued)

The total number of securities available for issue under the share option scheme as at 31 December 2005 was 46,471,000 shares (including options for 22,631,000 shares that have been granted but not yet lapsed or exercised) which represented 6.95% of the issued share capital of the company at 31 December 2005. In respect of the maximum entitlement of each participant under the scheme, the number of securities issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the company's ordinary shares in issue.

As at 31 December 2005, the directors and employees of the company had the following interests in options to subscribe for shares of the company (market value per share at 31 December 2005 was HK\$0.58) granted at nominal consideration under the share option scheme of the company. The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of par value US\$0.01 each of the company.

購股權計劃 (續)

於二零零五年十二月三十一日，根據購股權計劃可予發行之證券總數為46,471,000股股份（包括涉及22,631,000股股份已授出但尚未失效或獲行使之購股權），佔本公司於二零零五年十二月三十一日已發行股本之6.95%。根據各名參與者於該計劃下可獲分配之最高配額，於任何十二個月期間，因購股權獲行使而已發行及將發行者予各名參與者之證券數目已被限制為本公司已發行普通股之1%。

於二零零五年十二月三十一日，本公司董事及僱員於根據本公司購股權計劃以象徵式代價授出可認購本公司股份（於二零零五年十二月三十一日之每股市場價值為0.58港元）之購股權中持有以下權益。購股權並未上市。每份購股權賦予其持有人權利認購本公司一股每股面值0.01美元之普通股。

Report of the Directors 董事會報告書

Share option scheme (Continued)

購股權計劃 (續)

	No. of options outstanding as at 1 January 2005	No. of options outstanding as at 31 December 2005	Date granted	Period during which options exercisable (Note 1)	Exercise price per share	*Market value per share at date of grant of options	No. of shares acquired on exercise of options during the year	*Weighted average closing price immediately before the date on which the options were exercised	No. of options lapsed during the year (Note 2)
	於二零零五年 一月一日 未行使之 購股權數目	於二零零五年 十二月三十一日 未行使之 購股權數目	授予日期	可行使 購股權期間 (附註1)	每股行使價	於購股權 授出日期 每股股份 市場價值	年內因行使 購股權而認購 之股份數目	緊接購股權獲 行使日期前 之加權 平均收市價	年內失效之 購股權數目 (附註2)
Directors 董事									
Chul Hong Min (resigned on 31 December 2005) 閔誌泓 (於二零零五年 十二月三十一日辭任)	2,600,000	2,600,000	7 February 2002 二零零二年二月七日	7 February 2003 to 7 February 2012 二零零三年二月七日至 二零一二年二月七日	HK\$1.18 1.18港元	HK\$1.20 1.20港元	-	-	-
Young M. Lee 李泳模	1,560,000	1,360,000	7 February 2002 二零零二年二月七日	7 February 2003 to 7 February 2012 二零零三年二月七日至 二零一二年二月七日	HK\$1.18 1.18港元	HK\$1.20 1.20港元	200,000	HK\$1.20 1.20港元	-
Tae Sub Choi 崔泰燮	1,365,000	1,365,000	15 April 2003 二零零三年四月十五日	15 April 2004 to 15 April 2013 二零零四年四月十五日至 二零一三年四月十五日	HK\$1.43 1.43港元	HK\$1.42 1.42港元	-	-	-
James Wang 王清冰	520,000	520,000	7 February 2002 二零零二年二月七日	7 February 2003 to 7 February 2012 二零零三年二月七日至 二零一二年二月七日	HK\$1.18 1.18港元	HK\$1.20 1.20港元	-	-	-
Employees in aggregate 僱員	5,461,000	4,681,000	7 February 2002 二零零二年二月七日	7 February 2003 to 7 February 2012 二零零三年二月七日至 二零一二年二月七日	HK\$1.18 1.18港元	HK\$1.20 1.20港元	780,000	HK\$1.20 1.20港元	-
	455,000	455,000	15 April 2003 二零零三年四月十五日	15 April 2004 to 15 April 2013 二零零四年四月十五日至 二零一三年四月十五日	HK\$1.43 1.43港元	HK\$1.42 1.42港元	-	-	-
	11,650,000	11,650,000	2 January 2004 二零零四年一月二日	2 January 2005 to 2 January 2014 二零零五年一月二日至 二零一四年一月二日	HK\$1.87 1.87港元	HK\$1.85 1.85港元	-	-	-
	<u>23,611,000</u>	<u>22,631,000</u>					<u>980,000</u>		

Report of the Directors 董事會報告書

Share option scheme (Continued)

- * being the weighted average closing price of the company's ordinary shares immediately before the dates on which the options were granted or exercised, as applicable.

Notes:

- (1) The maximum percentage of the share options which may be exercised is determined in stages as follows:

On or after 1st year anniversary of the date of grant 授出日期起計一週年或其後	30%
On or after 2nd year anniversary of the date of grant 授出日期起計二週年或其後	another 30% 另外30%
On or after 3rd year anniversary of the date of grant 授出日期起計三週年或其後	another 40% 另外40%

- (2) Pursuant to the condition of the share option scheme, any unexercised number of options granted to any employee will lapse three months after the employee ceases employment relationship with the company.

- (3) The options granted to the directors are registered under the names of the directors who are also the beneficial owners.

The life of the above granted share options is ten years commencing on the date on which an option is granted in accordance with the scheme.

The estimated fair value of the share options that were granted after 7 November 2002 but which had not vested on 1 January 2005 are recognised in the financial statements over the relevant vesting periods according to the HKFRS 2.

購股權計劃 (續)

- * 即本公司普通股緊接購股權授出或行使(如適用)當日之前之加權平均收市價。

附註：

- (1) 規定分階段可行使之購股權之最高數額百分比如下：

Percentage of share options granted 授出購股權百分比

On or after 1st year anniversary of the date of grant 授出日期起計一週年或其後	30%
On or after 2nd year anniversary of the date of grant 授出日期起計二週年或其後	another 30% 另外30%
On or after 3rd year anniversary of the date of grant 授出日期起計三週年或其後	another 40% 另外40%

(2) 根據購股權計劃之條件，授予任何僱員而尚未行使之任何購股權將於該等僱員不再為本公司僱員三個月後失效。

(3) 授予董事之購股權乃以董事之名義註冊，並以董事為實益擁有人。

上述授出之購股權之年期由根據該計劃授出購股權日期起為期十年。

於二零零二年十一月七日授出但於二零零五年一月一日尚未歸屬之購股權乃根據香港財務報告準則第2號於有關歸屬期間內在財務報表確認。

Report of the Directors 董事會報告書

Share option scheme (Continued)

Information on the accounting policy for share options granted and the weighted average value per option is provided in note 1(q)(iii) and note 26 to the financial statements respectively.

Apart from the foregoing, at no time during the year was the company, any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the director of the company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares of the company

As at 31 December 2005, the following substantial shareholders' interests were recorded in the register required to be kept by the company under section 336 of the SFO as holding 5% or more of the issued share capital of the company:

購股權計劃 (續)

所授予購股權之會計政策及每項購股權之加權平均價分別載於附註1(q)(iii)及附註26。

除上文所述者外，本公司、任何其控股公司、附屬公司或同系附屬公司概無於年內任何時間訂立任何安排，致使本公司任何董事或彼等之任何配偶或十八歲以下之子女可藉購入本公司或任何其他法團之股份或債權證而獲益。

大股東及其他人士擁有本公司股份及相關股份之權益及淡倉

於二零零五年十二月三十一日，下列主要股東權益已記錄於本公司根據《證券及期貨條例》第336條備存之登記冊，列為於本公司已發行股本中持有5%或以上權益：

Name	名稱	Percentage	
		Ordinary shares held	of total issued shares
		所持有之普通股	佔全部已發行股份百分比
C & H Co., Ltd.	C & H Co., Ltd.	382,850,000	57.27%
Uni-Link Technology Limited	Uni-Link Technology Limited	72,150,000	10.79%
Kyoo Yoon Choi (Note 1)	崔奎琬 (附註1)	455,000,000	68.06%
Arisaig Greater China Fund	Arisaig Greater China Fund	45,318,000	6.78%
Arisaig Partners (Mauritius) Limited (Note 2)	Arisaig Partners (Mauritius) Limited (附註2)	45,318,000	6.78%
Lindsay William Ernest Cooper (Note 3)	Lindsay William Ernest Cooper (附註3)	45,318,000	6.78%

Report of the Directors 董事會報告書

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares of the company (Continued)

Notes:

- (1) Kyoo Yoon Choi, together with his wife, Woul Hee Cha, hold approximately 61.03% of the issued share capital of C & H Korea and Kyoo Yoon Choi beneficially owns 100% of the issued share capital of Uni-Link Technology Limited. Kyoo Yoon Choi is considered to have deemed interests in the 455,000,000 ordinary shares as to approximately 68.06% of the issued shares of the company.
- (2) Arisaig Partners (Mauritius) Limited is the fund manager of Arisaig Greater China Fund.
- (3) Lindsay William Ernest Cooper is deemed interested through his indirect 33.33% beneficial interest in Arisaig Partners (Mauritius) Limited.

Apart from the foregoing, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the company.

大股東及其他人士擁有本公司股份及相關股份之權益及淡倉 (續)

附註：

- (1) 崔奎琿連同其妻子車月姬持有C & H 韓國之已發行股本約61.03%，而崔奎琿實益擁有Uni-Link Technology Limited 已發行股本之100%權益。崔奎琿被視為持有455,000,000股普通股，佔本公司已發行股份約68.06%。
- (2) Arisaig Partners (Mauritius) Limited 為 Arisaig Greater China Fund 之基金經理。
- (3) Lindsay William Ernest Cooper 被視為透過其於 Arisaig Partners (Mauritius) Limited 之33.33%間接實益權益而擁有權益。

除上文所述者外，本公司概無接獲通知，有關須記錄於按照本公司根據《證券及期貨條例》第336條備存之登記冊之其他權益。

Report of the Directors 董事會報告書

Directors' interests in contracts

Apart from the related party transactions as disclosed in note 31 to the financial statements, no contract of significance to which the company, any of its holding company, subsidiaries or fellow subsidiaries was a party, 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.

Directors' interests in competing business

During the year ended 31 December 2005, C & H Korea and its subsidiaries excluding the group ("C & H Korea group"), as set out below, are principally engaged in the business of ownership of a building in Seoul, a leather goods and accessories agency, fabric and textile manufacturing in Sri Lanka through its wholly owned subsidiary Jung Yoon Textiles (Private) Limited, plastic sheet manufacturing in Vietnam through its subsidiary KTI Corporation and investment holding. Mr. Chul Hong Min, Mr. Tae Sub Choi and Mr. Kyoo Yoon Choi are deemed to be interested in these businesses some of which may compete with the group's businesses as they are shareholders of C & H Korea and Mr. Kyoo Yoon Choi is also a director of C & H Korea.

董事在合約的利益

除根據財務報表附註31所披露之關聯人士交易外，本公司、任何其控股公司、附屬公司或同系附屬公司於年結時或於本年度內任何時間，並無訂立任何本公司董事於當中直接或間接擁有關鍵性利益關係之重要合約。

董事於競爭性業務之權益

於截至二零零五年十二月三十一日止年度，C & H韓國及其附屬公司（不包括本集團）（「C & H韓國集團」）（如下文所載）從事的業務為擁有首爾（前稱漢城）一座樓宇、一家皮具及配飾代理商，透過其全資附屬公司Jung Yoon Textiles (Private) Limited在斯里蘭卡製造布料及紡織品、透過附屬公司KTI Corporation於越南生產塑膠片及投資控股。由於閔詰泓先生、崔泰燮先生及崔奎玠先生為C & H韓國之股東而崔奎玠先生亦為C & H韓國之董事，故彼等均被視為於此等業務（其中部分可能與本集團業務構成競爭）佔有權益。

Report of the Directors 董事會報告書

Directors' interests in competing business 董事於競爭性業務之權益 (Continued) (續)

Name of company 公司名稱	Nature of competing business 競爭業務的性質	Remarks 備註
C & H Lanka (PVT) Ltd. ("C & H Lanka")	<p>C & H Lanka is wholly owned subsidiary of C & H Korea. The directors of C & H Lanka are Mr. Kyoo Yoon Choi, Ms. Shin Hee Cha, and Mr. Young Dae Noh. C & H Lanka was engaged in the manufacturing of plush stuffed toys in Sri Lanka. C & H Lanka is undergoing winding-up procedure and the local court has appointed liquidators Mr. J. David & M.S. Jayawickrama of MS SMJS Associates as directors of the company.</p> <p>C & H Lanka為C & H韓國之全資附屬公司。C & H Lanka之董事為崔奎玠先生、車信熙女士及盧泳大先生。C & H Lanka於斯里蘭卡從事毛絨玩具製造業務。C & H Lanka正進行清盤程序，當地政府已委派清盤人MS SMJS Associates之J. David先生及M.S. Jayawickrama為該公司之董事。</p>	<p>Pursuant to the Deed of Undertaking*, C & H Lanka agreed not to engage or otherwise be involved in any business which competes or is likely to compete with the group's business in any of the regions that the group engages business in. Its business was limited to production of quota related plush stuffed toys and orders that could not be handled by the group.</p> <p>根據承諾契據*，C & H Lanka同意不會在本集團經營所在之任何一個地區從事或參與任何與本集團業務構成或可能構成競爭之業務。其業務局限於生產配額相關毛絨玩具以及本集團未能應付之訂單。</p>
Jung Yoon Textiles (Private) Ltd. ("JY Textile")	<p>JY Textile is wholly owned subsidiary of C & H Korea. The directors of JY Textile are Mr. Kyoo Yoon Choi and Mr. Kyung Soon Song. JY Textile is engaged in the manufacturing and dyeing of fabrics.</p> <p>JY Textile為C & H韓國之全資附屬公司。JY Textile董事為崔奎玠先生及宋吉淳先生。JY Textile從事製造布料及染製布料之業務。</p>	<p>JY Textile is engaged in manufacturing of fabrics and dyeing of fabrics for local customers in Sri Lanka.</p> <p>JY Textile從事為斯里蘭卡本土客戶製造布料及染製布料之業務。</p>

Report of the Directors 董事會報告書

Directors' interests in competing business

(Continued)

董事於競爭性業務之權益

(續)

Name of company 公司名稱	Nature of competing business 競爭業務的性質	Remarks 備註
<p>Yujin Robot Co., Ltd. ("Yujin Robot") (formerly known as Gina World Co., Ltd.)</p> <p>Yujin Robot Co., Ltd. (「Yujin Robot」) (「前稱「Gina World Co., Ltd.」)</p>	<p>Yujin Robot is listed on the Korea Securities Dealers Automated Quotation market in Korea. After the merger with Yujin Robotics Co., Ltd in December 2005, Gina World Co., Ltd. ("Gina World") was no longer a subsidiary of C & H Korea and was renamed Yujin Robot. Yujin Robot is owned as to 8.78% by C & H Korea and 8.83% by Mr. Kyoo Yoon Choi. The directors of Yujin Robot are Mr. Kyoo Yoon Choi (resigned on 24 March 2006), Mr. Kyung Chul Shin, Mr. Seong Ju Park, Mr. Sang Hee Jung, Mr. Eui Tae Chang (resigned on 27 March 2006) and Mrs. Jeong Hye Han. Yujin Robot holds certain rights to marketing and distribution of character licensed toys products in Korea and focuses on the marketing and distribution of character licensed toy products in the Korean market.</p>	<p>Gina World is a customer of the group and its business is delineated geographically with the group as it focuses on marketing and distribution of certain character licensed toy products in Korea. After the merger, it will also engage in designing, manufacturing and marketing of domestic, industrial and entertainment robots. Pursuant to the Deed of Undertaking*, C & H Korea agreed to procure Gina World to first offer all customers' orders for the production of plush stuffed toys directly or indirectly by it to the group on normal commercial terms after arm's length negotiation.</p>
	<p>Gina World在韓國證券交易商自動報價系統市場上市於二零零五年十二月與Yujin Robotics Co., Ltd.合併後，Gina World Co., Ltd. (「Gina World」) 不再被視為C & H韓國之附屬公司，並易名為Yujin Robot，Yujin Robot由C & H韓國擁有8.78%，崔奎琬先生擁有8.83%。Yujin Robot之董事為崔奎琬先生(於二零零六年三月二十四日辭任)、申慶澈先生、朴性州先生、鄭相熙先生、韓程惠女士(於二零零六年三月二十七日辭任)及Jeong Hye Han女士。Yujin Robot持有若干項於韓國營銷及分銷角色造型特許玩具產品之特許權，並專注於韓國市場推銷及分銷角色造型特許玩具產品之業務。</p>	<p>Gina World為本集團客戶，其與本集團在業務地區範圍而言並無重疊，並專注於在韓國推銷及分銷若干角色造型特許玩具產品。於合併後，其將從事家用、工業及娛樂機械人之設計、製造及分銷。根據承諾契據*，C & H韓國同意促使Gina World首先將本身所有毛絨玩具直接或間接生產之客戶訂單轉介本集團，並按一般商業條款公平磋商進行。</p>

Report of the Directors 董事會報告書

Directors' interests in competing business (Continued)

The transactions with the above companies are set out in the paragraph headed "Connected transactions".

- * *In relation to the listing of the company's shares on the Main Board of the SEHK, C & H Korea has entered into the Deed of Undertaking in favour of the company to effect that for so long as C & H Korea and its associates are beneficially interested, directly or indirectly, whether individually or taken together, in 30% or more of the issued capital of the company, C & H Korea will not, and C & H Korea will procure that none of its subsidiaries, other than the group, will engage or otherwise be involved in any business which competes or is likely to compete, either directly or indirectly, with any of the restricted business in any of the regions in which the group engages in and undertakes the restricted business (such regions include the People's Republic of China ("PRC"), Taiwan, Europe, the US and Japan). Such an undertaking shall extend to all subsidiaries of C & H Korea, except for the group.*

Application of proceeds from capital raising

The group raised approximately HK\$175 million, net of related expenses, from the new issue and placing of 162,500,000 new shares of the company at HK\$1.2 per share in February 2002. The company's shares were successfully listed on the SEHK on 7 February 2002. The directors have been carefully looking for suitable opportunities and timing to apply the net proceeds in line with the proposed application as set out in the company's prospectus dated 29 January 2002 and have no intention so far as to change the ways of its usages.

The remaining net proceeds from the new issue and the placing are currently placed on deposits with financial institutions and/or licensed banks in Hong Kong.

董事於競爭性業務之權益 (續)

上述公司的交易載於「關連交易」一段。

- * 就本公司股份於香港聯交所主板上市，C & H韓國為本公司訂立承諾契據，在C & H韓國及其聯繫人士仍分別或共同直接或間接實益擁有本公司已發行股本30%或以上權益之情況下，C & H韓國不會，並將促使其附屬公司(本集團除外)不會從事或參與任何直接或間接與本集團經營限制業務所在地區(包括中華人民共和國(「中國」)、台灣、歐洲、美國及日本)內的任何限制業務構成或可能構成競爭的業務。除本集團外，該項承諾申延至C & H韓國的所有附屬公司。

集資所得款項之運用

本公司於二零零二年二月以發售新股及配售方式按每股股份1.2港元之價格發行162,500,000股本公司新股份，扣除相關費用後集資淨額約175,000,000港元。本公司股份於二零零二年二月七日於香港聯交所成功上市。董事一直審慎物色適當機會及時機，以按照本公司於二零零二年一月二十九日刊發之招股章程所載之建議用途運用所得款項淨額，迄今為止董事無意改變該等款項之運用方式。

發售新股及配售之其餘所得款項淨額現作為存款存放於香港之金融機構及／或持牌銀行。

Report of the Directors 董事會報告書

Continuing connected transactions

During the year, the group entered into the following continuing connected transactions with C & H Korea group as defined in the Rules Governing the Listing of Securities on the Main Board of the SEHK (“the Listing Rules”):

- (1) The group sold plush stuffed toys and steel and plastic toys to Yujin Robot (formerly Gina World), who in turn sold those products to their ultimate customers. These transactions were entered into on an arm’s length basis and on terms no less favorable to the group than those available to independent third parties.

On 8 August 2005, the group entered into a sales and purchase agreement with Yujin Robot in the ordinary and usual course of business of the group which sets out an annual sales cap of HK\$14,000,000 for each of the three years ending 31 December 2007.

During the year ended 31 December 2005, the amount of sales to Yujin Robot while it was a connected person amounted to HK\$10,377,000 (2004: HK\$10,898,000). Yujin Robot ceased to be a connected person on 2 December 2005 following the change in its ownership as described in the section “Directors’ interests in competing business” above.

持續關連交易

本集團於年度內，與C & H 韓國集團進行下列持續關連交易(定義見《香港聯交所主板證券上市規則》(「上市規則」))：

- (1) 本集團向Yujin Robot(前稱Gina World)銷售毛絨玩具及金屬與塑膠玩具，而Yujin Robot將該等產品轉售予其最終客戶。該等交易乃按公平原則磋商並按本集團獲提供不遜於獨立第三方獲提供之條款而訂立。

於二零零五年八月八日，本集團於集團一般及日常業務過程中與Yujin Robot訂立銷售及購買協議，以載列截至二零零七年十二月三十一日止三個年度之年度銷售上限為14,000,000港元。

於截至二零零五年十二月三十一日止年度，向Yujin Robot(當其尚為關聯人士)之銷售額為10,377,000港元(二零零四年：10,898,000港元)。Yujin Robot繼其擁有權有變後，於二零零五年十二月二日不再為關聯人士，詳見上文「董事於競爭性業務之權益」一節。

Report of the Directors 董事會報告書

Continuing connected transactions 持續關連交易 (續)

(Continued)

(2) On 26 October 2005, the group renewed its property lease agreement with C & H Korea for Dream Inko Co., Ltd ("Dream Inko")'s principal place of business in Seoul, Korea. The property lease agreement is renewable upon its expiry in July 2006. The terms of the property lease agreement were agreed after arm's length negotiation by reference to enquiries made with other landlords, tenants and real estate agents in the proximity area.

During the year ended 31 December 2005, the rental paid amounted to HK\$7,038,000 (2004: HK\$5,438,000).

The directors, including the independent non-executive directors, of the company have reviewed the continuing connected transactions and confirmed that the continuing connected transactions were entered into:

- (i) in the ordinary and usual course of business;
- (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the group than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the company as a whole.

The company has issued press announcements in respect of the above continuing connected transactions regarding sales to Yujin Robot and rental paid to C & H Korea on 26 November 2004, 8 August 2005 and 26 October 2005 respectively.

(2) 於二零零五年十月二十六日，本集團就 Dream Inko Co., Ltd. (「Dream Inko」)位於韓國首爾之主要營業地點與C & H韓國重續物業租賃協議。待該物業租賃協議於二零零六年七月屆滿後，該協議可予重續。該物業租賃協議之條款乃按公平原則磋商後釐定，並已參考向毗鄰地區其他業主、租戶及地產代理作出之查詢。

於截至二零零五年十二月三十一日止年度，所繳付之租金達7,308,000港元(二零零四年：5,438,000港元)。

本公司董事(包括獨立非執行董事)已審閱持續關連交易，並確認：

- (i) 在一般及日常業務中訂立；
- (ii) 按一般商業條款進行；或如無足夠可比較之交易判斷是否按一般商業條款訂立，則按不遜於獨立第三者給予或所獲之條款訂立；及
- (iii) 根據規管該等交易之有關協議，並按公平合理及符合本公司股東之整體利益之條款進行。

本公司已就上述關於向Yujin Robot銷售及向C & H韓國支付租金之關連交易分別於二零零四年十一月二十六日、二零零五年八月八日及二零零五年十月二十六日發表報章公佈。

Report of the Directors 董事會報告書

Continuing connected transactions 持續關連交易 (續)

(Continued)

The directors have requested the auditors of the Company to perform certain agreed upon procedures on the continuing connected transactions and have received a letter from the auditors stating their findings that the continuing connected transactions:

- (i) have received the approval of the Company's board of directors;
- (ii) were in accordance with the pricing policies of the Company;
- (iii) have been entered into in accordance with the relevant agreements governing the continuing connected transactions; and
- (iv) have not exceeded the relevant caps for the year ended 31 December 2005, as set out in the Company's previous press announcements.

董事已要求本公司核數師對持續關連交易進行若干已協定之程序，董事已接獲核數師函件，當中載有彼等之發現，即持續關連交易：

- (i) 已接獲本公司董事會之批准；
- (ii) 符合本公司之定價政策；
- (iii) 根據管理持續關連交易之相關協議訂立；及
- (iv) 並未超越本公司於之前報章公佈所述之截至二零零五年十二月三十一日止年度之相關上限。

Sufficiency of public float

Based on the information that is publicly available to the company and within the knowledge of the directors of the company as at the date of this annual report, the company has maintained the prescribed public float under the Listing Rules.

充足公眾持股量

按於本年報日期可公開所得之資料及據本公司董事所知，本公司已遵照上市規則維持最低公眾持股量。

Bank loans and other borrowings

Particulars of bank loans and other borrowings of the company and the group as at 31 December 2005 are set out in note 24 to the financial statements.

銀行貸款及其他借款

本公司及本集團於二零零五年十二月三十一日之銀行貸款及其他借款詳情載於財務報表附註24。

Five year summary

A summary of the results and of the assets and liabilities of the group for the last five financial years is set out on pages 184 to 186 of the annual report.

五年概要

本集團於過去五個財政年度之業績及資產與負債概要載於本年報第184至186頁。

Report of the Directors 董事會報告書

Retirement schemes

The group participates in a defined benefit retirement plan which covers the group's Korean employees.

The group also operates a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance, and participates in various defined contribution retirement plans organised by the relevant authorities for its employees in the PRC.

Particulars of these retirement schemes are set out in note 25 to the financial statements.

Confirmation of independence

The company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Young M. Lee

Director

Hong Kong, 12 April 2006

退休計劃

本集團參與一項涵蓋本集團之韓國僱員之界定利益退休計劃。

本集團按照香港《強制性公積金計劃條例》的規定，為根據香港《僱傭條例》聘用的僱員設立強制性公積金計劃，並安排中國僱員參與多項由有關當局管理之界定供款退休計劃。

該等退休計劃之詳情載於財務報表附註25。

獨立性確認

本公司已接獲獨立非執行董事根據上市規則第3.13條作出之年度獨立性確認，並認為所有獨立非執行董事皆為獨立。

核數師

畢馬威會計師事務所即將告退，惟符合資格並願膺選連任。重新委聘畢馬威會計師事務所為本公司核數師的決議案，將於即將召開的股東週年大會上提出。

承董事會命

李泳模

董事

香港，二零零六年四月十二日

The board of directors of the Company (the “Board”) believes that corporate governance is essential to the sustainable success of the Company and trust that all stakeholders of the Company can benefit from better transparency and accountability of a high standard of corporate governance.

With effect from 1 January 2005, the Company has applied the principles and complied with code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), except for certain deviations in respect of the service term and rotation and re-election of directors. To ensure compliance with the CG Code, the Board has undertaken to review and propose the necessary amendments to the provision of the Articles of Association of the Company to bring the constitution of the Company in alignment with certain provisions of the CG Code. Special resolution is proposed in the coming annual general meeting of the Company to amend the Articles of Association of the Company so that (i) any director appointed to fill a casual vacancy shall be subject to re-election by Shareholders at the Company’s next following general meeting after the appointment rather than the Company’s next following annual general meeting after the appointment, (ii) every director shall be subject to retirement by rotation at least once every three years and directors holding office as the Chairman of the Board or the Managing Director shall also be subject to retirement by rotation and (iii) the Company may remove any Director by an ordinary resolution instead of special resolution.

Save the abovementioned deviations, none of the directors of the Company is aware of information that would reasonably indicate the Company is not or was not for the year under review, in compliance with the code provisions set out in the CG Code.

本公司董事會（「董事會」）深信，良好企業管治是公司持續取得成功的必要元素，並且確信，高水平的企業管治所具備的高度透明及問責的特點，將令公司全體利益關係者得益。

由二零零五年一月一日起，除關於董事任期及輪替和重選方面以外，本公司已應用香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄14所載之企業管治常規守則（「企業管治守則」）內之守則條文，並遵行其規定。為確保遵從企業管治守則，董事會已開始檢討並提議對本公司章程細則條文作必要修改，使本公司的章程與企業管治守則內若干條文可並行不悖。本公司會在其即將舉行之股東週年大會上，提呈特別決議案修訂本公司章程細則，據此：(i)獲委任填補臨時空缺的董事，均須於委任之後的下一期本公司股東大會（而非委任之後的下一屆股東週年大會）備選連任；(ii)每位董事必須最少每三年輪值告退，出任董事會主席或常務董事的董事亦須依章輪流告退；及(iii)本公司可通過普通決議案（而非特別決議案）罷免任何董事。

除上述者外，本公司董事並不知悉有任何資料合理顯示本公司於回顧年度未有或曾經未有遵守企業管治守則的守則條文。

Directors' Securities Transactions

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. All the directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

Board of Directors

As at 31 December 2005, the Board consisted of five executive directors, namely Mr. Kyoo Yoon Choi (Chairman), Mr. Chul Hong Min (President and CEO), Mr. Tae Sub Choi (Vice President and COO), Mr. Young M. Lee (Executive Managing Director and CFO) and Mr. James Wang, and three independent non-executive directors ("INEDs") (collectively the "Directors"), namely Mr. Valiant Kin Piu Cheung, Professor Cheong Heon Yi and Dr. Chan Yoo. There is no financial, business, family or other material/relevant relationship between the Directors. The principal functions of the Board are to supervise the management of the business and affairs; to approve the strategic plans, investment and funding decision; to review the Group's financial performance and operative initiatives. The role of INEDs is to bring an independent and objective view to the Board's deliberations and decisions. Mr. Valiant Cheung was a retired audit partner of KPMG and Professor Yi is currently teaching financial accounting and corporate governance in the Accountancy faculty of the Hong Kong Polytechnic University. The Board considers either of them has profound professional qualifications and expertise in accounting and financial management in compliance with the Rule 3.10 (2) of the Listing Rules. Dr. Yoo was a business consultant with Mckinsey & Company, Inc. and is running his own business consultancy in Korea providing world-class operational excellence to manufacturing sector. The Board considers they are of sufficient calibre and number for their independent views to carry weight. The Company has received from each of the INEDs, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent.

董事證券交易

本公司已採納上市規則內之上市發行人董事進行證券交易之行事守則（「標準守則」）。所有董事均已確認，彼等於整個年度內一直遵守標準守則所載之準則要求。

董事會

於二零零五年十二月三十一日，董事會成員包括五位執行董事，即崔奎琬先生（主席）、閔喆泓先生（總裁及行政總監）、崔泰燮先生（副總裁及營運總監）、李泳模先生（執行常務董事及財務總監）及王傳泳先生；以及三位獨立非執行董事（統稱「董事」），即張建標先生、李政憲教授及柳贊博士。各董事之間並無財務、業務、家族或其他重大／相關之關係。董事會的主要功能是監督經營及業務管理、審批策略建議、作出投資及融資決定，以及檢討本集團的財務表現及經營方針。獨立非執行董事的職責是將獨立客觀的意見帶入董事會的商議及決策過程。張建標先生為畢馬威會計師事務所之榮休核數部門合夥人，李政憲教授現於香港理工大學會計學系教授財務會計及企業管治。董事會認為，彼等各人均具備深厚的會計及財務管理專業資歷和專門知識，並符合上市規則第3.10(2)條。柳博士曾為麥健時公司之業務顧問，現在韓國從事本身之業務顧問，為製造業提供商業顧問服務從而達到世界級頂尖營運水平。董事認為彼等之獨立意見有足夠份量在董事會發揮影響力。本公司已接獲各獨立非執行董事根據上市規則第3.13條提交之年度確認函。本公司認為所有獨立非執行董事均具獨立地位。

Board of Directors (Continued)

The Board will conduct meeting on a regular basis and on an ad hoc basis so far as the business required. The Board held a total of four board meetings during the year. The INEDs may take independent professional advice at the Company's expense in carrying out their functions. The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each regular board meeting. At least 14 days notice of a regular board meeting is given to all directors to give them the opportunity to attend. Board papers are dispatched to the directors at least 3 days before the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting.

董事會 (續)

董事會定期召開會議，亦會在公司業務有需要時召開特別會議。年內董事會共舉行四次會議。獨立非執行董事在履行職務時可諮詢獨立專業意見，相關費用由公司承擔。在每次常規會議前，董事會獲高級管理層提供與董事會處理及決定之事項相關之資料，亦獲提供與集團營運及財務表現相關之報告。舉行董事會常規會議前，會向各董事發出最少14天通告，讓彼等有機會預留時間出席。董事會會議文件最少在開會前三天寄發予董事，確保彼等有足夠時間審閱文件並就會議有充足預備。

Directors' attendance at the Board meetings during the year:

年內董事出席董事會會議之記錄：

Name of director	董事姓名	Number of attendance	出席會議次數
Kyoo Yoon Choi (Chairman)	崔奎琓 (主席)	1/4	
Chul Hong Min (resigned on 31 December 2005)	閔喆泓 (於二零零五年十二月三十一日辭任)	3/4	
Tae Sub Choi	崔泰燮	4/4	
Young M. Lee	李泳模	4/4	
James Wang (appointed on 1 April 2005)	王傳泳 (於二零零五年四月一日獲委任)	3/4	
Valiant, Kin Piu Cheung	張建標	4/4	
Cheong Heon Yi	李政憲	4/4	
Chan Yoo	柳贊	4/4	

Delegation by the Board

The Board is responsible for determining the overall strategy and approving the annual business plan of the Group, and ensuring the business operations are properly planned, authorised, undertaken and monitored. All policy matters of the Group, material transactions where there is conflict of interests, considered as being notifiable or connected transactions with meaning ascribed to by the Listing Rules from time to time should be reserved to the decision of the Board.

The Board has delegated functions that are necessary and incidence to carry out the decision of the Board or to facilitate the day-to-day operation of the Group in ordinary course of business to the executive management and divisional heads of different business units under the instruction/supervision of Chief Executive Officer, Chief Financial Officer and Chief Operation Officer. The Board and the management will also seek advice from the Audit Committee and Remuneration Committee. These committees are mainly composed of and chaired by INEDs. In case of urgency, executive management is empowered to make any decisions in prompt response to the any opportunities and threats that might arise from time to time. However, those emergency decisions or any other exceptional decisions made by management should be reported back to the Board for ratification as soon as practical.

The three independent non-executive directors are persons of high calibre, with academic and professional qualifications in the fields of finance, accounting, consulting and business management. With their experience gained from senior positions held in other companies, they provide valuable support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive director gives an annual confirmation of his independence to the Company, and the Company considers these directors to be independent under Rule 3.13 of the Listing Rules. These three INEDs comprise the Audit and Remuneration Committees formed by the Board.

董事會授權

董事會負責定出本集團整體策略及批准年度業務計劃，並確保業務經營的妥善計劃、授權、承辦及監察。本集團之所有政策事務，存在利益衝突的重要交易、視作須予公佈或關連交易（根據上市規則不時指定之涵義）的重大交易，均要交由董事會下決定。

董事會已授權各業務單位之行政管理人員及部門主管，於一般業務過程中，在行政總監、財務總監及營運總監的指示／督導之下負起執行董事會的決定或協調本集團日常運作之職能。董事會及管理層亦會尋求審核委員會及薪酬委員會的意見。此等委員會主要由獨立非執行董事組成，而主席亦為獨立非執行董事擔任。在緊急情況下，行政管理人員獲賦予權力，可對不時出現的機會或危機迅速下決定。然而，該些由管理層作出的緊急決定或特別決定須盡快向董事會匯報以便追認。

三位獨立非執行董事均極具才幹，在財務、會計、顧問及商業管理各範疇擁有學術及專業資歷。加之彼等在其他公司擔任高層職位所累積的經驗，對董事會有效地履行其職責上提供有力的支持。各獨立非執行董事已根據上市規則第3.13條的規定，就其獨立性向本公司作出年度確認，本公司認為該等董事確屬獨立人士。該三位獨立非執行董事組成董事會設立之審核及薪酬委員會。

Chairman and Chief Executive Officer

The post of Chairman and Chief Executive Officer ("CEO") are separate and are not held by the same individual to ensure their independence, accountability and responsibility. The Chairman of the Board, Mr. Kyoo Yoon Choi, is responsible formulating the strategic planning, business development, overall leadership and effective running of the Board, by ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner.

Mr. Chul Hong Min, the CEO, supported by other chief executives, is delegated with the authority and responsible for running the Group's business, and implementation of the Group's strategy in achieving the overall commercial objectives. Upon the resignation of Mr. Min on 31 December 2005, the current duties of the CEO is temporarily shared by other executive directors and key executives except the Chairman until a suitable successor is found by the Company.

Nomination, Appointment and Re-election of Directors

The Company does not have a Nomination Committee. The Board as a whole is responsible for the procedure of agreeing to the appointment of its members and for nominating appropriate person for election by shareholders at the general meeting, either to fill a casual vacancy or as an addition to the existing directors.

Those directors appointed by the Board during the year shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election. The circular dispatched to the shareholders before the general meeting contains, inter alia, detailed information on election of directors including detailed biographies of all directors standing for election or re-election to ensure shareholders to make an informed decision on their election.

主席及行政總監

主席及行政總監(「行政總監」)之職能已分開，及並非由同一人擔任，以確保兩個職位之獨立性、問責及職責分明。董事會主席崔奎琬先生負責制定策略計劃、業務發展、整體領導，並確保董事會適時而積極地討論所有重大及恰當的事項，達致董事會的有效運作。

行政總監閔喆泓先生獲授予權力，在其他主要行政人員支援下，負起管理本集團業務及執行本集團策略之責任，以求實現其整體經營目標。繼閔喆泓先生於二零零五年十二月三十一日呈辭後，行政總監一職現時由本公司其他執行董事及行政要員(主席除外)分擔，直至本公司覓得適當繼任人為止。

提名、委任及重選董事

本公司並無設立提名委員會。議定委任董事的程序及提名適當人士供股東在股東大會選舉為替補董事及新增董事，均由全體董事會負責。

於本年度獲董事會委任的董事，任期僅至本公司下屆股東週年大會為止，屆時將可膺選連任。於股東大會前寄發予股東之通函，其中載有關於選舉董事的詳盡資料包括所有候選新任或連任董事的詳細履歷，確保股東就選舉董事作知情決定。

Nomination, Appointment and Re-election of Directors (Continued) 提名、委任及重選董事 (續)

The Company has fixed the term of appointment for non-executive directors. Moreover, they are also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

According to the Articles of Association, one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation at each annual general meeting. Moreover, the chairman of the Board and/or managing director and/or joint managing director and/or deputy managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire at each annual general meeting. The above practice deviates from the provision A.4.2 of the CG Code, which requires all directors appointed to fill casual vacancy be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, be subject to retirement by rotation at least once every three years. Having reviewed the relevant provision of Articles of Association, the Board proposed to put forth a special resolution in the coming annual general meeting of the Company to amend the Articles of Association to comply with the said code provision.

本公司為非執行董事制定委任的指定任期，此外，彼等亦須根據章程細則於本公司股東週年大會上輪值告退及備選連任。

根據章程細則，於每次股東週年大會上，三分之一的董事（若董事人數並非三或三的倍數，則最接近但不超過三分之一的董事）須輪值告退。此外，董事會主席及／或本公司常務董事及／或聯席常務董事及／或副常務董事在任期間概不受輪流退任的規定所限，亦不會計算入每屆股東週年大會輪值告退的人數。上述做法偏離企業管治守則的條文A.4.2。該條文要求所有為填補臨時空缺而被委任的董事應在接受委任後的首次股東大會上接受股東選舉，而每名董事（包括有指定任期的董事）應最少每三年輪流退任一次。董事會已審核有關章程細則並建議在即將舉行的本公司股東週年大會上提呈一項修改章程細則的特別決議案，以遵守上述守則條文。

Remuneration Committee

The Remuneration Committee of the Company comprises one executive director and three INEDs. The Remuneration Committee was formed in January 2005 and meetings shall be held at least once a year. One meeting was held in 2005. The attendance of each member is set out as follows:

Directors' attendance at the Remuneration Committee meetings during the year:

Name of director	董事姓名	Number of attendance	出席會議次數
Chan Yoo (Chairman)	柳贊 (主席)	1/1	1/1
Valiant, Kin Piu Cheung	張建標	1/1	1/1
Cheong Heon Yi	李政憲	1/1	1/1
Young M. Lee	李泳模	1/1	1/1

At the meeting held during the year, the overall pay trend in Hong Kong of 2005 was reviewed and noted. The Company has adopted a share option scheme on 22 January 2002, which serves as an incentive to attract, retain and motivate talented eligible staff, including the directors. Details of the share option scheme are set out in note 26 to the financial statements. The emolument payable to directors will depend on their respective contractual terms and nature under employment contracts, if any, and as recommended by the Remuneration Committee. Details of the directors' remuneration are set out in note 7 to the financial statements. The major roles and functions of the Group's Remuneration Committee are as follows:

1. To review annually and recommend to the Board the overall remuneration policy for the directors and key senior management officers;
2. To review annually the performance of the executive directors and key senior management officers and recommend to the Board specific adjustments in remuneration and/or reward payments;

薪酬委員會

本公司的薪酬委員會包括一位執行董事及三位獨立非執行董事。薪酬委員會成立於二零零五年一月，每年最少舉行一次會議。於二零零五年舉行了一次會議，各成員的出席記錄如下：

年內董事出席薪酬委員會會議之記錄：

Name of director	董事姓名	Number of attendance	出席會議次數
Chan Yoo (Chairman)	柳贊 (主席)	1/1	1/1
Valiant, Kin Piu Cheung	張建標	1/1	1/1
Cheong Heon Yi	李政憲	1/1	1/1
Young M. Lee	李泳模	1/1	1/1

於年內舉行的會議上，薪酬委員會已審視並知悉二零零五年香港整體的薪酬趨勢。本公司於二零零二年一月二十二日採納購股權計劃，以招攬、挽留及獎勵有才幹的合資格員工(包括董事)。購股權計劃的詳情已載列於財務報表附註26。應付予董事的酬金將按其個別僱傭合約(如有)的條款及薪酬委員會的推薦來決定。董事酬金詳情已載列於財務報表附註7。本集團薪酬委員會的主要角色及功能如下：

1. 就董事、行政總裁及主要高級管理人員的整體薪酬政策每年檢討並向董事會提出建議；
2. 每年檢討執行董事及重要高級管理人員的表現，並向董事會就薪酬的特別調整及／或獎金提出建議；

Remuneration Committee (Continued)

3. To ensure that the level of remuneration for Non-executive Directors and INEDs are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board of the respective companies in the Group; and
4. To ensure that no director is involved in deciding his own remuneration.

The terms of reference of the Remuneration Committee are posted on the Company's website.

Accountability and Audit

The Management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information put forward before the approval by the Board.

The Directors acknowledge their responsibility to oversee the preparation of the financial statements for each financial period, which give a true and fair view of the state of affairs, operating results and cash flow of the Group and the Company, and announcements to shareholders. In preparing the financial statements for the year ended 31 December 2005, the directors have selected appropriate accounting policies and have applied them consistently, in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, made judgements and estimates that are prudent and reasonable. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the financial statements.

The Board acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports, other price-sensitive announcement and other financial disclosures required under the Listing Rules, and reports to the regulators.

薪酬委員會 (續)

3. 確保非執行董事及獨立非執行董事的薪酬水平與彼等於集團內個別公司所承擔的責任及對董事會有效運作所作的貢獻掛鉤；及
4. 確保沒有董事參與釐訂其本人的薪酬。

薪酬委員會的職權範圍書已載於本公司網站。

問責及審核

管理層向董事會提供該等闡釋及資料，使董事會對其須批准的財務及呈上的其他資料能作出知情評估。

董事確認，彼等之責任是為每一財政期間編製真實公允地反映本集團及本公司財政狀況、經營業績及現金流量之的財務報表，並向股東公佈。於編製截至二零零五年十二月三十一日止年度的財務報表時，董事已挑選適合的會計政策，及根據香港會計師公會所頒佈之所有適用香港財務報告準則（「香港財務報告準則」）貫徹應用該等政策，並作出審慎合理的判斷及估計。董事會並不知悉任何涉及可能會對本集團的持續經營能力造成重大疑問之事件或情況，因此，董事會仍然採用持續經營基準編製財務報表。

董事會確認，其有責任在本公司年報及中期報告、其他價格敏感公佈及上市規則規定之其他財務披露中，提供平衡、清晰及易於理解的評估，並向監管機構申報。

Audit Committee

The Audit Committee of the Company comprises three INEDs. The Audit Committee shall meet at least twice a year. Three meetings were held during the year. Brief report of the major findings raised in Audit Committee meeting are presented by the Chairman of the Audit Committee to the Board immediately in the subsequent Board meeting. The minutes of the Audit Committee meetings were circulated to the Board for noting and for action by the Board where appropriate. Both the INEDs and external auditors had also held a separate meeting without the presence of the management. The executive director Mr. Young M. Lee was invited to attend the meetings as the chief financial officer. The attendance of each member is set out as follows:

Directors' attendance at the Audit Committee meetings during the year:

Name of director	董事姓名	Number of attendance 出席會議次數
Cheong Heon Yi (Chairman)	李政憲 (主席)	3/3
Valiant, Kin Piu Cheung	張建標	3/3
Chan Yoo	柳贊	3/3
Young M. Lee	李泳模	3/3

During the meetings held in 2005, the Audit Committee had performed the following work:

- (i) reviewed the interim financial report for the six months ended 30 June 2005 and annual financial report for the year ended 31 December 2005;
- (ii) reviewed the major impact of the changes in accounting policies and practices and Listing Rules on the accounting treatment and financial reporting of the Company;
- (iii) reviewed the effectiveness of internal control system;

審核委員會

本公司的審核委員會包括三位獨立非執行董事。審核委員會每年最少舉行兩次會議，本年度舉行了三次會議。關於審核委員會會議上提出的主要結論的報告撮錄，由審核委員會主席於緊接舉行的下一次董事會會議上報告。審核委員會的會議記錄均會提交董事會傳閱及(如適用)採取行動。獨立非執行董事及外聘核數師曾舉行一次需要管理層避席下進行的單獨會議。執行董事李泳模先生曾獲邀以財務總監身份出席委員會會議。各成員的出席記錄如下：

年內董事出席審核委員會會議之記錄：

Name of director	董事姓名	Number of attendance 出席會議次數
Cheong Heon Yi (Chairman)	李政憲 (主席)	3/3
Valiant, Kin Piu Cheung	張建標	3/3
Chan Yoo	柳贊	3/3
Young M. Lee	李泳模	3/3

於二零零五年的會議內，審核委員會曾執行下述工作：

- (i) 審閱截至二零零五年六月三十日止六個月的中期財務報告及截至二零零五年十二月三十一日止年度的全年財務報告；
- (ii) 審視會計政策及慣例以及上市規則變動對本公司會計處理及財務申報的主要影響；
- (iii) 檢討內部監控制度的有效性；

Audit Committee (Continued)

- (iv) discussed the nature and scope of the external audit and reporting obligations and reviewed the external auditors' statutory audit plan;
- (v) reviewed the findings and recommendations of the management letter from the external auditors in relation to the interim review and annual audit of the Group;
- (vi) reviewed and recommended for approval by the Board the 2005 audit scope, fee and supply of any non-audit services; and
- (vii) reviewed the connected transactions entered into by the Group during the year.

The major roles and functions of the Audit Committee are as follows:

1. To consider the appointment of the external auditors, the audit fees, and any questions of resignation or dismissal of the external auditors of the Group.
2. To discuss with the external auditors the nature and scope of the audit.
3. To review the interim and annual financial statements before submission to the Board.
4. To discuss problems and reservations arising from the interim review and final audit, and any matters the auditors may wish to discuss.
5. To review the external auditors' management letters and management's response.
6. To review the Group companies' financial control, internal control and risk management systems.
7. To consider the major findings of internal investigations and management's response.

The terms of reference of the Audit Committee are posted on the Company's website.

審核委員會 (續)

- (iv) 討論外部核數及申報責任的性質和範圍，及審閱外聘核數師法定的核數計劃；
- (v) 審閱外聘核數師有關本集團中期審閱及年度審核發出的審核情況說明函件內的調查及推薦意見；
- (vi) 檢討二零零五年核數範疇、費用及提供的任何非核數服務並推薦予董事會作批准；及
- (vii) 審閱年內本集團參與的關連交易。

審核委員會的主要角色及功能如下：

1. 考慮本集團外聘核數師的委任、核數費用、外聘核數師的辭職及辭退的任何問題。
2. 與外聘核數師商討核數的性質及範疇。
3. 呈交予董事會前審閱中期及年度財務報表。
4. 就中期回顧及年終審核工作產生的問題和保留意見，及核數師欲商談的任何事項作出商討。
5. 審閱外聘核數師的審核情況說明函件及管理層的回應。
6. 審閱集團公司的內部監控及風險管理系統。
7. 考慮內部調查的主要發現及管理層的回應。

審核委員會的職權範圍已載於本公司網站。

Auditors' Remuneration

During the year under review, the remuneration paid to the Company's auditors, Messrs KPMG, is set out as follows:

核數師酬金

回顧年度內，本公司支付核數師畢馬威會計師事務所的酬金如下：

Service rendered	提供的服務	Fees paid/payable 已付／應付費用 HK\$'000 千港元
Audit services (including review of interim financial report)	核數服務(包括審閱中期財務報告)	3,772
Non-audit services i.e. taxation	非核數服務(即稅務)	293
		4,065

Communications with Shareholders and Investors

The Board recognises the importance of good communications with all shareholders. The Company's annual general meeting is a valuable forum for the Board to communicate directly with the shareholders. The Chairman of the Board as well as Chairmen of the Audit and Remuneration Committees together with the external auditors are present to answer shareholders' questions. An annual general meeting circular is distributed to all shareholders at least 21 days before the annual general meeting. It sets out the procedures for demanding and conducting a poll and other relevant information of the proposed resolutions. The Chairman explains the procedures for demanding and conducting a poll again at the beginning of the annual general meeting and (except where a poll is demanded) reveals how many proxies for and against have been filed in respect of each resolution. The results of the poll, if any, will be published in the newspapers and on the Company's website.

A key element of effective communication with shareholders and investors is the prompt and timely dissemination of information in relation to the Group. The Company has announced all its price-sensitive information, announcements, interim and annual results in a timely manner in compliance with the Listing Rules.

與股東及投資者的溝通

董事會認同與所有股東有良好的溝通最為重要，公司的股東週年大會提供理想的場合讓董事會直接與股東溝通。董事會主席以及審核委員會及薪酬委員會的主席，連同外聘核數師均會出席股東週年大會，解答股東提問。有關股東週年大會的通函於大會舉行前最少21日寄發予所有股東，通函載列要求及進行以投票方式表決的程序及其他建議的決議案的有關資料。主席將會在股東週年大會開始時再次解釋要求及進行以投票方式表決的程序及(若已要求以投票方式表決除外)透露每一項決議案已提交及代表贊成及反對的票數。以投票方式表決的結果(如有)將會在報章及本公司網站刊登。

與股東及投資者作有效的溝通，主要在於快捷及適時發佈有關集團的資訊。本公司已遵照上市規則及時地宣佈一切股價敏感的資料、公佈、中期及全年業績。

Communications with Shareholders and Investors (Continued) 與股東及投資者的溝通 (續)

The management dedicated for investor relations received interviews from and held meetings with equity research analysts, fund managers, institutional shareholders and potential investors from time to time during the year. The Company also maintains an on-going dialogue with the investing public via our bulletin board in the Company's official website so as to promptly address any causal enquiries about the Company.

負責投資者關係的管理層人員於年內不時接受證券分析員、基金經理、機構股東及有意投資者約訪並與彼等舉行會議。本公司亦透過公司正式網址內的報告板與投資大眾保持對話，以便迅速回應基於任何原因而產生有關本公司的查詢。

Voting by Poll

The Company informs the shareholders (in its circulars convening a general meeting) the procedures for voting by poll and the rights of shareholders to demand a poll to ensure compliance with the requirements on the poll voting procedures. In accordance to provision 73 of Articles of Association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- i) the chairman; or
- ii) at least three shareholders present in person or by a duly authorized corporate representative or by proxy for the time being entitled to vote at the meeting; or
- iii) any shareholder or shareholders present in person or by a duly authorized corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all shareholders having the rights to vote at the meeting; or
- iv) a shareholder or shareholders present in person or by a duly authorized corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

以投票方式表決

於其召開股東大會之通函內，本公司告知股東以投票方式表決之程序以及股東要求以投票方式表決之權利，從而確保遵守投票表決程序之規定。根據本公司之公司細則第73條，於任何股東大會上提呈大會表決之決議案須以舉手方式決定，惟投票表決可由以下人士（於宣佈舉手表決結果或撤銷任何其他投票表決之要求時或之前）要求進行：

- i) 主席；
- ii) 當時有權在大會上投票之至少三名親身出席或由正式授權公司代表或委任代表出席之股東；或
- iii) 佔在大會上擁有投票權之全體股東總投票權不少於十分之一之任何親身出席或由正式授權公司代表或委任代表出席之任何一名或以上股東；或
- iv) 持有獲賦權利可在大會上投票之本公司股份（其已繳足總額股份相等於不少於賦予該權利之所有股份已繳足總額十分之一）之任何親身出席或由正式授權公司代表或委任代表出席之任何一名或以上股東。

Voting by Poll *(Continued)*

The Company should count all proxy votes, and except where a poll is required, the chairman of a meeting should indicate to the meeting the level of proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands. The Company should ensure that votes cast are properly counted and recorded.

The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of:

- i) the procedure for demanding a poll by shareholders before putting a resolution to the vote on a show of hands; and
- ii) the detailed procedures for conducting a poll and then answer any questions from shareholders whenever voting by way of a poll is required.

以投票方式表決 *(續)*

本公司須計算所有委任代表之投票，及倘在以舉手方式表決後要求投票表決，則大會主席須向大會就每項決議案指明委任代表數目及該決議案之贊成及反對票數。本公司應確保正確計算及記錄票數。

大會主席應於大會開始前就下列提供解釋：

- i) 股東在以舉手表決方式投票前要求以投票方式進行表決之程序；及
- ii) 進行投票表決之詳細程序並在要求以投票方式進行表決時答覆股東所詢問之任何問題。

Auditors'

Report 核數師報告書

Auditors' report to the shareholders of Dream International Limited

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 54 to 183 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Hong Kong Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

致德林國際有限公司各股東 核數師報告書

(於香港註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核刊於第54至第183頁按照香港公認會計原則編製的財務報表。

董事及核數師的責任

香港《公司條例》規定董事須編製真實和公允的財務報表。在編製這些財務報表時，董事必須貫徹採用合適的會計政策，作出審慎及合理的判斷和估計，並說明任何重大背離適用會計準則的原因。

我們的責任是根據我們審核工作的結果，對這些財務報表提出獨立意見，並按照香港《公司條例》第141條的規定，僅向整體股東報告。除此以外，我們的報告書不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

意見的基礎

我們是按照香港會計師公會頒佈的《香港核數準則》進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製財務報表時所作的主要估計和判斷、所釐定的會計政策是否適合貴公司及貴集團的具體情況，以及有否貫徹運用並足夠披露這些會計政策。

Auditors'

Report 核數師報告書

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

Opinion

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

KPMG

Certified Public Accountants

Hong Kong, 12 April 2006

我們在策劃和進行審核工作時，是以取得一切我們認為必須的資料及解釋為目標，使我們能獲得充分的憑證，就財務報表是否存在重大的錯誤陳述，作合理的確定。在提出意見時，我們亦已衡量財務報表所載資料在整體上是否足夠。我們相信，我們的審核工作已為下列意見建立合理的基礎。

意見

我們認為，上述的財務報表均真實和公允地反映 貴公司及 貴集團於二零零五年十二月三十一日的財政狀況和 貴集團於截至該日止年度的虧損及現金流量，並已按照香港《公司條例》適當地編製。

畢馬威會計師事務所

執業會計師

香港，二零零六年四月十二日

Consolidated

Income Statement 綜合損益表

FOR THE YEAR ENDED 31 DECEMBER 2005 (Expressed in Hong Kong dollars)
截至二零零五年十二月三十一日止年度 (以港幣單位列示)

			2005 二零零五年	2004 二零零四年 (restated) (重列)
		Note 附註	\$'000 千元	\$'000 千元
Turnover	營業額	3&12	1,040,444	1,158,107
Cost of sales	銷售成本		(853,523)	(867,628)
Gross profit	毛利		186,921	290,479
Goodwill amortisation	商譽攤銷	15	-	(5,737)
Other revenue	其他收入	4	8,322	18,300
Other net loss	其他虧損淨額	4	(19,929)	(13,659)
Selling and distribution costs	銷售及分銷成本		(45,602)	(49,064)
Administrative expenses	行政費用		(160,079)	(177,450)
(Loss)/profit from operations	經營(虧損)/溢利		(30,367)	62,869
Finance costs	融資成本	5(a)	(3,339)	(830)
Share of profits less losses of associates	應佔聯營公司溢利減虧損		652	(142)
(Loss)/profit before taxation	除稅前(虧損)/溢利	5	(33,054)	61,897
Income tax	所得稅	6(a)	(3,416)	(12,846)
(Loss)/profit for the year	本年度(虧損)/溢利		<u>(36,470)</u>	<u>49,051</u>
Attributable to:	應佔:			
Equity shareholders of the company	本公司股東	9&28	(36,348)	49,051
Minority interests	少數股東權益	28	(122)	-
(Loss)/profit for the year	本年度(虧損)/溢利	28	<u>(36,470)</u>	<u>49,051</u>
Dividends payable to equity shareholders of the company attributable to the year:	本年度應付予本公司股東的股息:			
Interim dividend declared and paid during the year	年內已宣派中期股息	10	-	20,026
Final dividend proposed after the balance sheet date	結算日後建議分派末期股息		-	40,053
			<u>-</u>	<u>60,079</u>
(Loss)/earnings per share	每股(虧損)/盈利			
Basic	基本	11	<u>\$(0.054)</u>	<u>\$0.073</u>
Diluted	攤薄		<u>\$(0.054)</u>	<u>\$0.073</u>

The notes on pages 64 to 183 form part of these financial statements.

第64頁至第183頁的附註屬本財務報表的一部分。

Consolidated

Balance Sheet 綜合資產負債表

AT 31 DECEMBER 2005 (Expressed in Hong Kong dollars)
於二零零五年十二月三十一日 (以港幣單位列示)

		2005 二零零五年		2004 二零零四年 (restated) (重列)	
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Non-current assets	非流動資產				
Fixed assets	固定資產				
- Property, plant and equipment	- 物業、廠房及設備	13	138,589		105,349
- Interests in leasehold land held for own use under operating leases	- 根據經營租約持有自用之租賃土地權益		11,269		10,229
			149,858		115,578
Construction in progress	在建工程	14	8,501		4,864
Goodwill	商譽	15	100,154		90,559
Interest in associates	聯營公司權益	17	1,483		809
Other financial assets	其他財務資產	18	94,859		88,022
Intangible assets	無形資產	19	12,505		12,180
Deferred tax assets	遞延稅項資產	27(b)	7,460		5,122
			374,820		317,134
Current assets	流動資產				
Inventories	存貨	20	160,482		142,522
Trade and other receivables	應收賬款及其他應收款	21	176,541		171,543
Deposits with bank	銀行存款		-		7,500
Cash and cash equivalents	現金及現金等價物	22	103,128		141,866
			440,151		463,431
Current liabilities	流動負債				
Trade and other payables	應付賬款及其他應付款	23	108,720		95,446
Bank loans and overdrafts	銀行貸款及透支	24	105,568		27,016
Current taxation	本期稅項	27(a)	7,986		12,825
			222,274		135,287
Net current assets	流動資產淨值		217,877		328,144
Total assets less current liabilities carried forward	結轉資產總值減流動負債		592,697		645,278

Consolidated

Balance Sheet (Continued) 綜合資產負債表 (續)

AT 31 DECEMBER 2005 (Expressed in Hong Kong dollars)
於二零零五年十二月三十一日 (以港幣單位列示)

		2005 二零零五年		2004 二零零四年 (restated) (重列)	
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Total assets less current liabilities brought forward	承前資產總值減 流動負債		592,697		645,278
Non-current liabilities	非流動負債				
Bank loans	銀行貸款	24	-		26,600
Defined benefit retirement obligation	界定利益退休責任	25(a)	10,820		13,763
Deferred tax liabilities	遞延稅項負債	27(b)	741		926
Other financial liabilities	其他財務負債	18	23,189		-
Net assets	資產淨值		<u>557,947</u>		<u>603,989</u>
Capital and reserves	資本及儲備	28(a)			
Share capital	股本		52,019		51,942
Reserves	儲備		<u>490,930</u>		<u>552,047</u>
Total equity attributable to equity shareholders of the company	本公司股東 應佔總權益		542,949		603,989
Minority interests	少數股東權益		<u>14,998</u>		<u>-</u>
Total equity	總權益		<u>557,947</u>		<u>603,989</u>

Approved and authorised for issue by the board of directors on 12 April 2006

董事會於二零零六年四月十二日核准並許可發出。

Tae Sub CHOI

崔泰燮

Director

董事

Young M. LEE

李泳模

Director

董事

The notes on pages 64 to 183 form part of these financial statements.

第64頁至183頁的附註屬本財務報表的一部分。

Balance

Sheet 資產負債表

AT 31 DECEMBER 2005 (Expressed in Hong Kong dollars)
於二零零五年十二月三十一日 (以港幣單位列示)

		2005 二零零五年		2004 二零零四年 (restated) (重列)	
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Non-current assets	非流動資產				
Fixed assets	固定資產	13	24,141		22,684
Investments in subsidiaries	附屬公司權益	16	304,244		284,962
Interest in associates	聯營公司投資	17	1,248		1,248
Other financial assets	其他財務資產	18	93,036		85,288
			422,669		394,182
Current assets	流動資產				
Inventories	存貨	20	63,832		65,820
Trade and other receivables	應收賬款及其他應收款	21	115,968		94,850
Cash and cash equivalents	現金及現金等價物	22	26,621		92,587
			206,421		253,257
Current liabilities	流動負債				
Trade and other payables	應付賬款及其他應付款	23	88,822		114,840
Bank loans and overdrafts	銀行貸款及透支	24	58,353		11,400
Current taxation	本期稅項	27(a)	7,877		10,171
			155,052		136,411
Net current assets	流動資產淨值		51,369		116,846
Total assets less current liabilities	資產總值減流動負債		474,038		511,028
Non-current liabilities	非流動負債				
Bank loans	銀行貸款	24	-		26,600
Defined benefit retirement obligation	界定利益退休責任	25(a)	4,816		4,909
Deferred tax liabilities	遞延稅項負債	27(b)	741		858
Other financial liabilities	其他財務負債	18	23,189		-
Net assets	資產淨值		445,292		478,661
Capital and reserves	資本及儲備	28(b)			
Share capital	股本		52,019		51,942
Reserves	儲備		393,273		426,719
Total equity	總權益		445,292		478,661

Approved and authorised for issue by the board of directors on 12 April 2006

董事會於二零零六年四月十二日核准並許可發出。

Tae Sub CHOI
崔泰燮

Director
董事

Young M. LEE
李泳模

Director
董事

The notes on pages 64 to 183 form part of these financial statements.

第64頁至183頁的附註屬本財務報表的一部分。

Consolidated Statement of Changes in Equity 綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2005 (Expressed in Hong Kong dollars)
截至二零零五年十二月三十一日止年度 (以港幣單位列示)

			2005 二零零五年	2004 二零零四年 (restated) (重列)
		Note 附註	\$'000 千元	\$'000 千元
Total equity at 1 January attributable to equity shareholders of the company:	於一月一日本公司股東應佔總權益：			
As previously reported	如前呈報	28	604,546	595,277
Prior period adjustments arising from changes in accounting policies	因會計政策變動而產生的過往期間調整	28	(557)	(547)
As restated, before opening balance adjustments	期初結餘調整前重列	28	603,989	594,730
Opening balance adjustments arising from changes in accounting policies	因會計政策變動而產生的期初結餘調整	28	9,595	-
At 1 January, after prior period and opening balance adjustments	於一月一日 (已作出過往期間及期初結餘調整)	28	613,584	594,730
Net income recognised directly in equity:	於權益直接確認的淨收入：			
Exchange differences on translation of the financial statements of overseas subsidiaries	換算海外附屬公司財務報表時之匯兌差額	28	2,752	5,525
Net (loss)/profit for the year:	本年度 (虧損) / 溢利淨額：			
- As previously reported	- 如前呈報	2(a)(i)		52,927
- Prior period adjustments arising from changes in accounting policies	- 因會計政策變動而產生的過往期間調整	2(a)(i)		(3,876)
- Net (loss)/profit for the year (2004: as restated)	- 本年度 (虧損) / 溢利淨額 (二零零四年：重列)	28 & 2(a)(i)	(36,470)	49,051
Total recognised income and expense for the year (2004: as restated)	本年度已確認收入及開支總額 (二零零四年：重列)		(33,718)	54,576

Consolidated Statement of Changes in Equity (Continued) 綜合權益變動表 (續)

FOR THE YEAR ENDED 31 DECEMBER 2005 (Expressed in Hong Kong dollars)
截至二零零五年十二月三十一日止年度 (以港幣單位列示)

		Note 附註	2005 二零零五年 \$'000 千元	2004 二零零四年 (restated) (重列) \$'000 千元
Attributable to:	以下各方應佔：			
Equity shareholders of the company	本公司股東		(33,596)	54,576
Minority interests	少數股東權益		(122)	-
			<u>(33,718)</u>	<u>54,576</u>
Dividends declared or approved during the year	年內已宣派或已批准股息	10	<u>(40,111)</u>	<u>(60,079)</u>
Movements in equity arising from capital transactions with equity shareholders of the company:	與本公司股東進行資本交易產生之權益變動：			
- Shares issued under share option scheme	- 根據購股權計劃發行之股份	28	1,157	10,896
- Equity settled share-based transactions (2004: as restated)	- 以權益支付以股份為基礎之交易 (二零零四年：重列)	28 & 2(a)(i)	1,915	3,866
			<u>3,072</u>	<u>14,762</u>
Movements in equity arising from transactions between non-wholly owned subsidiaries and the minority shareholders:	非全資擁有附屬公司與少數股東進行交易產生之權益變動：			
- Capital contributions received from minority shareholders	- 已收取少數股東注資		15,120	-
			<u>15,120</u>	<u>-</u>
Total equity at 31 December	十二月三十一日權益總額		<u>557,947</u>	<u>603,989</u>
				\$'000 千元
Restatements of total recognised income and expense for the year attributable to equity shareholders of the company, arising from restatement of net profit for the year	本年度本公司股東應佔已確認收入及開支總額，因重列本年度溢利所產生的重列			<u>(3,876)</u>

The notes on pages 64 to 183 form part of these financial statements.

第64頁至第183頁的附註屬本財務報表的一部分。

Consolidated Cash Flow Statement 綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2005 (Expressed in Hong Kong dollars)
截至二零零五年十二月三十一日止年度 (以港幣單位列示)

	Note 附註	2005 二零零五年		2004 二零零四年 (restated) (重列)	
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Operating activities	經營活動				
(Loss)/profit before taxation	除稅前(虧損)/溢利	(33,054)		61,897	
Adjustments for:	調整項目:				
- Amortisation of negative goodwill	- 負商譽攤銷	-		(1,591)	
- Amortisation of positive goodwill	- 正商譽攤銷	-		7,328	
- Amortisation of land lease premium	- 土地租賃溢價攤銷	163		95	
- Share of profits less losses of associates	- 應佔聯營公司溢利減虧損	(652)		142	
- Depreciation	- 折舊	21,495		17,571	
- Interest income	- 利息收入	(6,515)		(14,531)	
- Interest expense	- 利息開支	3,339		830	
- Gain on disposal of associate	- 出售聯營公司收益	-		(259)	
- Net gain on sale of property, plant and equipment	- 出售物業、廠房及設備收益淨額	(381)		(293)	
- Loss on long-term structured deposit contract	- 長期結構式存款合約虧損	3,700		8,000	
- Changes in fair value of financial instruments	- 財務工具公允值變動	11,530		-	
- Equity settled share-based payment expenses	- 以權益支付以股份為基礎付款開支	1,915		3,866	
Foreign exchange loss	海外匯兌虧損	2,623		2,332	
Operating profit before changes in working capital carried forward	結轉營運資金變動前的經營溢利	4,163		85,387	

Consolidated Cash

Flow Statement (Continued) 綜合現金流量表 (續)

FOR THE YEAR ENDED 31 DECEMBER 2005 (Expressed in Hong Kong dollars)
截至二零零五年十二月三十一日止年度 (以港幣單位列示)

	Note 附註	2005 二零零五年		2004 二零零四年 (restated) (重列)	
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Operating profit before changes in working capital brought forward	承前營運資金變動前的經營溢利		4,163		85,387
Decrease in amounts due from fellow subsidiaries	應收同系附屬公司款項減少		8,782		673
Decrease in amounts due from associates	應收聯營公司款項減少		3,473		889
(Increase)/decrease in amount due from ultimate holding company	應收最終控股公司款項(增加)/減少		(1,254)		25
Increase in amounts due to fellow subsidiaries	應付同系附屬公司款項增加		45		2,543
Increase in amounts due to associates	應付同聯營公司款項增加		1,427		763
(Decrease)/increase in amount due to ultimate holding company	應付最終控股公司款項(減少)/增加		(686)		140
Increase in inventories	存貨增加		(17,960)		(14,905)
Increase in trade debtors, bills receivable, deposits and prepayments	應收賬款、應收票據、按金及預付款項增加		(15,999)		(16,674)
Increase/(decrease) in creditors and accrued charges	應付賬款及應計費用增加/(減少)		12,488		(14,434)
Decrease in defined benefit retirement obligation	界定利益退休責任減少		(2,943)		(310)
Cash (used in)/generated from operations carried forward	結轉經營業務(所用)/產生的現金		(8,464)		44,097

Consolidated Cash

Flow Statement (Continued) 綜合現金流量表 (續)

FOR THE YEAR ENDED 31 DECEMBER 2005 (Expressed in Hong Kong dollars)
截至二零零五年十二月三十一日止年度 (以港幣單位列示)

	Note 附註	2005 二零零五年		2004 二零零四年 (restated) (重列)	
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Cash (used in)/generated from operations brought forward	承前經營業務(所用/產生的現金)	(8,464)		44,097	
Tax paid	已付稅項				
Hong Kong profits tax paid	已付香港利得稅	(6,394)		(1,587)	
Taxation outside Hong Kong paid	已付香港以外地區稅項	(4,393)		(7,715)	
Net cash (used in)/from operating activities	經營活動(所用)/所得現金淨額		(19,251)		34,795
Investing activities	投資活動				
Interest received	已收利息	6,515		14,531	
Payment for purchase of fixed assets	購入固定資產付款	(30,948)		(33,643)	
Payment for construction in progress	在建工程付款	(27,296)		(4,864)	
Proceeds from sales of fixed assets	出售固定資產所得款項	652		433	
Proceeds from disposal of associate	出售聯營公司所得款項	-		1,170	
Proceeds from sales of investment securities	出售投資證券所得款項	-		873	
Maturity/(placement) of time deposits	到期/(新造)定期存款	7,500		(7,500)	
Maturity of long-term bank deposit	到期長期銀行存款	81,627		-	
Placement of long-term bank deposit	新造長期銀行存款	(81,627)		(31,184)	
Net cash used in investing activities	投資活動所耗現金淨額		(43,577)		(60,184)

Consolidated Cash

Flow Statement (Continued) 綜合現金流量表 (續)

FOR THE YEAR ENDED 31 DECEMBER 2005 (Expressed in Hong Kong dollars)
截至二零零五年十二月三十一日止年度 (以港幣單位列示)

	Note 附註	2005 二零零五年		2004 二零零四年 (restated) (重列)	
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Financing activities	融資活動				
Dividends paid	已付股息	(40,111)		(60,079)	
Interest paid	已付利息	(3,339)		(830)	
New bank loans	新增銀行貸款	125,285		53,616	
Repayment of bank loans	償還銀行貸款	(80,573)		(44,333)	
Capital contributions from minority shareholders	少數股東注資	15,120		-	
Proceeds from exercise of share options under share option scheme	根據購股權計劃 行使購股權 所得款項	1,157		10,896	
Net cash from/(used in) financing activities	融資活動所得/(所耗) 現金淨額		17,539		(40,730)
Net decrease in cash and cash equivalents	現金及現金等價物 減少淨額		(45,289)		(66,119)
Cash and cash equivalents At 1 January	於一月一日的現金 及現金等價物		141,866		205,185
Effect of foreign exchange rates changes	匯率變動影響		(604)		2,800
Cash and cash equivalents At 31 December	於十二月三十一日的 現金及現金等價物	22	95,973		141,866

The notes on pages 64 to 183 form part of these financial statements.

第64頁至183頁的附註屬本財務報表的一部分。

Notes to the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

1. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the group is set out below.

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs for the current and prior accounting periods reflected in these financial statements is provided in note 2.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2005 comprise the company and its subsidiaries (together referred to as the “group”) and the group’s interest in associates.

1. 主要會計政策

(a) 遵例聲明

本財務報表是按照香港會計師公會（「香港會計師公會」）頒佈的所有適用的《香港財務報告準則》（「香港財務報告準則」）（該詞泛指包括所有適用的個別《香港財務報告準則》、《香港會計準則》（「香港會計準則」）及詮釋）、香港公認會計原則及香港《公司條例》的規定編製。本財務報表同時符合適用的《香港聯合交易所有限公司證券上市規則》披露規定。以下是本集團採用的主要會計政策概要。

香港會計師公會已頒佈多項新增及修訂的《香港財務報告準則》，並於二零零五年一月一日或以後開展的會計期間正式生效或提前採納。按本財務報表所反映，於當期及過往會計期間首次應用該等新增及修訂的財務報告準則產生的會計政策變動的資料，載於附註2。

(b) 財務報表的編製基準

截至二零零五年十二月三十一日止年度的綜合財務報表，包括本公司及其附屬公司（統稱「本集團」），以及本集團於聯營公司的權益。

Notes to

the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

1. Significant accounting policies

(Continued)

(b) Basis of preparation of the financial statements (Continued)

The consolidated financial statements are presented in Hong Kong dollars, which is different from the company's functional currency of United States dollars. The company has used Hong Kong dollars as its presentation currency, in view of the fact that the company's shares are listed on The Stock Exchange of Hong Kong Limited and that the exchange rate of United States dollars and Hong Kong dollars has been relatively stable.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified as available-for-sale securities (see note 1(f)); and
- derivative financial instruments (see note 1(g)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1. 主要會計政策 (續)

(b) 財務報表的編製基準 (續)

綜合財務報表以港元呈列，但本公司的功能貨幣為美元。基於本公司股份在香港聯合交易所有限公司上市，而美元兌港元的匯率亦相對穩定，本公司採納港元作為其呈報貨幣。

除根據下文載列的會計政策所闡釋之下列資產及負債乃按公允價值列賬外，本財務報表是以歷史成本作為編製基準：

- 分類作待售證券的財務工具(見附註1(f))；及
- 衍生財務工具(見附註1(g))。

編製此等符合香港財務報告準則的財務報表需要管理層作出判斷、估計及假設，而該等判斷、估計及假設會影響政策的應用及所申報的資產及負債、收入及開支等數額。該等估計及有關假設乃根據過往經驗及管理層相信於該等情況下乃屬合理的各項其他因素為基準而作出，所得結果構成管理層就目前未能從其他來源而得出的資產及負債的賬面值所作出估計的基準。實際數字或會有別於估計數字。

Notes to the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

1. Significant accounting policies

(Continued)

(b) Basis of preparation of the financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 35.

(c) Subsidiaries and controlled entities

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the group, directly or indirectly, holds more than half of the issued share capital or controls more than half the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

1. 主要會計政策 (續)

(b) 財務報表的編製基準 (續)

本集團持續就所作估計及相關假設作出評估。會計估計的變動如僅影響當期，則有關會計估計變動將於當期確認。如該項會計估計變動影響當期及以後期間，則有關會計估計變動將於當期及以後期間確認。

管理層在應用《香港財務報告準則》時作出的判斷，如對本財務報表有重大影響及估計會在下一年度調整的重大風險，已於附註35披露。

(c) 附屬公司及受控制企業

按照香港《公司條例》規定，附屬公司是指本集團直接或間接持有其過半數已發行股本，或控制其過半數投票權，或控制其董事會組成的公司。當本公司有權直接或間接支配附屬公司的財務及經營政策，並藉此從其活動中取得利益，則這些附屬公司將視為受本公司控制。

集團於受控制附屬公司的投資自控制開始日期起在綜合財務報表中合併計算，直至控制結束日期為止。

Notes to

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

1. Significant accounting policies

(Continued)

(c) Subsidiaries and controlled entities

(Continued)

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the company. Minority interests in the results of the group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the group's interest is allocated all such profits until the minority's share of losses previously absorbed by the group has been recovered.

1. 主要會計政策 (續)

(c) 附屬公司及受控制企業

(續)

集團內部往來的餘額和集團內部交易及其產生的未變現溢利，均在編製綜合財務報表時全數抵銷。集團內部交易所產生的未變現虧損的抵銷方法與未變現溢利相同，但抵銷額只限於沒有證據顯示已轉讓資產已出現減值。

於結算日的少數股東權益是指並非由本公司直接或透過附屬公司間接擁有的股權所佔附屬公司淨資產的部份；少數股東權益在合併資產負債表及權益變動表的權益項目內區別於本公司股東應佔權益而單獨列示。少數股東應佔溢利作為本年度溢利或虧損在少數股東及本公司股東之間的分配，於綜合損益表內列示。

如果少數股東應佔的虧損超過其所佔附屬公司淨資產的權益，超過部分和任何歸屬於少數股東的進一步虧損便會沖減本集團所佔權益，但如少數股東須承擔具有約束力的義務並有能力增加投資彌補虧損則除外。附屬公司的所有其後溢利均會分配予本集團，直至本集團收回以往承擔的少數股東應佔虧損為止。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

1. Significant accounting policies

(Continued)

(c) Subsidiaries and controlled entities

(Continued)

In the company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)).

(d) Associates

An associate is an entity in which the group or company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the group's share of the associate's net assets. The consolidated income statement includes the group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investment in associates recognised for the year (see notes 1(e) and (k)).

When the group's share of losses exceeds its interest in the associate, the group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the group's interest in the associate is the carrying amount of the investment under the equity method together with the group's long-term interests that in substance form part of the group's net investment in the associate.

1. 主要會計政策 (續)

(c) 附屬公司及受控制企業

(續)

本公司資產負債表所示於附屬公司的投資，是按成本減去任何減值虧損（見附註1(k)）後入賬。

(d) 聯營公司

聯營公司是指本集團或本公司可以對其發揮重大影響力，但不是控制或聯合控制其管理層的實體；所謂發揮重大影響力包括參與其財務及經營政策。

於聯營公司的投資是按權益法記入綜合財務報表，並且先以成本列賬，然後就本集團佔該聯營公司淨資產在收購後的變動作出調整。綜合損益表包括年內本集團所佔聯營公司於收購後的稅後業績，包括本年度確認有關於聯營公司投資的商譽減值虧損（見附註1(e)及1(k)）。

當本集團對聯營公司虧損的承擔額超出本集團於該聯營公司的權益時，本集團的權益將會減至零，並且不再確認其他虧損；但如本集團須向該聯營公司承擔法定或推定義務，或代該聯營公司付款則除外。因此，本集團於聯營公司的權益是按權益法投資的賬面金額及本集團的長期權益，等同本集團實質上於聯營公司的淨投資。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

1. Significant accounting policies

(Continued)

(d) Associates (Continued)

Unrealised profits and losses resulting from transactions between the group and its associates are eliminated to the extent of the group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the company's balance sheet, its investments in associates are stated at cost less impairment losses (see note 1(k)).

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 1(k)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

Any excess of the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in profit or loss.

On disposal of a cash generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

1. 主要會計政策 (續)

(d) 聯營公司 (續)

本集團與聯營公司之間交易所產生的未實現損益，均按本集團於聯營公司所佔的權益抵銷為限；但假如未實現虧損顯示已轉讓資產出現減值，則這些未實現虧損會即時在損益表內確認。

在本公司資產負債表中，於聯營公司的投資以成本減減值虧損（見附註1(k)）列示。

(e) 商譽

商譽是指企業合併成本或於聯營公司投資超過本集團佔被收購者的可認定資產、負債及或有負債淨公允價值的數額。

商譽是以成本減累計減值虧損後列示。商譽將分配給現金產生單位及每年進行減值測試（見附註1(k)）。對於聯營公司，商譽的賬面金額包括於聯營公司的權益的賬面金額。

任何企業合併成本或於聯營公司的投資少於本集團佔被收購者的可認定資產、負債及或有負債的淨公允價值會即時在損益表確認。

如在年內出售現金產生單位或聯營公司，任何應佔購入商譽的金額均應包含在計算出售的損益內。

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1. Significant accounting policies

(Continued)

(f) Other investments in debt and equity securities

The group's and the company's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are as follows:

Non-current bank deposits are initially recognised in the balance sheet at fair value plus transaction costs. Subsequently, they are stated in the balance sheet at amortised cost less impairment losses (see note 1(k)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 1(k)).

Other investments in securities are classified as available-for-sale securities and are initially recognised at fair value plus transaction costs. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity, except for impairment losses (see note 1(k)) and, in the case of monetary items such as debt securities, foreign exchange gains and losses which are recognised directly in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

1. 主要會計政策 (續)

(f) 其他債券及股本證券投資

本集團及本公司有關債券及股本證券投資(於附屬公司及聯營公司的投資除外)的政策如下：

非即期銀行存款首先是以公允價值加交易成本於資產負債表確認。隨後會以攤銷成本減減值虧損(見附註1(k))於資產負債表列示。

當證券無法在活躍市場取得報列市價，而且不能可靠地計量公允價值時，這些投資便會以成本減去減值虧損(見附註1(k))後在資產負債表確認。

其他證券投資歸類為待售證券及首先以公允價值加交易成本列賬。公允價值會於每個結算日重計，任何衍生的收益或虧損會直接確認於權益，唯減值虧損(見附註1(k))除外。另外，貨幣性項目如債券和匯兌損益則直接確認為損益。如該投資是帶息的，計算的利息應按有效利息方法並確認在損益。如該投資已停止確認，以前在直接權益中確認的累積損益會確認為損益。

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(除另有註明者外，以港元為單位)

1. Significant accounting policies

(Continued)

(f) Other investments in debt and equity securities (Continued)

Investments are recognised/derecognised on the date the group and/or the company commits to purchase/sell the investments or they expire.

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to profit or loss.

(h) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(k)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(v)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1. 主要會計政策 (續)

(f) 其他債券及股本證券投資 (續)

投資會於本集團及／或本公司正式購買／出售該投資或到期當日確認／停止確認。

(g) 衍生財務工具

衍生財務工具首先以公允價值列賬。公允價值會於每個結算日重計。由於重計導致的公允價值變化而產生的盈虧會即時計入損益。

(h) 物業、工業裝置及設備

物業、工業裝置及設備以成本減去累計折舊及減值虧損(見附註1(k))後記入資產負債表。

自行建設的物業、工業裝置及設備項目的成本包括原料成本、直接工資、分拆費用和搬移項目及回復該地方的面貌的費用初期估算(如適用)，以及恰當比例的生產間接成本及借款費用(見附註1(v))。

報廢或出售物業、工業裝置及設備項目所帶來的收益或虧損，將按該項目的出售所得款項淨額與賬面值之間的差額釐定，並於報廢或出售當日在損益表內確認。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

1. Significant accounting policies

(Continued)

(h) Property, plant and equipment

(Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Freehold land is not depreciated.
- Buildings situated on freehold land are depreciated over their estimated useful lives, being no more than 20 years after the date of completion.
- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion.
- Leasehold improvements Over the period of the lease
- Plant and machinery 5 – 10 years
- Office equipment, furniture and fixtures 5 – 10 years
- Motor vehicles 3 – 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

1. 主要會計政策 (續)

(h) 物業、工業裝置及設備

(續)

折舊是根據物業、工業裝置及設備項目的預計可使用年限，以直線法減去其估計剩餘價值(如有)計算，以撇銷其成本，詳情如下：

- 永久業權土地不會計提折舊。
- 位於永久業權土地的樓宇按其預計可用年限(自落成日期起計不超過20年)期間折舊。
- 位於租賃土地的樓宇按其尚未屆滿租期及預計可用年限(自落成日期起計不超過20年)兩者中較短的期間折舊。
- 租賃物業裝修 按租期
- 工業裝置及機械 5至10年
- 辦公室設備、傢具及固定裝置 5至10年
- 汽車 3至10年

當一項物業、工業裝置及設備的各部份有不同的可使用年期，此項目各部份的成本值將按合理基礎分配，而每部份將作個別折舊。資產的可用年限及其剩餘價值(如適合)於每年進行檢討。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

1. Significant accounting policies

(Continued)

(i) Intangible assets

Club memberships with indefinite useful lives are stated in the balance sheet at cost less accumulated impairment losses, and are tested annually for impairment (see note 1(k)).

(j) Leased assets

(i) Classification of assets leased to the group

Leases which do not transfer substantially all the risks and rewards of ownership to the group are classified as operating leases.

(ii) Operating lease charges

Where the group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

1. 主要會計政策 (續)

(i) 無形資產

不設可使用年限的會所會籍按成本值減累計減值虧損於資產負債表列賬並每年測試是否出現減值(見附註1(k))。

(j) 租賃資產

(i) 租賃予本集團的資產的分類

不會轉移絕大部份擁有權的風險及利益予本集團的租賃乃分類為經營租賃。

(ii) 經營租賃費用

如本集團有權使用根據經營租賃持有的資產，則根據租賃作出的付款會在租賃期所涵蓋的會計期間內，以等額在損益表列作費用；但如有其他基準能更清楚地反映租賃資產所產生的收益模式則除外。經營租賃協議所涉及的獎勵措施均會在損益表中確認為租賃淨付款總額的組成部份。或然租金於產生的會計期間在損益表扣減。

根據經營租賃持有的土地的收購成本乃於租約期內以直線法攤銷。

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

1. Significant accounting policies

(Continued)

(k) Impairment of assets**(i) Impairment of investments in debt and equity securities and other receivables**

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities and current receivables that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for current receivables are reversed if in a subsequent period the amount of the impairment loss decreases. Impairment losses for equity securities are not reversed.
- For financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets).

1. 主要會計政策 (續)

(k) 資產減值**(i) 債務及股本證券投資及其他應收款的減值**

按成本值或攤銷成本列賬，或列入待售證券的債務及股本證券投資及其他即期及非即期應收款，會於各個結算日進行檢討，以判斷有否存在客觀減值證據。如存在任何上述證據，則會釐定及確認減值虧損如下：

- 就按成本值列賬的無市場報價股本證券及即期應收款而言，減值虧損按財務資產的賬面值與按類似財務資產的現行市場回報率貼現（如貼現影響重大）估計的未來現金流量的差額計算。倘於其後期間減值虧損的金額減少，則即期應收款的減值虧損可予撥回。股本證券的減值虧損概不會撥回。
- 就按攤銷成本列賬的財務資產而言，減值虧損按資產的賬面值與按財務資產最初的實際利率（即此等資產最初確認時計算所得的實際利率）估計的未來現金流量現值的差額計算。

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(除另有註明者外，以港元為單位)

1. Significant accounting policies

(Continued)

(k) Impairment of assets (Continued)

(i) Impairment of investments in debt and equity securities and other receivables

(Continued)

- If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.
- For available-for-sale securities, the cumulative loss that had been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

1. 主要會計政策 (續)

(k) 資產減值 (續)

(i) 債務及股本證券投資及其他應收款的減值 (續)

- 倘於其後期間減值虧損金額有所減少，並可客觀地與確認減值虧損後發生的事件有關連，有關減值虧損會撥回損益表。惟撥回減值虧損不可導致資產賬面值高於假設沒有在往年確認減值虧損則應已釐定的資產賬面值。
- 就待售證券而言，早前直接於權益內確認的任何累計虧損須從權益內轉回，並在損益表內確認。在損益表內確認的累計虧損為收購成本（已扣除任何本金還款及攤銷）與現行公允值兩者的差額，減去早前已在損益表內就該資產確認的任何減值虧損。

已於損益表確認的待售股本證券的減值虧損並不能轉回損益表。其後該資產公允值的任何增加須直接在權益內確認。

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1. Significant accounting policies

(Continued)

(k) Impairment of assets (Continued)

(i) Impairment of investments in debt and equity securities and other receivables

(Continued)

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- investments in subsidiaries and associates; and
- goodwill.

1. 主要會計政策 (續)

(k) 資產減值 (續)

(i) 債務及股本證券投資及其他應收款的減值 (續)

倘若待售債務證券的公允值其後的增加客觀上可聯繫至一宗發生在確認減值虧損後的事件，該債務證券的減值虧損即予轉回。此等情況下的減值虧損轉回於損益表確認。

(ii) 其他資產的減值

本集團於每個結算日對內部及外界資訊進行評估，以決定是否有任何跡象顯示下列資產可能出現減值虧損，或有任何跡象顯示過往已確認的減值虧損不再存在或已經減少：

- 物業、工業裝置及設備；
- 列作按經營租賃持有的租賃土地預付權益；
- 無形資產；
- 於附屬公司及聯營公司的投資；及
- 商譽。

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1. Significant accounting policies

(Continued)

(k) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1. 主要會計政策 (續)

(k) 資產減值 (續)

(ii) 其他資產的減值 (續)

倘出現上述任何減值跡象，則該資產的可收回金額須予以評估。此外，就商譽、尚未可使用的無形資產及並無特定可用年限的無形資產而言，其可收回數額會每年估計（不論有否出現減值跡象）。

- 計算可收回金額

資產的可收回金額按其銷售淨售價與使用價值的較高者釐定。在評估使用價值時，會採用反映當時市場對貨幣的時間值及資產特定風險評估的稅前貼現率，將估計未來現金流量貼現至現值。倘資產的現金流入基本上不能獨立於其他資產的現金流入時，則須就可獨立地產生現金流入的最小資產組合（即一個現金產生單位）確定可收回金額。

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1. Significant accounting policies

(Continued)

(k) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

- Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1. 主要會計政策 (續)

(k) 資產減值 (續)

(ii) 其他資產的減值 (續)

- 確認減值虧損

當資產或其所屬的現金產生單位的賬面金額高於其可收回金額時，便會在損益表中確認減值虧損。確認的減值虧損會首先減少該現金產生單位（或一組單位）商譽的賬面金額，然後按比例減少該單位（或一組單位）中其他資產的賬面金額，但減值不會使個別資產的賬面金額減至低於其可計量的公允價值減銷售成本，或其使用價值。

- 減值虧損轉回

除商譽外，倘用以釐定可收回金額的估計數據出現有利變動，則有關資產的減值虧損須予以轉回。

減值虧損轉回僅以該等減值虧損從未於過往年度確認時所釐定的資產賬面值為限。減值虧損轉回於確認轉回的年度計入損益表。

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1. Significant accounting policies

(Continued)

(l) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 1(k)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 1(k)).

1. 主要會計政策 (續)

(l) 存貨

存貨以成本及可變現淨值兩者中的較低數額入賬。

成本以加權平均成本法計算，其中包括所有採購成本、加工成本及運輸和將存貨變成現狀的其他成本。

可變現淨值是以日常業務過程中的估計售價減去完成生產及銷售所需的估計成本後所得之數。

所出售存貨的賬面金額在相關收入獲確認的期間內確認為支出。存貨數額撇減至可變現淨值及存貨的所有虧損，均在出現減值或虧損的期間內確認為支出。因可變現淨值增加引致存貨的任何減值轉回之數，均在出現轉回的期間內確認為已列作支出的存貨數額減少。

(m) 應收賬款及其他應收款

應收賬款及其他應收款首先以公允價值列賬，其後以攤銷成本減呆壞賬的減值虧損(見附註1(k))列賬，但如應收款屬於借予關聯人士的免息及無固定還款期的貸款或貼現影響並不重大者除外。在此等情況下，有關應收款按成本值減呆壞賬減值虧損列賬(見附註1(k))。

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1. Significant accounting policies

(Continued)

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Cash and cash equivalents

For the purpose of presentation in the balance sheet, cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity from the balance sheet date. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

1. 主要會計政策 (續)

(n) 計息借款

計息借款初步按公允價值減應佔交易成本確認。在初步確認後，計息借款按攤銷成本列賬，而成本與贖回價值的任何差額於借貸期內使用實際利率法在損益表中確認。

(o) 應付賬款及其他應付款

應付賬款及其他應付款首先以公允價值列賬，其後以攤銷成本列賬。如貼現的影響並不重大，則以成本列賬。

(p) 現金及現金等價物

就資產負債表而言，現金等價物包括銀行存款及手頭現金、存放於銀行及其他財務機構的活期存款，以及短期而流動性極高的投資項目。這些項目可以容易地換算為已知的現金數額，所須承受的價值變動風險甚小，且在結算日後三個月內到期。就編製綜合現金流量表而言，現金及現金等價物包括現金存款及手頭現金、存放於銀行及其他財務機構的活期存款，以及短期而流動性極高的投資項目。這些項目可以容易地換算為已知的現金數額，所須承受的價值變動風險甚小，且在購入後三個月內到期。就編製綜合現金流量表而言，現金及現金等價物亦包括須於通知時償還並構成本集團現金管理一部分的銀行透支。

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1. Significant accounting policies

(Continued)

(q) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit retirement plan obligations

The group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately, the expense is recognised immediately in profit or loss.

1. 主要會計政策 (續)

(q) 僱員福利

(i) 短期僱員福利及界定供款退休計劃的供款

薪金、年度獎金、有薪年假、界定供款計劃供款及各項非貨幣福利成本，均在本集團僱員提供相關服務的年度內累計。如延遲付款或結算後構成重大的貨幣時間價值，則上述數額須按現值列賬。

(ii) 界定利益退休計劃承擔

本集團就界定利益退休計劃承擔的義務淨額是按每個計劃獨立計算，計算方法是估計僱員在本期和以往期間提供服務所賺取未來福利的數額；將預期累積福利數額貼現以釐定現值；及扣除任何計劃資產的公允價值。貼現率是根據優質公司債券於結算日的收益率釐定；有關債券的到期日與本集團承擔義務的年期相若。計算工作由合資格精算師運用預期累積福利單位法進行。

如計劃所提供的福利增加，關乎僱員以往服務的福利增加部分將按直線法，在直至福利成為既定福利的平均年期內在損益表列支。如既定福利乃即時實現，會即時在損益表確認開支。

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1. Significant accounting policies

(Continued)

(q) Employee benefits (Continued)

(ii) Defined benefit retirement plan obligations (Continued)

In calculating the group's obligation in respect of a plan, if any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation of the group's net obligation results in a negative amount, the asset recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

1. 主要會計政策 (續)

(q) 僱員福利 (續)

(ii) 界定利益退休計劃承擔 (續)

在計算本集團於一項計劃所承擔之責任時，倘任何累積之未確認精算損益超出界定利益責任現值或計劃資產公平價值（以兩者中之較高者為準）之百分之十，超額部份須於參加計劃之僱員之預計平均剩餘任職年期在損益賬確認。除此之外，精算損益概不予確認。

倘在計算本集團所承擔之責任淨額時出現負數，予以確認之資產僅限於任何累積之未確認精算虧損淨額加以往服務成本及日後來自計劃之退款或日後削減之計劃供款等各項目之總和。

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1. Significant accounting policies

(Continued)

(q) Employee benefits (Continued)

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. In the company's financial statements, the fair value of share options granted to employees of subsidiaries is recognised as an increase in investments in subsidiaries with a corresponding increase in capital reserve. The fair value is measured at grant date using the binomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

1. 主要會計政策 (續)

(q) 僱員福利 (續)

(iii) 以股份為基礎的支付

授予僱員的購股權公允價值會確認為僱員成本，股本之資本儲備亦相應增加。於本公司之財務報表，授予附屬公司僱員之購股權之公允價值確認為於附屬公司之投資增加，資本儲備亦相應增加。購股權公允價值乃於授出日期使用二項式模式計量，並考慮到授出購股權的條款及條件。若僱員須先履行歸屬條件，方可無條件獲發購股權，則購股權的估計公允價值總額會分配予歸屬期間，並考慮到購股權會歸屬的可能性。

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1. Significant accounting policies

(Continued)

(q) Employee benefits (Continued)

(iii) Share-based payments (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iv) Termination benefits

Termination benefits are recognised when, and only when, the group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

1. 主要會計政策 (續)

(q) 僱員福利 (續)

(iii) 以股份為基礎的支付 (續)

於歸屬期間，預期歸屬的購股權數目會進行檢討。於過往年度確認的任何累計公允價值調整會在檢討年度扣自／計入損益賬（除非原有僱員開支合資格確認為資產），而資本儲備亦會相應調整。於歸屬日期，確認為開支的數額會作出調整，以反映歸屬購股權的實際數目（資本儲備亦會相應調整），惟只會在無法符合與本公司股份市價相關的生效條件時才會放棄行使認股權。權益數額在資本儲備中確認，直至購股權獲行使（轉入股份溢價賬）或購股權到期（直接撥入保留利潤）時為止。

(iv) 合約終止補償

合約終止補償只會在本集團根據正式、具體，且不大可能撤回的計劃終止僱員合約或根據該計劃自願遣散僱員而終止合約並作出補償時確認。

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1. Significant accounting policies

(Continued)

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1. 主要會計政策 (續)

(r) 所得稅

本年度所得稅包括本期所得稅及遞延所得稅資產和負債的變動。本期所得稅及遞延所得稅資產和負債的變動均在損益表內確認，但與直接確認為股東權益項目有關的，則確認為股東權益。

本期所得稅是按本年度應稅收入根據已執行或在結算日實質上已執行的稅率計算的預計應付稅項，加上以往年度的應付稅項的任何調整。

遞延所得稅資產和負債分別由可抵扣和應稅暫時差異產生。暫時差異是指資產和負債在財務報表上的賬面金額與這些資產和負債的計稅基礎的差異。遞延所得稅資產也可以由未利用可抵扣虧損和未利用稅款抵減產生。

1. Significant accounting policies

*(Continued)***(r) Income tax** *(Continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1. 主要會計政策 (續)

(r) 所得稅 (續)

除了某些有限的例外情況外，所有遞延所得稅負債和遞延所得稅資產（只限於很可能獲得能利用該遞延所得稅資產來抵扣的未來應稅溢利）都會確認。支持確認由可抵扣暫時差異所產生遞延所得稅資產的未來應稅溢利包括因轉回目前存在的應稅暫時差異而產生的數額；但這些轉回的差異必須與同一稅務機關及同一應稅實體有關，並預期在可抵扣暫時差異預計轉回的同一年間或遞延所得稅資產所產生可抵扣虧損可向後期或向前期結轉的期間內轉回。在決定目前存在的應稅暫時差異是否足以支持確認由未利用可抵扣虧損和稅款抵減所產生的遞延所得稅資產時，亦會採用同一準則，即差異是否與同一稅務機關及同一應稅實體有關，並是否預期在能夠使用未利用可抵扣虧損和稅款抵減撥回的同一年間內轉回。

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1. Significant accounting policies

(Continued)

(r) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

1. 主要會計政策 (續)

(r) 所得稅 (續)

不確認為遞延所得稅資產和負債的暫時差異是產生自以下有限的例外情況：不可在稅務方面獲得扣減的商譽；不影響會計或應稅溢利的資產或負債的初始確認（如屬業務合併的一部分則除外）；以及投資附屬公司（如屬應稅差異，只限於本集團可以控制轉回的時間，而且在可預見的將來不大可能轉回的暫時差異；或如屬可抵扣差異，則只限於很可能在將來轉回的差異）。

遞延所得稅額是按照資產和負債賬面金額的預期實現或清償方式，根據已執行或在結算日實質上已執行的稅率計量。遞延所得稅資產和負債均不貼現計算。

本集團會在每個結算日評估遞延所得稅資產的賬面金額。如果本集團預期不再可能獲得足夠的應稅溢利以利用相關的稅務利益，該遞延所得稅資產的賬面金額便會調低；但是如果日後又可能獲得足夠的應稅溢利，有關減額便會轉回。

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1. Significant accounting policies

(Continued)

(r) Income tax (Continued)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised. Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1. 主要會計政策 (續)

(r) 所得稅 (續)

因分派股息而額外產生的所得稅是在支付相關股息的責任確立時確認。本期和遞延所得稅結餘及其變動額會分開列示，並且不予抵銷。本期和遞延所得稅資產只會在本公司或本集團有法定行使權以本期所得稅資產抵銷本期所得稅負債，並且符合以下附帶條件的情況下，才可以分別抵銷本期和遞延所得稅負債：

- 本期所得稅資產和負債：本公司或本集團計劃按淨額基準結算，或同時變現該資產和清償該負債；或
- 遞延所得稅資產和負債：這些資產和負債必須與同一稅務機關就以下其中一項徵收的所得稅有關：
 - 同一應稅實體；或
 - 不同的應稅實體。這些實體計劃在預期有大額遞延所得稅負債需要清償或遞延所得稅資產可以收回的每個未來期間，按淨額基準實現本期所得稅資產和清償本期所得稅負債，或同時變現該資產和清償該負債。

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1. Significant accounting policies

(Continued)

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the group or the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1. 主要會計政策 (續)

(s) 準備及或有負債

倘若本集團或本公司須就已發生的事件承擔法律或推定義務，而履行該義務預期會導致含有經濟效益的資源外流，並可作出可靠的估計，便會就該時間或數額不定的負債計提準備。如果貨幣時間價值重大，則按預計履行義務所需資源的現值計列準備。

倘若含有經濟效益的資源外流的可能性不大，或是無法對有關數額作出可靠的估計，便會將該義務披露為或有負債；但假如這類資源外流的可能性極低則除外。須視乎某宗或多宗未來事件是否發生才能確定存在與否的潛在義務，亦會披露為或有負債，但假如這類資源外流的可能性極低則除外。

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1. Significant accounting policies

(Continued)

(t) Revenue recognition

Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Commission income

Commission income on sales referred to manufacturers is recognised when the goods are delivered by the manufacturers to the ultimate customers.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

1. 主要會計政策 (續)

(t) 收入確認

收入是在經濟效益可能會流入本集團，以及能夠可靠地計算收入和成本(如適用)時，根據下列基準在損益表內確認：

(i) 銷售貨品

收入在貨品送達客戶場地，而且客戶接收貨品及其所有權相關的風險及回報時確認。收入不包括增值稅或其他銷售稅，並已扣除任何營業折扣。

(ii) 佣金收入

向製造商轉介交易所得的佣金收入是在製造商向最終客戶交付貨品時確認。

(iii) 利息收入

利息收入以實際利息法於產生時確認。

(u) 外幣換算

年內以外幣進行之交易按交易日之兌換率換算。以外幣計算之貨幣性資產及負債按照結算日之市場兌換率換算。外幣換算所產生之損益，均計入損益表。

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1. Significant accounting policies

(Continued)

(u) Translation of foreign currencies

(Continued)

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

1. 主要會計政策 (續)

(u) 外幣換算 (續)

按歷史成本法以外幣計量之非貨幣性資產及負債按交易日之兌換率換算。以外幣計算之非貨幣性資產及負債以公允值列賬，並按照釐定公允值當日之市場兌換率換算。

海外業務之業績乃按接近交易日之外幣兌換率之兌換率換算為港元；資產負債表項目（包括合併在二零零五年一月一日或之前收購之海外業務產生之商譽）乃按結算日之兌換率換算為港元。換算所產生的匯兌差額乃直接於權益之個別成份內確認。因合併於二零零五年一月一日或之前收購之海外業務產生之商譽按收購海外業務當日應用之外幣兌換率換算。

出售海外業務時，有關該海外業務之匯兌差額累計額，乃於計算出售之損益時計算在內。

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1. Significant accounting policies

(Continued)

(v) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Related parties

For the purposes of these financial statements, parties are considered to be related to the group if the group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the group or of any entity that is a related party of the group.

1. 主要會計政策 (續)

(v) 借貸成本

除直接用作收購、建設或生產而需要相當長時間才可以投入原定用途或銷售的資產的借貸成本予以資本化外，借貸成本均在產生的期間內在損益表列支。

屬於合資格資產成本一部份的借貸成本在資產產生開支、借貸成本產生及使資產投入原定用途或銷售所必須的準備工作進行期間開始資本化。在使未合資格資產投入原定用途或銷售所必須的絕大部分準備工作中止或完成時，借貸成本便會暫停或停止資本化。

(w) 關聯人士

就本財務報表而言，如果本集團能夠直接或間接控制另一方人士或對另一方人士的財務及經營決策發揮重大的影響力，或另一方人士能夠直接或間接控制本集團或對本集團的財務及經營決策發揮重大的影響力，或本集團與另一方人士均受制於共同的控制或共同的重大影響下，即被視為本集團的關聯人士。關聯人士可以是個別人士(即關鍵管理人員、重要股東及／或與他們關係密切的家族成員)或其他實體，並且包括受到本集團屬於個人身份的關聯方重大影響的實體，以及為本集團或作為本集團關聯人士的任何實體的僱員福利而設的離職後福利計劃。

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1. Significant accounting policies

(Continued)

(x) Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the group's internal financial reporting system, the group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

1. 主要會計政策 (續)

(x) 分部報告

分部是指本集團內可明顯區分的組成部分，並且負責提供單項產品或服務(業務分部)或在一個特定的經濟環境中提供產品或服務(地區分部)，並且承擔着不同於其他分部的風險和回報。

按照本集團的內部財務報告系統，本集團已就編製本財務報表選擇以業務分部為報告分部信息的主要形式，而地區分部則是次要的分部報告形式。

分部收入、支出、經營成果、資產及負債包含直接歸屬某一分部，以及可按合理的基準分配至該分部的項目的數額。例如，分部資產可能包括存貨、應收賬款及物業、機器及設備。分部收入、支出、資產及負債包含須在編製綜合財務報表時抵銷的集團內部往來的餘額和集團內部交易；但同屬一個分部的集團實體之間的集團內部往來的餘額和交易則除外。分部之間的轉移事項定價按與其他外界人士相若的條款計算。

分部資本開支是指在期內購入預計可於超過一個會計期間使用的分部資產(包括有形和無形資產)所產生的成本總額。

未能分配至分部的項目主要包括財務及企業資產、帶息借款、借款、稅項餘額、企業及融資支出。

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(除另有註明者外，以港元為單位)

2. Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods beginning on or after 1 January 2005.

The accounting policies of the group and/or company after the adoption of these new and revised HKFRSs have been summarised in note 1. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in these financial statements.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 36).

(a) Restatement of prior periods and opening balances

The following tables disclose the adjustments that have been made in accordance with the transitional provisions of the respective HKFRSs to each of the line items in the consolidated income statement and balance sheet and the company's balance sheet and other significant related disclosure items as previously reported for the year ended 31 December 2004. The effects of the changes in accounting policies on the balances at 1 January 2004 and 2005 are disclosed in note 28.

2. 會計政策變動

香港會計師公會頒佈了多項新訂和經修訂的《香港財務報告準則》。該等準則在由二零零五年一月一日或以後開始之會計期間生效。

本集團及／或本公司採納該等新訂和經修訂的《香港財務報告準則》後的會計政策概要載於附註1。下文載有本財務報表所反映當前和以往會計期間各項重要會計政策修訂的資料。

本集團並無採用任何在當前會計期間尚未生效的新準則或詮釋(見附註36)。

(a) 以前期間及期初結餘重列

下表載有已按照相關《香港財務報告準則》的過渡性條文對已於截至二零零四年十二月三十一日止年度報告的綜合損益表及綜合資產負債表及本公司的資產負債表中各個項目及其他重要相關披露項目作出的調整。會計政策修訂對二零零四年和二零零五年一月一日結餘的影響載於附註28。

Notes to

the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(a) Restatement of prior periods and opening balances (Continued)

(i) Effect on the consolidated financial statements

Consolidated income statement for the year ended 31 December 2004

2. 會計政策變動 (續)

(a) 以前期間及期初結餘重列 (續)

(i) 對綜合財務報表的影響

截至二零零四年十二月三十一日止年度的綜合損益表

		2004	Effect of new policy			2004
		(as previously reported)	(decrease in profit for the year)			(as restated)
			HKFRS 2	HKAS 17	Sub-total	
			新政策的影響 (年度溢利減少)			
二零零四年 (如前呈報)	香港財務報告準則第2號 (附註2(c))	香港會計準則第17號 (附註2(f))			小計	二零零四年 (重列)
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
千元	千元	千元	千元	千元	千元	千元
Turnover	營業額	1,158,107	-	-	-	1,158,107
Cost of sales	銷售成本	(867,628)	-	-	-	(867,628)
Gross profit	毛利	290,479	-	-	-	290,479
Goodwill amortisation	商譽攤銷	(5,737)	-	-	-	(5,737)
Other revenue	其他收益	18,300	-	-	-	18,300
Other net loss	其他虧損淨額	(13,659)	-	-	-	(13,659)
Selling and distribution costs	銷售及分銷成本	(49,064)	-	-	-	(49,064)
Administrative expenses	行政費用	(173,584)	(3,866)	-	(3,866)	(177,450)
Profit from operations	經營溢利	66,735	(3,866)	-	(3,866)	62,869
Finance costs	融資成本	(830)	-	-	-	(830)
Share of profits less losses of associates	應佔聯營公司溢利減虧損	(142)	-	-	-	(142)
Profit before taxation	除稅前溢利	65,763	(3,866)	-	(3,866)	61,897
Income tax	所得稅	(12,836)	-	(10)	(10)	(12,846)
Profit attributable to equity shareholders of the company	本公司股東應佔溢利	<u>52,927</u>	<u>(3,866)</u>	<u>(10)</u>	<u>(3,876)</u>	<u>49,051</u>
Earnings per share	每股溢利					
Basic	基本	<u>\$0.079</u>	<u>(0.006)</u>	<u>-</u>	<u>(0.006)</u>	<u>\$0.073</u>
Diluted	攤薄	<u>\$0.079</u>	<u>(0.006)</u>	<u>-</u>	<u>(0.006)</u>	<u>\$0.073</u>
Other significant disclosure items:	其他重大披露項目：					
Staff costs	員工成本	(243,432)	(3,866)	-	(3,866)	(247,298)
Depreciation	折舊	(17,666)	-	95	95	(17,571)
Amortisation of land lease premium	土地租賃溢價攤銷	-	-	(95)	(95)	(95)

Notes to the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(a) Restatement of prior periods and opening balances (Continued)

(i) Effect on the consolidated financial statements (Continued)

Consolidated balance sheet at 31 December 2004

2. 會計政策變動 (續)

(a) 以前期間及期初結餘重列 (續)

(i) 對綜合財務報表的影響 (續)

於二零零四年十二月三十一日的綜合資產負債表

		2004	Effect of new policy				2004
		(as previously reported)	(increase/(decrease) in net assets)				(as restated)
			HKFRS 2	HKAS 17	HKAS 32	Sub-total	
			新政策的影響 (資產淨值增加 / (減少))				
		二零零四年 (如前呈報)	香港財務報告準則第2號 (note 2(c)) (附註2(c))	香港會計準則第17號 (note 2(f)) (附註2(f))	香港會計準則第32號 (note 2(g)) (附註2(g))	小計	二零零四年 (重列)
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
Non-current assets	非流動資產						
Property, plant and equipment	物業、廠房及設備	116,279	-	(10,930)	-	(10,930)	105,349
Interests in leasehold land held for own use under operating leases	根據經營租約持有自用之租賃土地權益	-	-	10,229	-	10,229	10,229
Deferred tax assets	遞延稅項資產	4,978	-	144	-	144	5,122
Investment securities	投資證券	12,180	-	-	(12,180)	(12,180)	-
Intangible assets	無形資產	-	-	-	12,180	12,180	12,180
Other investments	其他投資	2,734	-	-	(2,734)	(2,734)	-
Other non-current financial assets	其他非流動財務資產	-	-	-	88,022	88,022	88,022
Long-term bank deposit	長期銀行存款	85,288	-	-	(85,288)	(85,288)	-
Other non-current assets	其他非流動資產	96,232	-	-	-	-	96,232
		317,691	-	(557)	-	(557)	317,134
Current assets	流動資產	463,431	-	-	-	-	463,431
Current liabilities	流動負債	135,287	-	-	-	-	135,287
Net current assets	流動資產淨值	328,144	-	-	-	-	328,144
Total assets less current liabilities	資產總值減流動負債	645,835	-	(557)	-	(557)	645,278
Non-current liabilities	非流動負債	41,289	-	-	-	-	41,289
NET ASSETS	資產淨值	604,546	-	(557)	-	(557)	603,989
CAPITAL AND RESERVES	資本及儲備						
Attributable to equity shareholders of the company	本公司股東應佔						
Share capital and share premium	股本及股份溢價	227,755	-	-	-	-	227,755
Capital reserve	資本儲備	-	4,054	-	-	4,054	4,054
Revaluation reserve	重估儲備	589	-	(589)	-	(589)	-
Other reserves	其他儲備	20,686	-	-	-	-	20,686
Retained profits	保留溢利	355,516	(4,054)	32	-	(4,022)	351,494
		604,546	-	(557)	-	(557)	603,989

Notes to

the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(a) Restatement of prior periods and opening balances (Continued)

(ii) Effect on the company's balance sheet

Balance sheet at 31 December 2004

2. 會計政策變動 (續)

(a) 重列以往期間及期初結餘 (續)

(ii) 對本公司資產負債表的影響

於二零零四年十二月三十一日的資產負債表

		Effect of new policy (increase/ (decrease) in net assets)	
	2004 (as previously reported)	2004 (as restated)	
	二零零四年 (如前呈報)	新政策 的影響 (資產淨 值(增加) /減少) 香港財務 報告準則 第2號 (note 2(c)) (附註2(c))	二零零四年 (重列)
	\$'000 千元	\$'000 千元	\$'000 千元
Investments in subsidiaries	附屬公司投資	281,361	284,962
Other non-current assets	其他非流動資產	109,220	109,220
Net current assets	流動資產淨值	116,846	116,846
Total assets less current liabilities	資產總值減流動負債	507,427	511,028
Non-current liabilities	非流動負債	(32,367)	(32,367)
NET ASSETS	資產淨值	475,060	478,661
CAPITAL AND RESERVES	資本及儲備		
Share capital and share premium	股本及股份溢價	227,755	227,755
Capital reserve	資本儲備	-	4,054
Retained profits	保留溢利	247,305	246,852
		475,060	478,661

Notes to the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(b) Estimated effect of changes in accounting policies on the current period

The following tables provide estimates of the extent to which each of the line items in the consolidated income statement and balance sheet and the company's balance sheet and other significant related disclosure items for the year ended 31 December 2005 is higher or lower than it would have been had the previous policies still been applied in the year, where it is practicable to make such estimates.

(i) Effect on the consolidated financial statements

Estimated effect on the consolidated income statement for the year ended 31 December 2005:

2. 會計政策變動 (續)

(b) 會計政策變動對本期間的預期影響

以下報表羅列估計截至二零零五年十二月三十一日止年度之綜合損益表及資產負債表及本公司的資產負債表中各項項目及其他重大關連披露項目之增加或減少，該等數字是按假設以往之會計政策仍於本年被沿用，並在實際情況下可作出之估計。

(i) 對綜合財務報表的影響

對截至二零零五年十二月三十一日止年度綜合損益表的預期影響：

		Estimated effect of new policy ((increase)/decrease in loss for the year) 新政策的預期影響(年度虧損(增加)/減少)				Total
		HKFRS 2	HKFRS 3	HKAS 17	HKAS 32 & 39	
		香港財務報告 準則第2號 (note 2(c)) (附註2(c))	香港財務報告 準則第3號 (note 2(d)) (附註2(d))	香港會計 準則第17號 (note 2(f)) (附註2(f))	香港會計 準則第32號 及第39號 (note 2(g)) (附註2(g))	總計
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Other net loss	其他虧損淨額	-	-	-	(11,530)	(11,530)
Administrative expenses	行政開支	(1,915)	5,737	-	-	3,822
Loss before taxation	除稅前虧損	(1,915)	5,737	-	(11,530)	(7,708)
Income tax	所得稅	-	-	(10)	-	(10)
Loss for the year	年度虧損	(1,915)	5,737	(10)	(11,530)	(7,718)

Notes to

the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(b) Estimated effect of changes in accounting policies on the current period (Continued)

(i) Effect on the consolidated financial statements (Continued)

Estimated effect on the consolidated income statement for the year ended 31 December 2005:

2. 會計政策變動 (續)

(b) 會計政策變動對本期間的預期影響 (續)

(i) 對綜合財務報表的影響 (續)

對截至二零零五年十二月三十一日止年度綜合損益表的預期影響：

		Estimated effect of new policy (increase)/decrease in loss for the year 新政策的預期影響(年度虧損(增加)/減少)				
		HKFRS 2	HKFRS 3	HKAS 17	HKAS 32 & 39	Total
		香港財務報告 準則第2號	香港財務報告 準則第3號	香港會計 準則第17號	香港會計 準則第32號 及第39號	總計
		(note 2(c)) (附註2(c))	(note 2(d)) (附註2(d))	(note 2(f)) (附註2(f))	(note 2(g)) (附註2(g))	
		\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元
Loss per share	每股虧損					
Basic and diluted (note)	基本及攤薄 (附註)	\$ (0.0029)	\$ 0.0086	-	\$ (0.0173)	\$ (0.0116)
Other significant disclosure items:	其他重大披露項目：					
Staff costs	員工成本	(1,915)	-	-	-	(1,915)
Amortisation of goodwill	商譽攤銷	-	5,737	-	-	5,737
Depreciation	折舊	-	-	(163)	-	(163)
Amortisation of land lease premium	土地租賃 溢價攤銷	-	-	163	-	163

Note: Diluted loss per share for the year is the same as the basic loss per share as the potential ordinary shares outstanding during the year were anti-dilutive.

附註：本年度每股攤薄虧損與每股基本虧損一樣，此乃由於年內潛在普通股具反攤薄效應。

Notes to the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

2. Changes in accounting policies 會計政策變動 (續) (Continued)

(b) Estimated effect of changes in accounting policies on the current period (Continued)

(b) 會計政策變動對本期間的預期影響 (續)

(i) Effect on the consolidated financial statements (Continued)

(i) 對綜合財務報表的影響 (續)

Estimated effect on the consolidated balance sheet at 31 December 2005:

對於二零零五年十二月三十一日的綜合資產負債表的預期影響

		Estimated effect of new policy (increase/(decrease) in net assets) 新政策的預期影響(資產淨值增加/減少)				
		HKFRS 2	HKFRS 3	HKAS 17	HKAS 32 & 39 香港會計 準則第32號 及第39號	Total
		香港財務報告 準則第2號 (note 2(c)) (附註2(c)) \$'000 千元	香港財務報告 準則第3號 (note 2(d)) (附註2(d)) \$'000 千元	香港會計準則 第17號 (note 2(f)) (附註2(f)) \$'000 千元	香港會計 準則第32號 及第39號 (note 2(g)) (附註2(g)) \$'000 千元	總計 總計 千元
Non-current assets	非流動資產					
Property, plant and equipment	物業、廠房及設備	-	-	(11,970)	-	(11,970)
Interests in leasehold land held for own use under operating leases	根據經營租約持作自用之租賃土地權益	-	-	11,269	-	11,269
Intangible assets	無形資產	-	-	-	12,505	12,505
Investment securities	投資證券	-	-	-	(12,505)	(12,505)
Other investments	其他投資	-	-	-	(2,734)	(2,734)
Goodwill	商譽	-	15,332	-	-	15,332
Deferred tax assets	遞延稅項資產	-	-	134	-	134
Other financial assets	其他財務資產	-	-	-	14,393	14,393
		-	15,332	(567)	11,659	26,424
Non-current liabilities	非流動負債					
Other financial liabilities	其他財務負債	-	-	-	(23,189)	(23,189)
NET ASSETS	資產淨值	-	15,332	(567)	(11,530)	3,235
CAPITAL AND RESERVES	資本及儲備					
Effect attributable to equity shareholders of the company	本公司股東應佔影響					
Revaluation reserve	重估儲備	-	-	(551)	-	(551)
Capital reserve	資本儲備	5,969	-	-	-	5,969
Retained profits	保留溢利	(5,969)	15,332	(16)	(11,530)	(2,183)
		-	15,332	(567)	(11,530)	3,235

Notes to the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(b) Estimated effect of changes in accounting policies on the current period (Continued)

(i) Effect on the consolidated financial statements (Continued)

Estimated effect on amounts recognised as capital transactions with owners of the group for the year ended 31 December 2005:

Attributable to equity
shareholders of the company

本公司
股東應佔

1,915

2. 會計政策變動 (續)

(b) 會計政策變動對本期間的預期影響 (續)

(i) 對綜合財務報表的影響 (續)

對截至二零零五年十二月三十一日止年度確認與本集團股東進行股本交易的預期影響：

**Effect of
new policy
(increase)
HKFRS 2
新政策的
影響 (增加)
香港財務報告
準則第2號
(note 2(c))
(附註2(c))
\$'000
千元**

Notes to

the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外,以港元為單位)

2. Changes in accounting policies

(Continued)

(b) Estimated effect of changes in accounting policies on the current period (Continued)

(ii) Effect on the company's balance sheet

Estimated effect on the balance sheet at 31 December 2005:

2. 會計政策變動 (續)

(b) 會計政策變動對本期間的預期影響 (續)

(ii) 對本公司資產負債表的影響

對於二零零五年十二月三十一日的資產負債表的預期影響：

Estimated effect of new policy
(increase/(decrease) in net assets)
新政策的預期影響 (資產淨值增加/(減少))

		HKAS 32		
		HKFRS 2	& 39	Total
		香港財務報告 準則第2號	香港會計準 則第32號 及香港會計 準則第39號	總計
		(note 2(c)) (附註2(c))	(note 2(g)) (附註2(g))	
		\$'000	\$'000	\$'000
		千元	千元	千元
Non-current assets	非流動資產			
Investments in subsidiaries	附屬公司投資	5,350	-	5,350
Other financial assets	其他財務資產	-	11,659	11,659
		-----	-----	-----
Non-current liabilities	非流動負債			
Other financial liabilities	其他財務負債	-	(23,189)	(23,189)
		-----	-----	-----
NET ASSETS	資產淨值	<u>5,350</u>	<u>(11,530)</u>	<u>(6,180)</u>
CAPITAL AND RESERVES	資本及儲備			
Capital reserve	資本儲備	5,969	-	5,969
Retained profits	保留溢利	(619)	(11,530)	(12,149)
		-----	-----	-----
		<u>5,350</u>	<u>(11,530)</u>	<u>(6,180)</u>

Notes to

the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(b) Estimated effect of changes in accounting policies on the current period (Continued)

(ii) Effect on the company's balance sheet

(Continued)

Estimated effect on amounts recognised as capital transactions with owners of the company for the year ended 31 December 2005:

Attributable to equity shareholders
of the company

本公司
股東應佔

Effect of
new policy
(increase)
HKFRS 2
新政策之影響
(增加)
《香港財務報告
準則》第2號
(note 2(c))
(附註2(c))
\$'000
千元

166

(c) Employee share option scheme (HKFRS 2, Share-based payment)

In prior years, no amounts were recognised when employees (which term includes directors) were granted share options over shares in the company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

2. 會計政策變動 (續)

(b) 會計政策變動對本期間的預期影響 (續)

(ii) 對本公司資產負債表的影響 (續)

於截至二零零五年十二月三十一日止年度對確認為與本公司股東進行之股本交易的預期影響：

(c) 僱員購股權計劃 (《香港財務報告準則》第2號，以股份為基礎的支付款)

在以往年度，本集團毋須就授予僱員 (包括董事) 可認購本公司股份的購股權進行確認。倘僱員選擇行使購股權，股本及股份溢價之賬面值以應收之購股權行價為上限入賬。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(c) Employee share option scheme (HKFRS 2, Share-based payment)

(Continued)

With effect from 1 January 2005, in order to comply with HKFRS 2, the group has adopted a new policy for employee share options. Under the new policy, the group recognises the fair value of such share options as an expense with a corresponding increase recognised in a capital reserve within equity. Further details of the new policy are set out in note 1(q)(iii).

The new accounting policy has been applied retrospectively with comparatives restated, except that the group has taken advantage of the transitional provisions set out in HKFRS 2, under which the new recognition and measurement policies have not been applied to the following grants of options:

- (a) all options granted to employees on or before 7 November 2002; and
- (b) all options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

The adjustments for each financial statement line affected for the years ended 31 December 2004 and 2005 are set out in notes 2(a) and (b).

Details of the employee share option scheme are set out in note 26.

2. 會計政策變動 (續)

(c) 僱員購股權計劃 (《香港財務報告準則》第2號，以股份為基礎的支付款)

(續)

由二零零五年一月一日開始，為符合香港財務報告準則第2號的規定，本集團已就僱員購股權採納新政策。根據此項新政策，本集團將有關購股權的公允價值確認為開支，權益內的資本儲備亦相應增加。新政策之進一步詳情載於附註1(q)(iii)。

本集團已追溯採用新會計政策，並重列比較數字。然而，本集團亦採納了《香港財務報告準則》第2號所列的過渡性條文；據此，新確認及計量政策並不適用於下述授出購股權的情況：

- (a) 在二零零二年十一月七日或之前授予僱員的所有購股權；及
- (b) 在二零零二年十一月七日之後授予僱員但在二零零五年一月一日之前歸屬的所有購股權。

截至二零零四年及二零零五年十二月三十一日止年度，每個受影響的財務報表項目的調整載於附註2(a)及(b)。

僱員購股權的詳情載於附註26。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(d) Amortisation of positive and negative goodwill (HKFRS 3, Business combinations and HKAS 36, Impairment of assets)

Amortisation of goodwill

In prior periods:

- positive goodwill was amortised on a straight line basis over its useful life and was subject to impairment testing when there were indications of impairment; and
- negative goodwill was amortised over the weighted average useful life of the depreciable/amortisable non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases it was recognised in the consolidated income statement as those expected losses were incurred.

With effect from 1 January 2005, in order to comply with HKFRS 3 and HKAS 36, the group has changed its accounting policies relating to goodwill. Under the new policy, the group no longer amortises positive goodwill but tests it at least annually for impairment. Also with effect from 1 January 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in profit or loss as it arises. Further details of these new policies are set out in note 1(e).

2. 會計政策變動 (續)

(d) 正商譽和負商譽的攤銷 (《香港財務報告準則》第3號「企業合併」及《香港會計準則》第36號「資產減值」)

商譽攤銷

在以往年度：

- 正商譽是以直線法按可使用年期攤銷，倘出現減值跡象時則進行減值測試；及
- 負商譽按所收購可折舊／可攤銷的非貨幣資產的加權平均可用年限攤銷，以在收購當日已確定的預計未來虧損為限。在此情況下，便會在預計虧損出現時在綜合損益表內確認。

由二零零五年一月一日，為符合《香港財務報告準則》第3號和《香港會計準則》第36號的規定，本集團改變其有關商譽之會計政策。在新政策下，本集團不再攤銷正商譽，惟最少每年進行減值測試。由二零零五年一月一日起，根據香港財務報告準則第3號，倘於業務合併中所收購之資產淨值之公允價值超過已付代價(所產生之數額在之前的會計政策下稱為負商譽)，差額於產生時立即於損益賬確認。新政策之其他詳情載於附註1(e)。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(d) Amortisation of positive and negative goodwill (HKFRS 3, Business combinations and HKAS 36, Impairment of assets) (Continued)

Amortisation of goodwill (Continued)

The new policy in respect of the amortisation of positive goodwill has been applied prospectively in accordance with the transitional arrangements under HKFRS 3. The adjustments for each consolidated financial statement line affected for the year ended 31 December 2005 are set out in note 2(b).

In accordance with the transitional arrangements under HKFRS 3, the carrying amount of negative goodwill as at 1 January 2005 of \$9,595,000 has been derecognised at 1 January 2005, with a corresponding adjustment to the opening balance of retained earnings.

2. 會計政策變動 (續)

(d) 正商譽和負商譽的攤銷 (《香港財務報告準則》第3號「企業合併」及《香港會計準則》第36號「資產減值」) (續)

商譽攤銷 (續)

此項新政策已根據香港財務報告準則第3號之過渡性安排只在未來期間應用。截至二零零五年十二月三十一日止年度，每個受影響的綜合財務報表項目的調整載於附註2(b)。

根據香港財務報告準則第3號之過渡性安排，於二零零五年一月一日面值為9,595,000元之負商譽已於二零零五年一月一日撤銷確認，並於保留盈利之期初結餘作相應調整。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(e) Changes in presentation (HKAS 1, Presentation of financial statements)

Presentation of shares of associates' taxation (HKAS 1, Presentation of financial statements)

In prior years, the group's share of taxation of associates accounted for using the equity method was included as part of the group's income tax in the consolidated income statement. With effect from 1 January 2005, in accordance with the implementation guidance in HKAS 1, the group has changed the presentation and includes the share of taxation of associates accounted for using the equity method in the respective shares of profit or loss reported in the consolidated income statement before arriving at the group's profit or loss before tax. There are no material adjustments arising from the changes in presentation.

(f) Leasehold land and buildings held for own use (HKAS 17, Leases)

In prior years, leasehold land and buildings held for own use were stated at revalued amounts less accumulated depreciation and accumulated impairment losses. Movements of revaluation surpluses or deficits were normally taken to the land and buildings revaluation reserve.

2. 會計政策變動 (續)

(e) 呈列變動 (《香港會計準則》第1號，財務報表之呈列)

分佔聯營公司稅項之呈列 (《香港會計準則》第1號，財務報表之呈列)

於以往年度，本集團分佔聯營公司之稅項乃以權益法計算，並納入於綜合損益表中本集團之所得稅內。由二零零五年一月一日起，根據《香港會計準則》第1號之實施指引，本集團已改變呈列方式，在達致本集團除稅前溢利及虧損前，以權益法計算之分佔聯營公司稅項，將在綜合損益表內於集團分佔聯營公司之盈利減虧損項下扣除。呈列變動並無產生重大調整。

(f) 持作自用之租賃土地及樓宇 (《香港會計準則》第17號，租賃)

於以往年度，持作自用之租賃土地及樓宇會按重估值減累計折舊及累計減值虧損列值。重估盈餘及虧絀一般會計入土地及樓宇重估儲備。

Notes to

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(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(f) Leasehold land and buildings held for own use (HKAS 17, Leases)

(Continued)

With effect from 1 January 2005, in order to comply with HKAS 17, the group has adopted a new policy for leasehold land and buildings held for own use. Under the new policy, the leasehold interest in the land held for own use is accounted for as being held under an operating lease where the fair value of the interest in any buildings situated on the leasehold land could be measured separately from the fair value of the leasehold interest in the land at the time the lease was first entered into by the group, or taken over from the previous lessee, or at the date of construction of those buildings, if later.

Further details of the new policy are set out in notes 1(h) and (j). Any buildings held for own use which are situated on such land leases continue to be presented as part of property, plant and equipment. However, as from 1 January 2005 the buildings are also stated at cost less accumulated depreciation, rather than at fair value, to be consistent with the new policy required to be adopted for the land element.

Description of transitional provisions and effect of adjustments

All the above new accounting policies relating to leases have been adopted retrospectively. The adjustments for each financial statement line item affected for 31 December 2004 and 2005 are set out in notes 2(a) and (b). In respect of the leasehold land and buildings held for own use, it is not practicable to estimate the effect of the change on the year ended 31 December 2005.

2. 會計政策變動 (續)

(f) 持作自用之租賃土地及樓宇 (《香港會計準則》第17號，租賃) (續)

由二零零五年一月一日開始，為符合《香港會計準則》第17號的規定，本集團採納有關持作自用之租賃土地及房產之新政策。根據新政策，倘若位於租賃土地上的任何樓宇權益的公允價值能夠與本集團於首次訂立租賃時或自前度承租人接收時或有關樓宇興建日期(以較遲的時間為準)的土地使用權公允價值分開計量，則土地使用權便會列作經營租賃列賬。

新政策之進一步詳情已載於附註1(h)及(j)。任何位於該等租賃土地而持作自用之物業繼續呈列為物業、廠房及設備之一部分。然而，由二零零五年一月一日起，樓宇亦以成本減累計折舊列賬，而非以公允價值列賬，以與就土地部分採納之新政策一致。

過渡條文及調整影響之說明

所有上述有關租賃之新會計政策已追溯應用。於二零零四年及二零零五年十二月三十一日之各受影響之財務報表項目載於附註2(a)及(b)。就持作自用之租賃土地及樓宇而言，估計該新會計政策對截至二零零五年十二月三十一日止年度之影響並不實際可行。

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(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(g) Financial instruments (HKAS 32, Financial instruments: Disclosure and presentation and HKAS 39, Financial instruments: Recognition and measurement) and intangible assets (HKAS 38, Intangible assets)

With effect from 1 January 2005, in order to comply with HKAS 32 and HKAS 39, the group has changed its accounting policies relating to financial instruments to those as set out in notes 1 (f), (g), (k) and (m) to (o). Further details of the changes are as follows.

In prior years, club memberships held on a continuing basis for an identifiable long-term purpose were classified as investment securities and stated at cost less provision. Other investments in securities (including those held for trading and for non-trading purposes) were stated at fair value with changes in fair value recognised in profit or loss.

With effect from 1 January 2005, club memberships with indefinite useful lives are classified as intangible assets and carried at cost less accumulated impairment losses.

Other investments, with the exception of securities held for trading purposes and certain unquoted equity investments, are classified as available-for-sale securities and carried at fair value. Changes in the fair value of available-for-sale securities are recognised in equity, unless there is objective evidence that an individual investment has been impaired. In addition, bank deposits are stated at amortised cost less accumulated impairment losses. Further details of the new policies are set out in note 1(f).

2. 會計政策變動 (續)

(g) 財務工具 (《香港會計準則》第32號，「財務工具：披露及呈列」及《香港會計準則》第39號，「財務工具：確認及計量」) 及無形資產 (《香港會計準則》第38號，「無形資產」)

由二零零五年一月一日起，為符合《香港會計準則》第32號及《香港會計準則》第39號，本集團已將變更載於附註1(f)、(g)、(k)及(m)至(o)，有關財務工具之會計政策。變更之詳情如下。

於以往年度，按長期基準作為可識別資長期目的持有之俱樂部會籍被分類為投資證券，並按成本減撥備列賬。其他證券投資(包括持作買賣及非買賣用途者)，以公允價值入賬，公允價值之變化則於損益賬確認。

由二零零五年一月一日起，不限使用年期之俱樂部會籍被歸類為無形資產，並按成本減累計虧損減值列值。

除持作買賣用途之證券及若干非上市股本投資外，其他投資均歸類為可供出售證券，並按公允價值列值。可供出售證券之公允價值之變動於股本確認，除非有客觀證據證明個別投出現減值。此外，銀行存款按攤銷成本減累計減值虧損列值。新政策之其他資料載於附註1(f)。

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(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(g) Financial instruments (HKAS 32, Financial instruments: Disclosure and presentation and HKAS 39, Financial instruments: Recognition and measurement) and intangible assets (HKAS 38, Intangible assets)

(Continued)

As a result of adopting HKAS 39, the group has re-designated other investments with a carrying value of \$2,734,000 at 31 December 2004 as available-for-sale securities at 1 January 2005. The group has also reclassified investment securities with a carrying value of \$12,180,000 at 31 December 2004 as intangible assets at 1 January 2005.

There is no material effect on the opening balance of the fair value reserve or retained earnings at 1 January 2005 as a result of the reclassifications.

The adjustments for each financial statement line item affected for the years ended 31 December 2004 and 2005 are set out in notes 2(a) and (b).

2. 會計政策變動 (續)

(g) 財務工具(《香港會計準則》第32號，「財務工具：披露及呈列」及《香港會計準則》第39號，「財務工具：確認及計量」)及無形資產(《香港會計準則》第38號，「無形資產」)(續)

由於採用《香港會計準則》第39號，本集團已將於二零零四年十二月三十一日賬面值為2,734,400元之其他投資於二零零五年一月一日重新調配為可供出售證券。本集團亦已將於二零零四年十二月三十一日賬面值為12,180,000元之投資證券於二零零五年一月一日重新歸類為無形資產。

重新歸類對二零零五年一月一日之期初公允價值儲備或保留溢利並無重大影響。

於截至二零零四年及二零零五年十二月三十一日止年度各受影響財務報表項目之調整載於附註2(a)及(b)。

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(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(h) Retranslation of goodwill on consolidation of a foreign operation (HKAS 21, The effects of changes in foreign exchange rates)

In prior years, goodwill arising on the acquisition of a foreign operation was translated at the exchange rates ruling at the transaction dates.

With effect from 1 January 2005, in order to comply with HKAS 21, the group has changed its accounting policy relating to retranslation of goodwill. Under the new policy, any goodwill arising on the acquisition of a foreign operation is treated as an asset of the foreign operation and is retranslated at exchange rates ruling at the balance sheet date, together with the retranslation of the net assets of the foreign operation. Further details of the new policy are set out in note 1(u).

In accordance with the transitional provisions in HKAS 21, this new policy has not been adopted retrospectively and is only applied to acquisitions occurring on or after 1 January 2005. As the group has not acquired any new foreign operations since that date, the change in policy has had no impact on the financial statements for the year ended 31 December 2005.

2. 會計政策變動 (續)

(h) 重新換算合併境外業務之商譽(《香港會計準則》第21號，「匯率變動之影響」)

於以往年度，因收購境外業務產生之商譽乃按交易當日之匯率換算。

由二零零五年一月一日起，為符合《香港會計準則》第21號，本集團已改變其有關重新換算商譽之會計政策。根據新政策，任何因收購境外業務產生之商譽將被視為境外業務之一項資產，並根據結算日之匯率重新換算，連同境外業務之資產淨值之重新換算一併計算。新政策之詳情載於附註1(u)。

根據《香港會計準則》第21號過渡性條文，該項新政策並未追溯應用，並且僅會應用於二零零五年一月一日或之後進行之收購事項。由於本集團並無於該日期後收購任何新境外業務，政策變更對截至二零零五年十二月三十一日止年度之財務報表並無重大影響。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

2. Changes in accounting policies

(Continued)

(i) Definition of related parties (HKAS 24, Related party disclosures)

As a result of the adoption of HKAS 24, Related party disclosures, the definition of related parties as disclosed in note 1(w) has been expanded to clarify that related parties include entities that are under the significant influence of a related party that is an individual (i.e. key management personnel, significant shareholders and/or their close family members) and post-employment benefit plans which are for the benefit of employees of the group or of any entity that is a related party of the group. The clarification of the definition of related parties has not resulted in any material changes to the previously reported disclosures of related party transactions nor has it had any material effect on the disclosures made in the current period, as compared to those that would have been reported had SSAP 20, Related party disclosures, still been in effect.

3. Turnover

The principal activities of the group are the design, development, manufacturing and sales of plush stuffed toys and steel and plastic toys.

Turnover represents the net invoiced value of toys sold, excludes value added tax and is net of any trade discounts.

2. 會計政策變動 (續)

(i) 關聯人士之定義 (《香港會計準則》第24號，「關聯人士披露」)

由於採用《香港會計準則》第24號，「關聯人士披露」，於附註1(w)披露之關於關聯人士之定義已擴展至說明「關聯人士」包括受到個人關聯人士(即關鍵管理人員、重要股東及／或與彼等關係密切之家族成員)重大影響的實體，以及為本集團或作為本集團關聯人士的任何實體的僱員福利而設的離職後福利計劃。與原應根據會計實務準則第20號「關聯人士披露」(假設該準則仍然有效)報告的內容比較，對關聯方定義作出澄清並無引致以往所報告關聯人士交易的披露內容出現任何重大變動，也沒有對當期的披露內容構成任何重大的影響。

3. 營業額

本集團之主要業務活動為設計、發展、生產及銷售毛絨玩具與金屬及塑膠玩具。

營業額包括售出玩具的發票淨值，不計增值稅，但已扣除任何營業折扣。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

4. Other revenue and net loss

4. 其他收入及虧損淨額

		2005 二零零五年 \$'000 千元	2004 二零零四年 \$'000 千元
Other revenue	其他收入		
Interest income from bank deposits (including related option premium income on dual currency option deposits)	銀行存款利息收入(包括 雙重貨幣期權存款的 相關期權金收入)	6,515	14,531
Sales of scrap materials	出售報廢物料	-	543
Sundry income	雜項收入	1,807	3,226
		<u>8,322</u>	<u>18,300</u>
Other net loss	其他虧損淨額		
Net gain on sale of property, plant and equipment	出售物業、廠房及設備 收益淨額	381	293
Net exchange loss	匯兌虧損淨額	(5,332)	(6,201)
Changes in fair value of financial instruments (note 18)	財務工具公允價值 的變動(附註18)	(10,414)	-
Loss on long-term structured deposit contract (note 18)	長期結構式存款合約 虧損(附註18)	(3,700)	(8,000)
Gain on disposal of associate	出售聯營公司收益	-	259
Others	其他	(864)	(10)
		<u>(19,929)</u>	<u>(13,659)</u>

Notes to

the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

5. (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/(crediting):

5. 除稅前(虧損)/溢利

除稅前(虧損)/溢利已扣除/(計入):

		2005 二零零五年	2004 二零零四年 (restated) (重列)
		\$'000 千元	\$'000 千元
(a) Finance costs:	融資成本：		
Interest on bank advances and other borrowings wholly repayable within five years	須於五年內悉數償還的銀行貸款及其他借貸利息	3,339	830
(b) Staff costs:	員工成本：		
Contributions to defined contribution retirement plan	界定供款退休計劃的供款	4,795	7,837
Expenses recognised in respect of defined benefit retirement plan (note 25(a))	就界定利益退休計劃確認的費用(附註25(a))	4,161	4,865
Retirement costs	退休計劃成本	8,956	12,702
Equity-settled share-based payment expenses	以股份為基礎之付款開支	1,915	3,866
Salaries, wages and other benefits	薪金、工資及其他福利	248,167	230,730
		<u>259,038</u>	<u>247,298</u>

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

5. (Loss)/profit before taxation

(Continued)

(Loss)/profit before taxation is arrived at after charging/(crediting) (Continued):

5. 除稅前(虧損)/溢利(續)

除稅前(虧損)/溢利已扣除/(計入)(續)：

		2005 二零零五年	2004 二零零四年 (restated) (重列)
		\$'000 千元	\$'000 千元
(c) Other items:	其他項目：		
Amortisation of land lease premium (note)	土地租賃溢價攤銷(附註)	163	95
Amortisation of negative goodwill arising on acquisition of subsidiary	收購附屬公司產生之負商譽攤銷	-	(1,591)
Amortisation of positive goodwill arising on acquisition of subsidiary	收購附屬公司產生之正商譽攤銷	-	7,328
Depreciation (note)	折舊(附註)	21,495	17,571
Impairment losses:	減值虧損		
- trade and other receivables	- 應收賬款及其他應收款	2,285	22,480
Provision for inventories	存貨撥備	2,898	1,714
Auditors' remuneration	核數師酬金		
- audit services	- 核數服務	3,772	3,500
- tax services	- 稅務服務	293	135
Operating lease charges:	經營租賃費用：		
minimum lease payments	最低租賃付款		
- property rentals (note)	- 物業租金(附註)	31,452	28,499
Commission expenses	佣金開支	8,650	6,981
Cost of inventories (note)	存貨成本(附註)	853,523	867,628

Note: Cost of inventories includes \$197,331,000 (2004: \$183,390,000) relating to staff costs, amortisation and depreciation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

附註：存貨成本包括與員工成本、攤銷及折舊費用及經營租賃費用有關的197,331,000元(二零零四年：183,390,000元)，有關數額亦已記入以上或附註5(b)分開列示的各類開支總額中。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

6. Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

6. 綜合損益表所示的所得稅

(a) 綜合損益表所示的稅項為：

		2005 二零零五年	2004 二零零四年 (restated) (重列)
		\$'000 千元	\$'000 千元
Current tax - Provision for Hong Kong Profits Tax	本期稅項－香港 利得稅準備		
Tax for the year	本年度稅項	4,106	5,184
Under-provision in respect of prior years	以往年度準備不足	-	3
		4,106	5,187
Current tax - Outside Hong Kong	本期稅項－香港以外地區		
Tax for the year	本年度稅項	917	7,155
Under/(over)-provision in respect of prior years	以往年度準備不足 ／(過剩)	878	(86)
		1,795	7,069
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時性差異產生及轉回	(2,485)	590
		3,416	12,846

Provision for Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profits for the year. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

香港利得稅準備是按本年度的估計應評稅溢利以17.5%(二零零四年：17.5%)的稅率計算。香港以外地區之附屬公司的稅項以相關司法權區適用的現行稅率計算。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

6. Income tax in the consolidated income statement (Continued)

- (a) Taxation in the consolidated income statement represents (Continued):

In accordance with the relevant regulations and the Enterprise Income Tax Law applicable in the PRC, the PRC subsidiaries are exempted from Enterprise Income Tax for two years starting from the first profit making year and thereafter subject to Enterprise Income Tax at 50% of the standard tax rate for the following three years. During the year ended 31 December 2005, the PRC subsidiaries incurred losses and therefore are not subject to Enterprise Income Tax. In 2004, certain PRC subsidiaries were subject to Enterprise Income Tax at 50% of the standard tax rate of 27% income tax in the balance sheets.

- (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

6. 綜合損益表所示的所得稅 (續)

- (a) 綜合損益表所示的稅項為 (續)：

根據有關規例及適用於中國的企業所得稅法，中國附屬公司可以在首個獲利營運年度起計獲豁免企業所得稅兩年，並於其後三年獲減免按標準稅率計算的企業所得稅的50%。截至二零零五年十二月三十一日止年度，中國附屬公司產生虧損，因此毋須繳納企業所得稅。於二零零四年，若干中國附屬公司按標準稅率27%的50%繳納企業所得稅。

- (b) 按適用稅率就稅項開支與會計溢利之對賬：

		2005 二零零五年	2004 二零零四年 (restated) (重列)
		\$'000 千元	\$'000 千元
(Loss)/profit before tax	除稅前(虧損)/溢利	(33,054)	61,897
Notional tax on (loss)/profit before tax, calculated at the rates applicable to (losses)/profits in the tax jurisdictions concerned	按照在相關稅項司法權區獲得(虧損)/溢利的適用稅率計算除稅前(虧損)/溢利的名義稅項	(1,019)	9,181
Tax effect of non-deductible expenses	不可扣減支出的稅項影響	6,646	5,446
Tax effect of non-taxable revenue	毋須課稅收入的稅項影響	(3,089)	(1,698)
Under/(over)-provision in prior years	以往年度準備不足/(過剩)	878	(83)
Actual tax expense	實際稅項支出	3,416	12,846

Notes to the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

7. Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

7. 董事酬金

根據香港《公司條例》第161條列報的董事酬金如下：

		Salaries, allowances and benefits fees	Share- based payments in kind	Retirement scheme contributions	2005 Total
		薪金、津貼 及實物福利	以股份為 基礎的付款	退休 計劃供款	二零零五年 總計
		\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元
<i>Chairman and executive director</i>	主席及執行董事				
Kyoo Yoon Choi	崔奎玼	180	4,377	-	4,557
<i>Executive directors</i>	執行董事				
Chul Hong Min	閔喆泓	-	4,651	-	4,651
Tae Sub Choi	崔泰燮	-	1,368	124	1,492
Young M. Lee	李泳模	-	1,957	-	2,214
James Wang	王傳泳	-	851	-	1,001
<i>Independent non-executive directors</i>	獨立非執行董事				
Valiant, Kin Piu Cheung	張建標	132	-	-	132
Cheong H. Yi	李政憲	120	-	-	120
Chan Yoo	柳贊	120	-	-	120
		<u>552</u>	<u>13,204</u>	<u>124</u>	<u>14,287</u>

Notes to

the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

7. Directors' remuneration (Continued)

7. 董事酬金 (續)

		Salaries, allowances and benefits fees	Share- based payments in kind	Retirement scheme contributions	2004 Total
		薪金、津貼 及實物福利	以股份 為基礎的 付款以股份 (restated) (重列)	退休 計劃供款	二零零四年 總計 (restated) (重列)
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
<i>Chairman and executive director</i>	<i>主席及執行董事</i>				
Kyoo Yoon Choi	崔奎琬	-	5,526	-	5,526
<i>Executive directors</i>	<i>執行董事</i>				
Chul Hong Min	閔詰泓	-	3,662	-	3,662
Tae Sub Choi	崔泰燮	-	1,291	199	1,490
Young M. Lee	李泳模	-	2,102	29	2,131
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>				
Valliant, Kin Piu Cheung	張建標	132	-	-	132
Cheong H. Yi	李憲政	120	-	-	120
Chan Yoo	柳贊	30	-	-	30
		<u>282</u>	<u>12,581</u>	<u>199</u>	<u>13,091</u>

The above emoluments include the value of share options granted to certain directors under the company's share option scheme as estimated at the date of grant. The value of these share options is measured according to the company's accounting policy for share-based payment transactions as set out in note 1(q).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 26.

上述酬金包括根據本公司購股權計劃授予若干董事的購股權於授出日期估計的價值。該等購股權的價值乃根據載於附註1(q)本公司就以股份為基礎的付款交易的會計政策計量。

實物福利的詳情(包括主要條款及授出購股權數目)於董事會報告書「購股權計劃」一段及附註26內披露。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

8. Individuals with highest emoluments

Of the five individuals with the highest emoluments, four (2004 (restated): four) are directors whose emoluments are disclosed in note 7. The emoluments in respect of remaining individual are as follows:

Salaries and other emoluments	薪金及其他酬金
Retirement scheme contributions	退休計劃供款

8. 最高酬金人士

在五位最高酬金的人士中，四位（二零零四年（重列）：四位）為董事，有關的酬金詳情載於附註7。其餘一位人士的酬金如下：

2005 二零零五年	2004 二零零四年 (restated) (重列)
\$'000 千元	\$'000 千元
1,240	1,438
150	-
<u>1,390</u>	<u>1,438</u>

9. (Loss)/profit for the year

The consolidated loss attributable to shareholders includes a loss of \$11,064,000 (2004 (restated): Profit \$38,216,000) which has been dealt with in the financial statements of the company.

9. 年度（虧損）／溢利

股東應佔綜合虧損包括一筆已列入本公司財務報表的11,064,000元（二零零四年（重列）：溢利38,216,000元）虧損。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

9. (Loss)/profit for the year (Continued)

Reconciliation of the above amount to the company's profit for the year:

9. 年度(虧損)/溢利(續)

上述數額與本公司本年度溢利之對賬如下：

		2005 二零零五年 \$'000 千元	2004 二零零四年 (restated) (重列) \$'000 千元
Amount of consolidated (loss)/profit attributable to shareholders dealt with in the company's financial statements	列入本公司財務報表的股東應佔綜合(虧損)/溢利數額	(11,064)	38,216
Final dividend from subsidiary attributable to the profit of the previous financial year, approved and paid during the year	附屬公司於年內獲核准及支付的以往財政年度末期股息	14,734	4,680
Company's profit for the year (note 28)	本公司本年度溢利(附註28)	<u>3,670</u>	<u>42,896</u>

10. Dividends

(a) Dividends payable to equity shareholders of the company attributable to the year

10. 股息

(a) 本年度應付予本公司股東的股息

		2005 二零零五年 \$'000 千元	2004 二零零四年 \$'000 千元
Interim dividend declared and paid of \$Nil (2004: \$0.030) per share (note 28)	已宣派及支付中期股息每股零元(二零零四年：0.030元)(附註28)	-	20,026
Final dividend proposed after the balance sheet date of \$Nil (2004: \$0.060) per share	於結算日後建議分派末期股息每股零元(二零零四年：0.060元)	-	40,053
		<u>-</u>	<u>60,079</u>

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

10. Dividends (Continued)

(a) Dividends payable to equity shareholders of the company attributable to the year (Continued)

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends payable to equity shareholders of the company attributable to the previous financial year, approved and paid during the year

Final dividend in respect of the previous financial year, approved and paid during the year, of \$0.060 per share (2004: \$0.060 per share) (note 28)

於年內獲批准及支付的以往財政年度末期股息每股0.060元(二零零四年：每股0.060元)(附註28)

10. 股息 (續)

(a) 本年度應付予本公司股東的股息 (續)

於結算日後建議分派的末期股息並未於結算日確認為負債。

(b) 於年內獲批准及支付之以往財政年度應付予本公司股東的股息

2005 二零零五年 \$'000 千元	2004 二零零四年 \$'000 千元
40,111	40,053

11. (Loss)/earnings per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the company of \$36,348,000 (2004 (restated): Profit \$49,051,000) and the weighted average of 668,264,400 (2004: 666,349,070) ordinary shares in issue during the year.

11. 每股(虧損)/盈利

(a) 每股基本虧損

每股基本虧損是按照本年度的股東應佔虧損36,348,000元(二零零四年(重列)：溢利49,051,000元)及年內已發行之加權平均普通股股數668,264,400股(二零零四年：666,349,070股)計算。

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(除另有註明者外，以港元為單位)

11. (Loss)/earnings per share (Continued)

(b) Diluted loss per share

Diluted loss per share for the year ended 31 December 2005 is the same as the basic loss per share as the potential ordinary shares outstanding during the year ended 31 December 2005 were anti-dilutive.

The calculation of diluted earnings per share for the year ended 31 December 2004 is based on the profit attributable to equity shareholders of the company of \$49,051,000 (restated) and the weighted average number of ordinary shares of 670,953,579 shares after adjusting for the effects of all dilutive potential ordinary shares under the company's share option scheme.

Weighted average number of shares (diluted)

Weighted average number of shares

at 31 December used in calculating
basic earnings per share

Effect of deemed issue of shares

under the company's share option
scheme for nil consideration

Weighted average number of shares
at 31 December used in calculating
diluted earnings per share

於十二月三十一日用作計算每股
基本盈利的加權平均股數

根據本公司購股權計劃視為不計
價款發行之股份的影響

於十二月三十一日用作計算每股
攤薄盈利的加權平均股數

11. 每股(虧損)/盈利(續)

(b) 每股攤薄虧損

截至二零零五年十二月三十一日止年度的每股攤薄虧損與每股基本虧損一樣，此乃由於截至二零零五年十二月三十一日止年度內已發行的潛在普通股具反攤薄影響。

截至二零零四年十二月三十一日止年度的每股攤薄盈利是根據本公司股東應佔溢利49,051,000元(重列)及已就本公司購股權計劃下所有具備潛在攤薄影響的普通股作出調整之加權平均普通股股數670,953,579股計算。

加權平均股數(攤薄)

2004

二零零四年

**Number
of shares
股份數目**

666,349,070

4,604,509

670,953,579

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(除另有註明者外，以港元為單位)

12. Segment reporting

Segment information is presented in respect of the group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the group's internal financial reporting.

Business segments

The group comprises two main business segments:

- plush stuffed toys
- steel and plastic toys

12. 分部報告

分部資料是按本集團的業務和地區分部作出呈述。由於業務分部資料對本集團的內部財務匯報工作意義較大，故已選為報告分部資料的主要形式。

業務分部

本集團的主要業務分部如下：

- 毛絨玩具
- 金屬及塑膠玩具

		Plush stuffed toys		Steel and plastic toys		Unallocated		Consolidated	
		毛絨玩具		金屬及塑膠玩具		未分配數額		綜合數額	
		2005	2004	2005	2004	2005	2004	2005	2004
		二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年
			(restated)		(restated)		(restated)		(restated)
			(重列)		(重列)		(重列)		(重列)
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元	千元	千元
Revenue from	來自外界客戶								
external customers	的收入	981,811	1,114,298	58,633	43,809	-	-	1,040,444	1,158,107
Other revenue from	來自外界客戶								
external customers	的其他收入	1,611	3,757	196	12	6,515	14,531	8,322	18,300
Total	總額	983,422	1,118,055	58,829	43,821	6,515	14,531	1,048,766	1,176,407
Segment result	分部業績	(28,980)	61,322	(1,387)	1,547	-	-	(30,367)	62,869
(Loss)/profit from operations	經營(虧損)/溢利							(30,367)	62,869
Finance costs	融資成本							(3,339)	(830)
Share of profits less	應佔聯營公司								
losses of associates	溢利減虧損							652	(142)
Taxation	稅項							(3,416)	(12,846)
(Loss)/profit attributable to	股東應佔								
equity shareholders	(虧損)/溢利							(36,470)	49,051

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12. Segment reporting (Continued)

Business segments (Continued)

12. 分部報告 (續)

業務分部 (續)

		Plush stuffed toys		Steel and plastic toys		Consolidated	
		毛絨玩具		金屬及塑膠玩具		綜合數額	
		2005	2004	2005	2004	2005	2004
		二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年
			(restated)		(restated)		(restated)
			(重列)		(重列)		(重列)
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
Depreciation in respect of property, plant and equipment for the year	本年度物業、廠房及設備折舊	20,811	16,495	684	1,076	21,495	17,571
Amortisation of land lease premium for the year	本年度土地租賃溢價攤銷	163	95	-	-	163	95
Amortisation of goodwill for the year	本年度商譽攤銷	-	5,648	-	89	-	5,737
Significant non-cash expenses (other than depreciation and amortisation)	大額非現金費用 (折舊及攤銷除外)	13,815	30,480	-	-	13,815	30,480
Segment assets	分部資產	566,735	496,004	43,129	43,976	609,864	539,980
Interest in associates	於聯營公司的權益	1,483	809	-	-	1,483	809
Unallocated assets	未分配資產					203,624	239,776
Total assets	資產總值					814,971	780,565
Segment liabilities	分部負債	109,559	102,154	9,981	7,055	119,540	109,209
Unallocated liabilities	未分配負債					137,484	67,367
Total liabilities	負債總額					257,024	176,576
Capital expenditure incurred during the year	本年度內產生的資本開支	58,002	38,266	17,706	241	75,708	38,507

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12. Segment reporting (Continued)

Geographical segments

The group participates in several principal economic environments as set out below.

In presenting information on the basis of geographical segments, segment turnover is based on the geographical destination of delivery of goods. Segment assets and capital expenditure are based on the geographical location of the assets.

12. 分部報告 (續)

地區分部

本集團在下列數個主要經濟環境中經營。

在呈述地區分部信息時，分部營業額乃根據交付貨品的目的地釐定。分部資產及資本開支則以資產的所在地為計算基準。

		Turnover		Segment assets		Capital expenditure incurred during the year	
		營業額		分部資產		本年度內產生 的資本開支	
		2005	2004	2005	2004	2005	2004
		二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
North America	北美洲	478,886	514,256	212	425	26	31
Japan	日本	323,473	448,356	4,412	4,580	-	4,603
Europe	歐洲	166,885	129,496	-	-	-	-
South Korea	南韓	28,602	30,598	176,227	175,966	1,087	3,216
Hong Kong	香港	35,498	6,309	78,388	69,606	11,728	350
PRC (other than Hong Kong)	中國(香港除外)	5,316	14,587	306,084	270,190	32,556	23,982
Vietnam	越南	-	8,576	44,541	19,213	30,311	6,325
Others	其他	1,784	5,929	-	-	-	-
		<u>1,040,444</u>	<u>1,158,107</u>	<u>609,864</u>	<u>539,980</u>	<u>75,708</u>	<u>38,507</u>

There is no major disparity in the ratios between turnover and profit in relation to the above geographical locations, hence no analysis is given for the profit contribution from each of the above geographical locations.

由於來自上述地區的營業額與溢利的比例並無重大差異，故此並無對上述地區的溢利貢獻作出分析。

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13. Fixed assets

(a) The group

13. 固定資產

(a) 本集團

	Freehold land and buildings held for own use	Buildings held for own use	Leasehold improve-ments	Plant and machinery	Office equipment, furniture and fixtures	Motor vehicles	Sub-total	Interests in leasehold land held for own use under operating leases	Total fixed assets
	持作自用享有永久業權土地及建築物	持作自用建築物	租賃物業裝修	工業裝置及機器	辦公室設備、傢具及固定裝置	汽車	小計	根據經營租賃於持作自用租賃土地的權益	固定資產總計
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	千元	千元	千元	千元	千元	千元	千元	千元	千元
Cost:	成本：								
At 1 January 2004 (restated)	-	36,611	19,245	85,073	17,592	9,062	167,583	10,682	178,265
Exchange adjustments	-	-	-	(3)	228	315	540	-	540
Additions	4,603	2,142	2,353	17,693	4,472	2,380	33,643	-	33,643
Disposals	-	-	(115)	(472)	(447)	(287)	(1,321)	-	(1,321)
At 31 December 2004 (restated)	4,603	38,753	21,483	102,291	21,845	11,470	200,445	10,682	211,127
At 1 January 2005 (restated)	4,603	38,753	21,483	102,291	21,845	11,470	200,445	10,682	211,127
Exchange adjustments	-	860	61	979	193	137	2,230	75	2,305
Additions	-	6,813	1,004	17,349	3,679	966	29,811	1,137	30,948
Disposals	-	-	(137)	(4,342)	(667)	(269)	(5,415)	-	(5,415)
Transfer from construction in progress (note 14)	-	14,983	-	7,753	414	602	23,752	-	23,752
At 31 December 2005	4,603	61,409	22,411	124,030	25,464	12,906	250,823	11,894	262,717
Aggregate amortisation and depreciation:	攤銷及折舊總額：								
At 1 January 2004 (restated)	-	4,838	12,477	44,066	11,579	5,536	78,496	358	78,854
Exchange adjustments	-	-	-	(3)	98	115	210	-	210
Charge for the year	23	2,146	2,647	8,827	2,305	1,623	17,571	95	17,666
Written back on disposal	-	-	(98)	(460)	(336)	(287)	(1,181)	-	(1,181)
At 31 December 2004 (restated)	23	6,984	15,026	52,430	13,646	6,987	95,096	453	95,549
At 1 January 2005 (restated)	23	6,984	15,026	52,430	13,646	6,987	95,096	453	95,549
Exchange adjustments	-	169	40	416	93	69	787	9	796
Charge for the year	168	2,475	2,576	11,225	3,557	1,494	21,495	163	21,658
Written back on disposal	-	-	(136)	(4,342)	(400)	(266)	(5,144)	-	(5,144)
At 31 December 2005	191	9,628	17,506	59,729	16,896	8,284	112,234	625	112,859
Net book value:	賬面淨值：								
At 31 December 2005	4,412	51,781	4,905	64,301	8,568	4,622	138,589	11,269	149,858
At 31 December 2004 (restated)	4,580	31,769	6,457	49,861	8,199	4,483	105,349	10,229	115,578

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13. Fixed assets (Continued)

(b) The company

13. 固定資產 (續)

(b) 本公司

		Freehold	Leasehold	Plant and	Motor	Office	Total
		land and buildings held for own use	improve- ments	machinery	vehicles	equipment, furniture and fixtures	
		持作自用 業權土地 及建築物	租賃 物業裝修	工業裝置 及機器	汽車	辦公室 設備、 傢具及 固定裝置	固定 資產總計
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
Cost:	成本：						
At 1 January 2004	於二零零四年一月一日	-	16,245	25,673	3,364	11,389	56,671
Additions	增置	4,603	653	6,917	189	350	12,712
Disposals	出售	-	(115)	(441)	(167)	(7)	(730)
At 31 December 2004	於二零零四年 十二月三十一日	4,603	16,783	32,149	3,386	11,732	68,653
At 1 January 2005	於二零零五年一月一日	4,603	16,783	32,149	3,386	11,732	68,653
Additions	增置	-	372	6,650	226	881	8,129
Disposals	出售	-	(136)	(4,342)	-	(58)	(4,536)
At 31 December 2005	於二零零五年 十二月三十一日	4,603	17,019	34,457	3,612	12,555	72,246
Aggregate depreciation:	折舊總額：						
At 1 January 2004	於二零零四年一月一日	-	10,229	19,080	2,513	7,913	39,735
Charge for the year	本年度開支	23	2,341	2,725	578	1,278	6,945
Written back on disposal	出售時撥回	-	(98)	(441)	(166)	(6)	(711)
At 31 December 2004	於二零零四年 十二月三十一日	23	12,472	21,364	2,925	9,185	45,969
At 1 January 2005	於二零零五年一月一日	23	12,472	21,364	2,925	9,185	45,969
Charge for the year	本年度開支	168	1,561	3,535	322	1,065	6,651
Written back on disposal	出售時撥回	-	(136)	(4,343)	-	(36)	(4,515)
At 31 December 2005	於二零零五年 十二月三十一日	191	13,897	20,556	3,247	10,214	48,105
Net book value:	賬面淨值：						
At 31 December 2005	於二零零五年 十二月三十一日	4,412	3,122	13,901	365	2,341	24,141
At 31 December 2004	於二零零四年 十二月三十一日	4,580	4,311	10,785	461	2,547	22,684

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(除另有註明者外，以港元為單位)

13. Fixed assets (Continued)

(c) The analysis of net book value of properties is as follows:

13. 固定資產 (續)

(c) 物業賬面淨值的分析如下：

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年 (restated) (重列)	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Outside Hong Kong	香港境外				
- medium-term leases	- 中期租賃	63,050	41,998	-	-
Freehold outside Hong Kong	香港境外永久擁有 建築物	4,412	4,580	4,412	4,580
		<u>67,462</u>	<u>46,578</u>	<u>4,412</u>	<u>4,580</u>

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年 (restated) (重列)	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Representing:	代表：				
Freehold land and buildings	永久擁有的 土地及建築物	4,412	4,580	4,412	4,580
Buildings carried at cost	以成本列值的 建築物	51,781	31,769	-	-
		<u>56,193</u>	<u>36,349</u>	<u>4,412</u>	<u>4,580</u>
Interest in leasehold land held for own use under operating leases	根據經營租賃於 持作自用租賃 土地的權益	11,269	10,229	-	-
		<u>67,462</u>	<u>46,578</u>	<u>4,412</u>	<u>4,580</u>

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14. Construction in progress

14. 在建工程

		The group 本集團	
		2005 二零零五年 \$'000 千元	2004 二零零四年 \$'000 千元
At 1 January	於一月一日	4,864	-
Exchange adjustments	匯兌調整	93	-
Additions	增置	27,296	4,864
Transfer to fixed assets (note 13(a))	轉撥往固定資產	(23,752)	-
At 31 December	於十二月三十一日	<u>8,501</u>	<u>4,864</u>

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(除另有註明者外，以港元為單位)

15. Goodwill

15. 商譽

		The group		
		Negative goodwill	Positive goodwill	Total
		負商譽	正商譽	總計
		\$'000	\$'000	\$'000
		千元	千元	千元
Cost:	成本：			
At 1 January 2004 and 31 December 2004	於二零零四年一月一日及二零零四年十二月三十一日	(18,960)	109,469	90,509
At 1 January 2005	於二零零五年一月一日	(18,960)	109,469	90,509
Opening balance adjustment to eliminate accumulated amortisation	調整期初結餘以對銷累計攤銷	9,365	(9,315)	50
Opening balance adjustment to derecognise negative goodwill	調整期初結餘以取消確認負商譽	9,595	-	9,595
At 31 December 2005	於二零零五年十二月三十一日	-	100,154	100,154
Accumulated amortisation and impairment losses:	累計攤銷及減值虧損：			
At 1 January 2004	於二零零四年一月一日	7,774	(1,987)	5,787
Amortisation for the year	本年度攤銷	1,591	(7,328)	(5,737)
At 31 December 2004	於二零零四年十二月三十一日	9,365	(9,315)	50
At 1 January 2005	於二零零五年一月一日	9,365	(9,315)	50
Eliminated against cost at 1 January 2005	對銷於二零零五年一月一日的成本	(9,365)	9,315	(50)
At 31 December 2005	於二零零五年十二月三十一日	-	-	-
Carrying amount:	賬面值：			
At 31 December 2005	於二零零五年十二月三十一日	-	100,154	100,154
At 31 December 2004	於二零零四年十二月三十一日	(9,595)	100,154	90,559

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15. Goodwill (Continued)

In 2004, negative goodwill is amortised on a straight-line basis over ten years and positive goodwill is amortised on a straight-line basis over ten to fifteen years. The amortisation of negative and positive goodwill for the year ended 31 December 2004 was included in "Administrative expenses" in the consolidated income statement.

As explained further in note 2(d), with effect from 1 January 2005 the group no longer amortises goodwill. In accordance with the transitional provisions set out in HKFRS 3, the accumulated amortisation of goodwill as at 1 January 2005 has been eliminated against the cost of goodwill as at that date. The carrying amount of negative goodwill at 1 January 2005 has been derecognised.

Impairment tests for cash-generating units containing goodwill

Positive goodwill is allocated to the group's cash-generating units ("CGU") identified according to country of operation and business segment as follows:

Plush stuffed toys – Korea	毛絨玩具－南韓
Multiple units without significant goodwill	多個並無重大商譽的單位

15. 商譽 (續)

於二零零四年，負商譽乃按直線法基準以十年期攤銷，而正商譽乃按直線法基準以十至十五年期攤銷。截至二零零四年十二月三十一日止年度的負商譽及正商譽攤銷已納入於綜合損益表內的「行政開支」。

誠如於附註2(d)進一步闡釋，本集團自二零零五年一月一日起已不再攤銷商譽。根據《香港財務報告準則》第3號的過渡性條文，於二零零五年一月一日的累計商譽攤銷已用作對銷於當日的商譽成本。於二零零五年一月一日的負商譽面值已取消確認。

擁有商譽的現金產生單位的減值測試

正商譽乃分配到本集團的現金產生單位（「現金產生單位」），根據經營國家及業務分部辨識如下：

2005 二零零五年 \$'000 千元	2004 二零零四年 \$'000 千元
99,532	99,532
622	622
<u>100,154</u>	<u>100,154</u>

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

15. Goodwill (Continued)

Impairment tests for cash-generating units containing goodwill (Continued)**Plush stuffed toys – Korea**

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimate rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

- Gross margin	15%
- Growth rate	1% to 3%
- Discount rate	15%

Management determined the budgeted gross margin based on past performance and its expectation for market development. The weighted average growth rates used are consistent with the forecasts for the plush stuffed toy industry. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

15. 商譽 (續)

擁有商譽的現金產生單位的減值測試 (續)**毛絨玩具 – 南韓**

現金產生單位的可收回數額乃按使用價值計算。該等計算運用根據管理層批准涵蓋五個年度的財政預算的現金流量預測。超過五年期的現金流量乃運用下列估計百分率估計。增長率並不超過現金產生單位所經營業務的長期平均增長率。

使用價值計算所用的主要假設：

- 毛利率	15%
- 增長率	1% 至 3%
- 貼現率	15%

管理層根據過往表現及其對市場發展的預期釐定預算毛利率。所運用的加權平均增長率與毛絨玩具工業的預測一致。所用貼現率為除稅前的貼現率，並反映與相關分部有關的特定風險。

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16. Investments in subsidiaries

16. 於附屬公司的投資

	The company	
	本公司	
	2005	2004
	二零零五年	二零零四年
		(restated)
		(重列)
	\$'000	\$'000
	千元	千元
Unlisted shares, at cost	165,659	132,528
Loans to subsidiaries	138,585	152,434
	304,244	284,962
	304,244	284,962

The loans to subsidiaries are unsecured, interest free and have no fixed repayment term.

授予附屬公司之貸款乃無抵押、免息及無固定還款期。

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the group. The class of shares held is ordinary unless otherwise stated.

下表只載列對本集團的業績、資產或負債有重大影響的附屬公司詳情。除另有註明者外，所持有的股份均為普通股。

All of these are controlled subsidiaries as defined under note 1(c) and have been consolidated into the group financial statements.

這些附屬公司均為附註1(c)所界定的受控制附屬公司，並已在本集團的財務報表中綜合計算。

Notes to

the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

16. Investments in subsidiaries (Continued) 16. 於附屬公司的投資 (續)

Company name	Place of incorporation and operation	Particulars of issued and fully paid up capital/ registered capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the company	Held by a subsidiary	
公司名稱	註冊成立及營業地點	已發行及繳足股本／註冊資本詳情	本集團實際權益	本公司持有	附屬公司持有	主要業務
Dream International USA, Inc. (formerly C & H Toy of America, Inc.) #	United States of America	US\$1,000,000	100%	100%	-	Trading of plush stuffed toys
Dream International USA, Inc. (前稱C & H Toy of America, Inc.) #	美國	1,000,000美元				買賣毛絨玩具
J.Y. Toys Co., Limited	Hong Kong	US\$1,500,000	100%	100%	-	Trading and manufacture of steel and plastic toys
香港正潤玩具有限公司	香港	1,500,000美元				買賣及製造金屬及塑膠玩具
J.Y. International Company Limited	Hong Kong	US\$500,000	100%	100%	-	Trading of plush stuffed toys and investment holding
	香港	500,000美元				買賣毛絨玩具及投資控股
* Jung Yoon Toys (Shanghai) Co., Limited #	PRC	US\$420,000	100%	100%	-	Manufacture of plush stuffed toys
* 正潤玩具(上海)有限公司 #	中國	420,000美元				製造毛絨玩具

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

16. Investments in subsidiaries (Continued) 16. 於附屬公司的投資 (續)

Company name	Place of incorporation and operation	Particulars of issued and fully paid up capital/ registered capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the company	Held by a subsidiary	
公司名稱	註冊成立及營業地點	已發行及繳足股本／註冊資本詳情	本集團實際權益	本公司持有	附屬公司持有	主要業務
* C & H Toys (Suzhou) Co., Ltd. #	PRC	US\$9,200,000	100%	100%	-	Manufacture of plush fabrics and plush stuffed toys
* 希安琦玩具(蘇州)有限公司 #	中國	9,200,000美元				製造毛絨布料及毛絨玩具
Dream Inko Co., Ltd	South Korea	KRW100,000,000	100%	-	100%	Design, development and trading of plush stuffed toys
	南韓	100,000,000韓圓				設計、開發及買賣毛絨玩具
Dream Vina Co., Ltd	Vietnam	US\$1,690,000	100%	100%	-	Manufacture of plush stuffed toys
	越南	1,690,000美元				製造毛絨玩具
* C & H Toys (Shuyang) Co., Ltd #	PRC	US\$600,000	100%	100%	-	Manufacture of plush stuffed toys
	中國	600,000美元				製造毛絨玩具

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(除另有註明者外，以港元為單位)

16. Investments in subsidiaries (Continued) 16. 於附屬公司的投資 (續)

Company name	Place of incorporation and operation	Particulars of issued and fully paid up capital/ registered capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the company	Held by a subsidiary	
公司名稱	註冊成立及營業地點	已發行及繳足股本／註冊資本詳情	本集團實際權益	本公司持有	附屬公司持有	主要業務
C & H HK Corp., Ltd	Hong Kong	HK\$10,000	61.8%	61.8%	-	Trading of steel and plastic toys and investment holding
	香港	10,000港元				買賣金屬及塑膠玩具及投資控股
* J.Y. Plasteel (Suzhou) Co., Ltd #	PRC	US\$3,100,000	61.8%	-	100%	Manufacture of bicycles and steel and plastic toys
	中國	3,100,000美元				製造單車及金屬及塑膠玩具
* Guangxi Beiliu Zhengrun Toys Co., Ltd #	PRC	HK\$500,000	100%	100%	-	Manufacture of plush stuffed toys
	中國	500,000港元				製造毛絨玩具
* C & H Toys (Mingguang) Co., Ltd #	PRC	US\$100,000	100%	100%	-	Manufacture of plush stuffed toys
	中國	100,000美元				製造毛絨玩具

* These are wholly-owned foreign investment enterprises registered under the Laws of the PRC.

* 根據中國法例註冊成立的全資外商投資企業。

Subsidiaries not audited by KPMG.

並非由畢馬威會計師事務所審核的附屬公司。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

17. Interest in associates

17. 於聯營公司的權益

	The group 本集團		The company 本公司	
	2005 二零零五年 \$'000 千元	2004 二零零四年 \$'000 千元	2005 二零零五年 \$'000 千元	2004 二零零四年 \$'000 千元
Unlisted shares, at cost 非上市股份 (按成本值)	-	-	1,248	1,248
Share of net assets 應佔資產淨值	1,483	809	-	-
	<u>1,483</u>	<u>809</u>	<u>1,248</u>	<u>1,248</u>

Details of the associates are as follows:

聯營公司之詳情如下：

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest				Principal activity
				group's effective interest	held by the company	held by subsidiary	held by associate	
聯營公司名稱	商業架構形式	註冊成立及經營地點	已發行及繳足股本詳情	本集團的實際權益	本公司所持有	附屬公司所持有	聯營公司所持有	主要業務
Kedington Enterprises Inc.	Incorporated	British Virgin Islands	800,000 ordinary shares of US\$1 each	20%	20%	-	-	Investment holding
	法團	英屬處女群島	800,000股每股面值1美元之普通股					投資控股
Yuan Lin Toys (Suzhou) Co., Ltd	Incorporated	PRC	Registered capital of US\$1,000,000	20%	-	-	100%	Manufacture of plush stuffed toys
元林玩具(蘇州)有限公司	法團	中國	1,000,000美元之註冊股本					製造毛絨玩具

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

17. Interest in associates (Continued)

Summary financial information on associates:

17. 於聯營公司的權益 (續)

聯營公司的財務資料概要：

		Assets	Liabilities	Equity	Revenues	Profit/ (loss)
		資產	負債	權益	收益	溢利/ (虧損)
		\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元
2005	二零零五年					
100 per cent	100 %	16,545	(9,129)	7,416	43,544	3,260
Group's effective interest	本集團的實際權益	<u>3,309</u>	<u>(1,826)</u>	<u>1,483</u>	<u>8,709</u>	<u>652</u>
2004	二零零四年					
100 per cent	100 %	18,966	(14,921)	4,045	38,100	(710)
Group's effective interest	本集團的實際權益	<u>3,793</u>	<u>(2,984)</u>	<u>809</u>	<u>7,620</u>	<u>(142)</u>

18. Other non-current financial assets 18. 其他非流動財務資產

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Long-term bank deposit (note (i))	長期銀行存款 (附註 (i))	93,036	85,288	93,036	85,288
Unlisted available-for-sale equity securities (2004: Other investments) (note (ii))	非上市可供出售 股本證券 (2004年：其他 投資) (附註 (ii))	1,823	2,734	-	-
		<u>94,859</u>	<u>88,022</u>	<u>93,036</u>	<u>85,288</u>

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

18. Other non-current financial assets 18. 其他非流動財務資產 (續)

(Continued)

Notes:

- (i) The balance as at 31 December 2004 includes a long-term structured deposit contract with a bank in the amount of \$85,288,000. Interest was payable in the first year at 6% per annum and in subsequent years at rates based on LIBOR.

The long-term structured deposit contract was early terminated by the group during 2005 and a penalty was incurred as a result. It was written down by \$8,000,000 to its carrying value of \$85,288,000 at 31 December 2004. A further loss of \$3,700,000 was recognised in the 2005 income statement on termination of the contract.

During the year, the group entered into another long-term structured deposit contract with the bank. The contract will mature in 2017 and the principal amount is US\$12,000,000 (equivalent to \$93,036,000). Interest is payable quarterly in the first year at 6.5% per annum and in subsequent years at rates based on the spread between the 30 year and 10 year United States dollar swap rates. The bank may elect to early terminate the contract on any interest payment date before the maturity date by repaying the full principal amount plus accrued interest up to the termination date. The long-term structured deposit contract has been split into a non-derivative host contract and its embedded derivative components at initial recognition. The non-derivative host contract is subsequently carried at amortised cost using the effective interest method. The embedded derivative components are carried at fair value, with changes in fair value recognised in the consolidated income statement. At 31 December 2005, the carrying amounts of the non-derivative host contract and the embedded derivatives are \$93,036,000 and \$23,189,000 respectively. The non-derivative host contract and the embedded derivatives are included on the consolidated balance sheet under "other financial assets" and "other financial liabilities" respectively.

附註：

- (i) 二零零四年十二月三十一日的結餘包括存於一間銀行的長期結構式存款85,288,000元，第一年的應付利息以年利率6厘計算，其後年度的利息則以倫敦銀行同業拆借利率為基準計算。

本集團於期內提早終止該長期結構式存款合約，並因而承擔一筆罰款。於二零零四年十二月三十一日，有關款項已撇減8,000,000元至其賬面值85,288,000元。因終止合約，於二零零五年在損益表內確認的虧損為3,700,000元。

本集團年內與銀行訂立另一份長期結構式存款合約。該合約將於二零一七年到期，本金額為12,000,000美元（相當於93,036,000元）。第一年的應付利息會按年利率6.5厘計算及於每季支付，其後年度的利息則以30年期與10年期美元掉期合約的差價為基準計算。銀行可選擇於到期日之前之任何付息日，藉償付全數本金額連同截至終止日期前應計之利息提前終止合約。該長期結構式存款在初次確認時已分拆為非衍生主體合約及其嵌入式衍生工具部份。非衍生主體合約及後運用實際利率法以攤銷成本入賬，而嵌入式衍生工具部份則以公允價值列賬，任何公允價值變動於綜合損益表確認。於二零零五年十二月三十一日，非衍生主體合約及嵌入式衍生工具的賬面值分別為93,036,000元及23,189,000元。非衍生主體合約及嵌入式衍生工具分別列於綜合資產負債表內「其他財務資產」及「其他財務負債」項下。

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(除另有註明者外，以港元為單位)

18. Other non-current financial assets 18. 其他非流動財務資產 (續)

(Continued)

Notes: (Continued)

(ii) The fair value of the unlisted equity investments cannot be measured reliably because they are not traded in an open market and there were no transactions for the investments during the year. The unlisted investments are stated at cost less accumulated impairment losses.

附註：(續)

(ii) 因非上市股本投資並非於公開市場中買賣，且年內並無有關投資之交易，故其公平值不能可靠地計量。非上市投資乃按成本值減累計減值虧損列賬。

19. Intangible assets

19. 無形資產

		The group 本集團 \$'000 千元
Cost and carrying amount:	成本及賬面值	
At 1 January 2004 (restated)	於二零零四年一月一日(重列)	10,556
Exchange adjustments	匯兌調整	1,624
		<hr/>
At 31 December 2004 and 1 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(重列)	12,180
Exchange adjustments	匯兌調整	325
		<hr/>
At 31 December 2005	於二零零五年十二月三十一日	<u>12,505</u>

Intangible assets represent club memberships with indefinite useful lives.

無形資產指並無使用年限之會籍。

The club memberships currently have resale market values and have no foreseeable limit to their useful lives. The directors review the useful lives of club memberships at each balance sheet date to determine whether events or circumstances continue to support the view of indefinite useful lives. The club memberships have been tested for impairment in the current year by reference to their resale market values and no impairment losses were charged for the current year.

會籍現時具備轉售價值，且並無預見彼等之可使用年限。董事已審閱每個結算日審閱會籍之可使用年期，以釐訂是否有事件或情況繼續支持該無使用年限之觀點。於本年度，已參考會籍之轉售市價對其進行減值測試，而年內亦無確認任何減值虧損。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

20. Inventories

20. 存貨

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Raw materials	原材料	85,069	83,914	35,678	35,938
Work in progress	在製品	32,720	31,134	10,734	14,875
Finished goods	製成品	42,693	27,474	17,420	15,007
		<u>160,482</u>	<u>142,522</u>	<u>63,832</u>	<u>65,820</u>

Raw materials and finished goods are stated net of the following provisions made in order to state the inventories at the lower of their cost and estimated net realisable value:

本集團及本公司之原材料分別已扣減下列準備，以求按成本或估計可變現淨值兩者中的較低數額列示這些存貨：

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
General provision	一般準備				
- raw materials	- 原材料	5,423	3,146	3,316	2,313
Specific provision	特定準備				
- finished goods	- 製成品	2,335	1,714	1,629	1,714
		<u>7,758</u>	<u>4,860</u>	<u>4,945</u>	<u>4,027</u>

Notes to

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

21. Trade and other receivables

21. 應收賬款及其他應收款

		The group		The company	
		本集團		本公司	
		2005	2004	2005	2004
		二零零五年	二零零四年	二零零五年	二零零四年
		\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元
Trade debtors, bills receivable, deposits and prepayments	應收賬款、應收票據、按金及預付款	173,680	157,681	65,389	69,486
Amount due from ultimate holding company	應收最終控股公司款項	1,254	-	-	-
Amounts due from fellow subsidiaries	應收同系附屬公司款項	101	8,883	-	5,852
Amounts due from associates	應收聯營公司款項	1,506	4,979	-	-
Amounts due from subsidiaries	應收附屬公司款項	-	-	50,579	19,512
		<u>176,541</u>	<u>171,543</u>	<u>115,968</u>	<u>94,850</u>

Amounts due from ultimate holding company, fellow subsidiaries, subsidiaries and associates are unsecured, interest free and repayable on demand.

Deposits include an amount of \$18,080,000 (2004: \$17,763,000) paid to the ultimate holding company in respect of a lease entered into by Dream Inko Co., Ltd, a subsidiary.

應收最終控股公司、同系附屬公司、附屬公司及聯營公司款項為無抵押、免息及須於要求時償還。

按金包括就與附屬公司 Dream INKO Co., Ltd 訂立之租約支付予最終控股公司之 18,080,000 元 (二零零四年：17,763,000 元)。

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

21. Trade and other receivables

(Continued)

Included in trade and other receivables are trade debtors and bills receivable (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

		The group 本集團		The company 本公司	
		2005 二零零五年 \$'000 千元	2004 二零零四年 \$'000 千元	2005 二零零五年 \$'000 千元	2004 二零零四年 \$'000 千元
From the date of billing:	由發票日期起計：				
Current	本期	76,745	72,696	44,082	39,762
1 to 3 months	1至3個月	18,483	19,186	10,828	12,032
More than 3 months but less than 12 months	超過3個月 但少於12個月	3,783	8,910	2,045	4,917
Over 1 year	超過一年	233	797	89	-
		<u>99,244</u>	<u>101,589</u>	<u>57,044</u>	<u>56,711</u>

The group's credit policy is set out in note 29(a).

Included in trade and other receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

		The group 本集團		The company 本公司	
		2005 二零零五年 '000 千	2004 二零零四年 '000 千	2005 二零零五年 '000 千	2004 二零零四年 '000 千
Japanese Yen	日圓	JPY121,667 121,667日圓	JPY143,272 143,272日圓	JPY103,802 103,802日圓	JPY119,578 119,578日圓
Renminbi	人民幣	RMB25,015 人民幣25,015元	RMB23,008 人民幣23,008元	RMB6,087 人民幣6,087元	RMB6,536 人民幣6,536元
Korean Won	韓圓	KRW3,312,080 3,312,080韓圓	KRW2,822,011 2,822,011韓圓	KRW-	KRW-
Vietnam Dong	越南盾	VND5,012,005 5,012,005越南盾	VND-	VND-	VND-

21. 應收賬款及其他應收款

(續)

應收賬款及其他應收款包括應收賬款及應收票據（已扣除呆壞賬準備），於結算日其賬齡分析如下：

本集團之信貸政策載於附註29(a)。

應收賬款及其他應收款中包括下列以有關實體之功能貨幣以外貨幣計值之金額：

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(除另有註明者外，以港元為單位)

22. Cash and cash equivalents

22. 現金及現金等價物

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Deposits with banks and other financial institutions	銀行及其他財務機構存款	16,063	85,182	9,611	72,454
Cash at bank and in hand	銀行存款及現金	87,065	56,684	17,010	20,133
Cash and cash equivalents in the balance sheet	於結算日之現金及現金等價物	103,128	141,866	26,621	92,587
Bank overdrafts (note 24)	銀行透支(附註24)	(7,155)	-	-	-
Cash and cash equivalents in the consolidated cash flow statement	於綜合現金流量表之現金及現金等價物	95,973	141,866	26,621	92,587

Included in cash and cash equivalents in the balance sheet are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

現金及現金特價物中包括下列以有關實體之功能貨幣以外貨幣計值之金額：

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		'000 千	'000 千	'000 千	'000 千
Japanese Yen	日圓	JPY67,031 67,031日圓	JPY163,230 163,230日圓	JPY4,989 4,989日圓	JPY104,832 104,832日圓
Renminbi	人民幣	RMB14,293 人民幣14,293元	RMB9,878 人民幣9,878元	RMB338 人民幣338元	RMB1,175 人民幣1,175元
Korean Won	韓圓	KRW125,818 125,818韓圓	KRW1,057,119 1,057,119韓圓	KRW- -韓圓	KRW- -韓圓

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(除另有註明者外，以港元為單位)

23. Trade and other payables

23. 應付賬款及其他應付款

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Creditors and accrued charges	應付賬款及應計費用	98,421	85,933	26,021	23,481
Amount due to ultimate holding company	應付最終控股公司款項	-	686	-	-
Amounts due to fellow subsidiaries	應付同系附屬公司款項	4,389	4,344	-	-
Amounts due to subsidiaries	應付附屬公司款項	-	-	56,891	86,876
Amounts due to associates	應付聯營公司款項	5,910	4,483	5,910	4,483
		<u>108,720</u>	<u>95,446</u>	<u>88,822</u>	<u>114,840</u>

Amounts due to ultimate holding company, fellow subsidiaries, subsidiaries and associates are unsecured, interest free and repayable on demand.

應付最終控股公司、同系附屬公司、附屬公司及聯營公司款項為無抵押、免息及須於要求時償還。

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(除另有註明者外，以港元為單位)

23. Trade and other payables

(Continued)

Included in creditors and accrued charges are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
From the date of billing:	自發票日期起：				
Within 1 month	1個月內	39,589	30,585	6,298	6,338
After 1 month but within 3 months	1個月後 但3個月內	7,870	7,496	858	1
After 3 months but within 6 months	3個月後 但6個月內	1,311	484	283	-
After 6 months but within 1 year	六個月後 但一年內	911	89	-	-
Over 1 year	超過一年	1,260	1,013	-	-
		<u>50,941</u>	<u>39,667</u>	<u>7,439</u>	<u>6,339</u>

23. 應付賬款及其他應付款

(續)

應付賬款及應計費用包括應付賬款及應付票據，於結算日其賬齡分析如下：

Included in trade and other payables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

應付賬款及其他應付款中包括下列以有關實體之功能貨幣以外貨幣計值之金額：

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		'000 千	'000 千	'000 千	'000 千
Renminbi	人民幣	RMB69,006 人民幣69,006元	RMB50,149 人民幣50,149元	RMB14,307 人民幣14,307元	RMB13,015 人民幣13,015元
Japanese Yen	日圓	JPY19,124 19,124日圓	JPY14,569 14,569日圓	JPY-	JPY-
Korean Won	韓圓	KRW603,650 603,650韓圓	KRW1,209,862 1,209,862韓圓	KRW-	KRW-
Vietnam Dong	越南盾	VND3,907,455 3,907,455越南盾	VND2,409,898 2,409,898越南盾	VND-	VND-
		<u>3,907,455越南盾</u>	<u>2,409,898越南盾</u>	<u>-越南盾</u>	<u>-越南盾</u>

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24. Bank loans and overdrafts

At 31 December 2005, the bank loans and overdrafts were secured as follows:

24. 銀行貸款及透支

於二零零五年十二月三十一日，銀行貸款及透支之抵押如下：

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		'000 千	'000 千	'000 千	'000 千
Bank overdrafts	銀行透支	7,155	-	-	-
Bank loans	銀行貸款				
- secured	- 有抵押	42,284	-	7,753	-
- unsecured	- 無抵押	56,129	53,616	50,600	38,000
		<u>105,568</u>	<u>53,616</u>	<u>58,353</u>	<u>38,000</u>

Included in bank loans and overdrafts are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

銀行貸款及透支中包括下列以有關實體之功能貨幣以外貨幣計值之金額：

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		'000 千	'000 千	'000 千	'000 千
Korean Won	韓圓	KRW1,180,931 1,180,931韓圓	KRW- -韓圓	KRW- -韓圓	KRW- -韓圓

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(除另有註明者外，以港元為單位)

24. Bank loans and overdrafts

(Continued)

At 31 December 2005, the banking facilities of certain subsidiaries were secured by mortgages over their land use rights, buildings and deposit with an aggregate carrying value of \$4,268,000 (2004: \$Nil), \$36,151,000 (2004: \$Nil) and \$69,847,000 (net of embedded derivatives) (2004: \$Nil) respectively. Such banking facilities amounted to \$57,790,000 (2004: \$Nil). The facilities were utilised to the extent of \$42,284,000 (2004: \$Nil).

Some of the group's banking facilities are subject to the fulfilment of financial covenants, as are commonly found in lending arrangements with financial institutions. If the group were to breach the covenants the drawn down facilities would become payable on demand. The group regularly monitors its compliance with these covenants. Further details of the group's management of liquidity risk are set out in note 29(b). As at 31 December 2005 the group was not in compliance with one of the covenants in relation to these certain banking facilities, which require that the interest coverage ratio should exceed 5.0:1. Accordingly, the group's long-term bank loans under such banking facilities have been reclassified as a current liability at 31 December 2005. However, subsequent to the balance sheet date, the group has obtained the bank's waiver from declaring an event of default with respect to the breach of this covenant for the year ended 31 December 2005.

24. 銀行貸款及透支 (續)

於二零零五年十二月三十一日，若干附屬公司之銀行信貸乃以彼等賬面總值分別達4,268,000元(二零零四年：零元)、36,151,000元(二零零四年：零元)及69,847,000元(扣除附帶衍生工具)(二零零四年：零元)之土地使用權、樓宇及按金作出之按揭作擔保。有關銀行信貸達57,790,000元(二零零四年：零元)。可動用之信貸額為42,284,000元(二零零四年：零元)。

本集團之若干銀行信貸須達成若干財務契諾方能取用，此做法於與財務機構訂立之借貸安排中非常普遍。倘本集團違反契諾，所提取之信貸將須應要求償還。本集團定期監察其是否已遵守該等契諾。本集團之流動資金風險管理詳情載於附註29(b)。於二零零五年十二月三十一日，本集團並無遵守其中一項與若干銀行信貸有關之契諾，其要求利息覆蓋比率應超逾5.0:1。因此，本集團與有關銀行信貸下之長期銀行貸款已於二零零五年十二月三十一日重新分類為流動負債。然而，於結算日後，本集團已獲銀行豁免把截至二零零五年十二月三十一日止年度內違反本契諾一事宣佈為失責事件。

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(除另有註明者外，以港元為單位)

25. Employee retirement benefits

(a) Defined benefit retirement plan

The group participates in a defined benefit retirement plan which covers the group's Korean employees. A portion of the group's liability under this plan is covered by deposits with an insurance company in South Korea.

The latest independent actuarial valuation of the plan was at 31 December 2005 prepared by qualified staff of Watson Wyatt Hong Kong Limited, who are members of the Society of Actuaries of the United States of America, using the projected unit credit method. The actuarial valuation indicates that the group's obligation under the defined benefit retirement plan is 34% (2004: 34%) covered by the plan assets.

(i) The amounts recognised in the balance sheets are as follows:

25. 僱員退休福利

(a) 界定利益退休計劃

本集團為其韓國僱員參與一項界定利益退休計劃。本集團於該計劃下之部分負債乃以存放於一間南韓保險公司之款項支付。

最近期之獨立精算估值報告乃由華信惠悅顧問有限公司之合資格僱員(彼等均為Society of Actuaries of the United States of America之會員)於二零零五年十二月三十一日使用預期累積福利單位法進行。精算估值報告顯示本集團於界定利益退休計劃項下之責任之34%(二零零四年: 34%)獲計劃資產支持。

(i) 於資產負債表內確認之數額如下:

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Present value of obligations	義務之現值	15,081	23,791	4,816	4,909
Fair value of plan assets	計劃資產之公允價值	(5,907)	(8,198)	-	-
Net unrecognised actuarial (loss)/gain	未確認精算(虧損)/收益淨額	1,646	(1,830)	-	-
		<u>10,820</u>	<u>13,763</u>	<u>4,816</u>	<u>4,909</u>

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(除另有註明者外，以港元為單位)

25. Employee retirement benefits

(Continued)

(a) Defined benefit retirement plan

(Continued)

The plan assets represent the deposits placed with the insurance company.

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

(ii) Movements in the net liability recognised in the balance sheets are as follows:

25. 僱員退休福利 (續)

(a) 界定利益退休計劃 (續)

計劃資產指存放於保險公司之存款。

部分上述負債預期將於一年之後清償。然而，由於未來供款亦與日後提供的服務和日後精算假設與市況的變動有關，故將有關數額從未來十二個月的應付數額中分開並不可行。

(ii) 於資產負債表內確認之負債淨額變動如下：

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
At 1 January	於一月一日	13,763	11,772	4,909	4,505
Payments to employees and insurance company	支付予僱員及保險公司之款項	(7,525)	(5,175)	(799)	(567)
Exchange adjustments	匯兌調整	421	2,301	120	693
Expense recognised in profit or loss (note 5(b))	於損益確認之支出 (附註5(b))	4,161	4,865	586	278
At 31 December	於十二月三十一日	10,820	13,763	4,816	4,909

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25. Employee retirement benefits

(Continued)

(a) Defined benefit retirement plan

(Continued)

(iii) Expense recognised in profit or loss is as follows:

Current service cost	本年度服務成本
Interest cost	利息費用
Actuarial expected return on plan assets	計劃資產之 預期精算回報

The expense is recognised in the following line item in the consolidated income statement:

Administrative expenses	行政開支
-------------------------	------

The actual return on plan assets (taking into account all changes in the fair value of the plan assets excluding contributions paid and received) was net income of \$176,000 (2004: \$284,000).

25. 僱員退休福利 (續)

(a) 界定利益退休計劃 (續)

(iii) 於損益確認之支出如下：

The group	
本集團	
2005	2004
二零零五年	二零零四年
\$'000	\$'000
千元	千元
3,662	4,307
810	890
(311)	(332)
<u>4,161</u>	<u>4,865</u>

支出於綜合損益表內確認為以下項目：

The group	
本集團	
2005	2004
二零零五年	二零零四年
\$'000	\$'000
千元	千元
4,161	4,865

計劃資產之實際回報(經計及計劃資產公允價值之變動(不包括已付及已收之供款))為收入淨額176,000元(二零零四年：284,000元)。

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25. Employee retirement benefits

(Continued)

(a) Defined benefit retirement plan

(Continued)

- (iv) The principal actuarial assumptions used as at 31 December 2005 (expressed as weighted average) are as follows:

Discount rate	貼現率
Expected rate of return on plan assets	計劃資產之 預期回報率
Future salary increases	未來薪酬升幅

(b) Defined contribution retirement plan

- (i) The group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of \$20,000. Contributions to the scheme vest immediately.

25. 僱員退休福利 (續)

(a) 界定利益退休計劃 (續)

- (iv) 於二零零五年十二月三十一日使用之主要精算假設按加權平均數列示如下：

The group and the company 本集團及本公司	
2005 二零零五年	2004 二零零四年
6%	4.25%
3.5%	5.0%
2% - 4%	4% - 8%

(b) 界定供款退休計劃

- (i) 本集團按照香港《強制性公積金計劃條例》的規定為根據香港《僱傭條例》聘用的僱員設立強制性公積金計劃(「強積金計劃」)。強積金計劃是一個界定供款退休計劃，由獨立受託人管理。根據強積金計劃，僱主及僱員均須按照僱員之相關入息的5%向計劃作出供款，而每月相關入息之上限為20,000元。向計劃作出的供款即時成為既定僱員福利。

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(除另有註明者外，以港元為單位)

25. Employee retirement benefits

(Continued)

(b) Defined contribution retirement plan

(Continued)

- (ii) As stipulated by the regulations of the PRC, the group participates in various defined contribution retirement plans organised by the relevant authorities for its PRC employees. The group is required to make contributions to the retirement plans which are calculated based on certain prescribed rates and the salaries, bonuses and certain allowances of its PRC employees. The group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

25. 僱員退休福利 (續)

(b) 界定供款退休計劃 (續)

- (ii) 根據中國法規，本集團參與與相關機關為其中國僱員所營辦的各項界定供款退休計劃。本集團須就該等退休計劃，按若干指定比率及其中國僱員之薪金、花紅及若干津貼作出供款。除上文所述於每年就該等計劃作出供款外，本集團並無其他支付退休福利的重大承擔。

26. Equity settled share-based transactions

The company has a share option scheme which was adopted on 22 January 2002 whereby the directors of the company are authorised, at their discretion, to invite employees of the group, including directors of any company in the group, to take up options to subscribe for shares of the company. The exercise price of the options is the highest of (i) the nominal value of the shares, (ii) the closing price of the shares on the SEHK on the date of grant and (iii) the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The options are exercisable progressively between one to three years from the date of grant and will expire at the end of a period to be notified by the directors to each option-holder upon the grant of option, such period not to exceed ten years from the date on which the option is granted. Each option gives the holder the right to subscribe for one share and the consideration paid by each holder for each grant is \$1.00.

26. 權益結算之股份交易

本公司於二零零二年一月二十二日採納一項購股權計劃。據此，本公司董事獲授權酌情邀請本集團僱員（包括本集團任何成員公司之董事）接受購股權以認購本公司股份。購股權之行使價為(i)股份票面值、(ii)股份於購股權授予當日於香港聯交所錄得的收市價及(iii)股份於緊接購股權授予當日前五個營業日在香港聯交所錄得的平均收市價三者之最高數額。購股權可在授予日期起計一至三年後逐步行使，並於董事授出購股權時知會各購股權持有人之期間結束後失效，該期間不超過授出購股權當日起計十年。持有人有權憑每項購股權認購一股份，而每名持有人須就每宗獲授之購股權繳付1.00元之代價。

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(除另有註明者外，以港元為單位)

26. Equity settled share-based transactions (Continued)

(a) The terms and conditions of the grants that existed during the years are as follows, whereby all options are settled by physical delivery of shares:

26. 權益結算之股份交易 (續)

(a) 年內之授出條款及條件如下，而所有購股權均以交付實質股份之方式結算：

		Number of instruments 工具數目	Contractual life of options 購股權之 合約年期
Options granted to directors:	授予董事之購股權：		
- on 7 February 2002	- 於二零零二年二月十七日	4,480,000	10 years
- on 15 April 2003	- 於二零零三年四月十五日	1,365,000	10 years
Options granted to employees:	授予僱員之購股權：		
- on 7 February 2002	- 於二零零二年二月七日	4,681,000	10 years
- on 15 April 2003	- 於二零零三年四月十五日	455,000	10 years
- on 2 January 2004	- 於二零零四年一月二日	11,650,000	10 years
Total share options	購股權總數	<u>22,631,000</u>	

In respect of the options granted, the maximum percentage of the share options which may be exercised is determined in stages as follows:

就所授出之購股權而言，於各階段可行使之購股權最高百分比載列如下：

On or after 1st year anniversary	30%	1週年或以後	30%
On or after 2nd year anniversary	another 30%	2週年或以後	另外30%
On or after 3rd year anniversary	another 40%	3週年或以後	另外40%

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26. Equity settled share-based transactions (Continued)

26. 權益結算之股份交易 (續)

(b) The number and weighted average exercise prices of share options are as follows:

(b) 購股權之數目及加權平均行使價載列如下：

		2005		2004	
		Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
		加權平均行使價	購股權數目	加權平均行使價	購股權數目
			'000 千		'000 千
Outstanding at the beginning of the period	於期初尚未行使	\$1.54	23,611	\$1.21	21,030
Exercised during the period	於期內行使		(980)		(9,069)
Granted during the period	於期內授出		-		11,650
Outstanding at the end of the period	於期末尚未行使	\$1.56	<u>22,631</u>	\$1.54	<u>23,611</u>
Exercisable at the end of the period	於期末行使		<u>13,436</u>		<u>1,000</u>

The weighted average share price at the date of exercise for shares options exercised during the year was \$1.20 (2004: \$2.37).

年內行使之購股權於行使當日之加權平均價為1.20元(二零零四年：2.37元)。

The options outstanding at 31 December 2005 had an exercise price of \$1.18, \$1.43 or \$1.87 (2004: \$1.18, \$1.43 or \$1.87) and a weighted average remaining contractual life of 8 years (2004: 9 years).

於二零零五年十二月三十一日，未行使購股權之行使價分別為1.18元、1.43元或1.87元(二零零四年：1.18元、1.43元或1.87元)，而餘下合約年期之加權平均數為8年(二零零四年：9年)。

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26. Equity settled share-based transactions (Continued)

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binomial model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

Fair value at measurement date	於計算日期之公平值
Share price	股價
Exercise price	行使價
Expected volatility	預計波幅
Expected option life	購股權之預計年期
Expected dividends	預計股息
Risk-free interest rate	無風險息率

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

26. 權益結算之股份交易 (續)

(c) 購股權之公平值及假設

就換取已授出購股權而提供之服務之公平值乃參考所授出購股權之公平值釐訂。所獲提供服務之估計公平值乃根據二項式模型計算，使用該模型時將會輸入購股權之合約年期。二項式模型已包括預期出現之提前行使。

Grant date	
授出日期	
15 April	2 January
2003	2004
二零零三年	二零零四年
四月十五日	一月二日

\$	0.36	\$	0.53
\$	1.42	\$	1.85
\$	1.43	\$	1.87
	50.83%		44.90%
	10 years		10 years
	6.48%		5.06%
	3.68%		4.37%

預計波幅乃根據歷史波幅計算（根據購股權餘下可使用年期之加權平均數計算），並就日後因公眾可取得之資料已導致之任何預計波幅作出調整。預計股息乃根據過往股息計算。主觀性輸入假設之變動會導致公平值估算出現重大變動。

購股權乃根據服務條件授出。於計算所獲提供服務於授出日期之公平值時並無考慮有關條件。購股權並無涉及任何市場條件。

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27. Income tax in the balance sheets 27. 資產負債表所示之 所得稅

(a) Current taxation in the balance
sheets represent:

(a) 資產負債表所示之本期
稅項為：

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Provision for Hong Kong Profits Tax for the year	本年度香港利 得稅準備	4,106	5,184	4,100	5,000
Provisional Profits Tax paid	已付暫繳利得稅	-	(492)	-	-
		4,106	4,692	4,100	5,000
Balance of Profits Tax provision relating to prior years	以往年度 利得稅準備結餘	19,952	21,654	20,259	21,653
Taxation outside Hong Kong	香港以外地區稅項	410	2,961	-	-
Less: Tax reserve certificates purchased under order of the Commissioner of Inland Revenue (note)	減：按稅務局局長 指令購入之 儲稅券 (附註)	(16,482)	(16,482)	(16,482)	(16,482)
		7,986	12,825	7,877	10,171

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the Financial Statements 財務報表附註

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(除另有註明者外，以港元為單位)

27. Income tax in the balance sheets

(Continued)

Note: As at 31 December 2005, tax reserve certificates totalling \$16,482,000 were purchased by the company pending the resolution of certain enquiries raised by the Hong Kong Inland Revenue Department ("IRD") in connection with the company's offshore claims relating to the years of assessment 1998/99 to 2002/2003. The agreement of the company's tax affairs for subsequent years of assessment is also subject to the outcome of these enquiries. Based on the information available to date, the directors of the company consider the tax provisions included in the financial statements in the aggregate amount of \$24,058,000 for the years of assessment 1998/99 to 2005/06 are adequate after taking into account the nature of the enquiries raised by the IRD, the documentation available to support the claims and the bases upon which the company's assessable profits for the years of assessment prior to 1998/99 have been agreed with the IRD.

27. 資產負債表所示之 所得稅 (續)

附註：於二零零五年十二月三十一日，本公司購買總額達16,482,000元之儲稅券，以待香港稅務局（「稅局」）就本公司於一九九八／九九課稅年度至二零零二／零三課稅年度之離岸索償提出的部分質詢定案。本公司往後各課稅年度之稅務事項協議亦須取決於有關質詢之結果。根據截至本日止可取得之資料所示，本公司董事經考慮稅局提出質詢之性質，支持申索之文件，以及本公司於一九九八／九九課稅年度前應評稅溢利所採納獲稅局同意的基準後，認為就一九九八／九九課稅年度至二零零五／零六課稅年度於財務報表內作出總數達24,058,000元之準備乃屬充足。

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27. Income tax in the balance sheets 27. 資產負債表所示之 (Continued) 所得稅 (續)

(b) Deferred tax assets and liabilities recognised:

(i) The group

The components of deferred tax (assets)/ liabilities recognised in the balance sheet and the movements during the year are as follows:

(b) 已確認遞延稅項資產及負債

(i) 本集團

於資產負債表內確認之遞延稅項(資產)/負債項目，以及於年內之變動如下：

		Depreciation allowances in excess of related depreciation	Tax losses brought forward	Defined benefit liability	Other short-term temporary differences	Total
		超過相關折舊的折舊免稅額	稅項虧損結轉	界定利益負債	其他短期暫時差異	總計
		\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元
Deferred tax arising from:	來自下列各項之遞延稅項：					
At 1 January 2004 (restated)	於二零零四年一月一日(重列)	237	(3,868)	(1,007)	(101)	(4,739)
Exchange adjustments	匯兌調整	38	-	(58)	(27)	(47)
Charged/(credited) to consolidated income statement	於綜合損益表內列支/(計入)	366	(68)	392	(100)	590
		<u>641</u>	<u>(3,936)</u>	<u>(673)</u>	<u>(228)</u>	<u>(4,196)</u>
At 31 December 2004 (restated)	於二零零四年十二月三十一日(重列)	641	(3,936)	(673)	(228)	(4,196)
At 1 January 2005 (restated)	於二零零五年一月一日(重列)	641	(3,936)	(673)	(228)	(4,196)
Exchange adjustments	匯兌調整	(5)	(11)	(13)	(9)	(38)
Charged/(credited) to consolidated income statement	於綜合損益表內列支/(計入)	301	(1,251)	(96)	(1,439)	(2,485)
		<u>301</u>	<u>(1,251)</u>	<u>(96)</u>	<u>(1,439)</u>	<u>(2,485)</u>
At 31 December 2005	於二零零五年十二月三十一日	937	(5,198)	(782)	(1,676)	(6,719)

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(除另有註明者外，以港元為單位)

27. Income tax in the balance sheets 27. 資產負債表所示之 (Continued) 所得稅 (續)

(b) Deferred tax assets and liabilities recognised: (Continued)

(ii) The company

The components of deferred tax (assets)/ liabilities recognised in the balance sheet and the movements during the year are as follows:

(b) 已確認遞延稅項資產及 負債 (續)

(ii) 本公司

於資產負債表內確認之遞延稅項(資產)/負債項目，以及於年內之變動如下：

		Depreciation allowances in excess of related depreciation 超過相關折舊 的折舊免稅額	Defined benefit liability 界定利益 負債	Other short-term temporary differences 其他短期 暫時差異	Total 總計
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Deferred tax arising from:	來自下列各項之 遞延稅項：				
At 1 January 2004	於二零零四年 一月一日	730	(394)	(325)	11
Charged to income statement	於損益表內列支	330	394	123	847
At 31 December 2004	於二零零四年 十二月三十一日	1,060	-	(202)	858
At 1 January 2005	於二零零五年一月一日	1,060	-	(202)	858
Credited to income statement	於損益表內列支	(29)	-	(88)	(117)
At 31 December 2005	於二零零五年 十二月三十一日	1,031	-	(290)	741

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27. Income tax in the balance sheets 27. 資產負債表所示之 (Continued) 所得稅 (續)

(b) Deferred tax assets and liabilities recognised: (Continued)

(b) 已確認遞延稅項資產及 負債 (續)

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
			(restated) (重列)		
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Net deferred tax asset recognised on the balance sheet	於資產負債表 確認之遞延 稅項資產 淨值	(7,460)	(5,122)	-	-
Net deferred tax liability recognised on the balance sheet	於資產負債表 確認之遞延 稅項負債 淨額	741	926	741	858
		<u>(6,719)</u>	<u>(4,196)</u>	<u>741</u>	<u>858</u>

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(除另有註明者外，以港元為單位)

28. Share capital and reserves

(a) The group

28. 股本及儲備

(a) 本集團

	Share capital	Share premium	Capital reserve	General reserve fund	Exchange reserve	Revaluation		Retained profits	Minority interests	Total equity	
						Land and buildings	Fair value reserve				
						土地及建築物	公平				
	股本	股份溢價	資本儲備	一般儲備	匯兌儲備	重估儲備	價值儲備	保留溢利	總額	少數股東權益	總權益
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	千元	千元	千元	千元	千元	千元	千元	千元	千元	千元	千元
At 1 January 2004											
於二零零四年一月一日											
- as previously reported	51,235	165,624	-	14,485	116	627	-	363,190	595,277	-	595,277
一過往呈報											
- prior period adjustments in respect of:											
一就下列各項作出之前期調整											
- HKFRS 2	-	-	188	-	-	-	-	(188)	-	-	-
一香港財務報告準則第2號											
- HKAS 17	-	-	-	-	-	(627)	-	80	(547)	-	(547)
一香港會計準則第17號											
- as restated	51,235	165,624	188	14,485	116	-	-	363,082	594,730	-	594,730
一重列											
Dividends approved in respect of the previous year	10(b)	-	-	-	-	-	-	(40,053)	(40,053)	-	(40,053)
本年度內批准屬於上一年度的股息											
Transfer between reserves		-	-	560	-	-	-	(560)	-	-	-
儲備間轉撥											
Shares issued under share option scheme	28(c)(i)	707	10,189	-	-	-	-	-	10,896	-	10,896
根據購股權計劃發行股份											
Equity settled share-based transactions (restated)		-	3,866	-	-	-	-	-	3,866	-	3,866
權益結算之股份交易(重列)											
Profit for the year (restated)		-	-	-	-	-	-	49,051	49,051	-	49,051
本年度溢利(重列)											
Dividends declared in respect of the current year	10(a)	-	-	-	-	-	-	(20,026)	(20,026)	-	(20,026)
本年度已宣派股息											
Exchange differences on translation of financial statements of overseas subsidiaries		-	-	-	5,525	-	-	-	5,525	-	5,525
換算海外附屬公司財務報表產生之匯兌差額											
At 31 December 2004 (as restated)		51,942	175,813	4,054	15,045	5,641	-	351,494	603,989	-	603,989
於二零零四年十二月三十一日(重列)											

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28. Share capital and reserves (Continued) 28. 股本及儲備 (續)

(a) The group (Continued)

(a) 本集團 (續)

		Share Capital	Share premium	Capital reserve	General reserve fund	Exchange reserve	Revaluation reserve- Land and buildings 土地及 建築物 使用權	Retained profits	Total	Minority interests	Total equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	附註	千元	千元	千元	千元	千元	千元	千元	千元	千元	千元
At 1 January 2005	於二零零五年一月一日										
- as previously reported	一過往呈報	51,942	175,813	-	15,045	5,641	589	355,516	604,546	-	604,546
- prior period adjustments in respect of:	一就下列各項作出之 前期調整										
- HKFRS 2	一香港財務報告 準則第2號	2(a)(i)	-	-	4,054	-	-	(4,054)	-	-	-
- HKAS 17	一香港會計 準則第17號	2(a)(i)	-	-	-	-	(589)	32	(557)	-	(557)
- as restated, before opening balance adjustments	一重列，作出期 初調整前	51,942	175,813	4,054	15,045	5,641	-	351,494	603,989	-	603,989
- HKFRS 3	一香港財務報告 準則第3號	2(d)	-	-	-	-	-	9,595	9,595	-	9,595
- as restated, after opening balance adjustments	一重列，作出期 初調整後	51,942	175,813	4,054	15,045	5,641	-	361,089	613,584	-	613,584
Dividends approved in respect of the previous year	本年度內批准屬於 上一年度的股息	10(b)	-	-	-	-	-	(40,111)	(40,111)	-	(40,111)
Shares issued under share option scheme	根據購股權 計劃發行股份	28(c)(ii)	77	1,080	-	-	-	-	1,157	-	1,157
Exchange difference on translation of financial statements of overseas subsidiaries	換算海外附屬公司 財務報表 產生之匯兌差額		-	-	-	2,752	-	-	2,752	-	2,752
Equity settled share-based transactions	權益結算之股份交易		-	-	1,915	-	-	-	1,915	-	1,915
Capital contributions from minority shareholders	少數股東出資		-	-	-	-	-	-	-	15,120	15,120
Loss for the year	本年度虧損		-	-	-	-	-	(36,348)	(36,348)	(122)	(36,470)
Dividends declared in respect of the current year	本年度已宣派股息	10(a)	-	-	-	-	-	-	-	-	-
At 31 December 2005	於二零零五年 十二月三十一日		52,019	176,893	5,969	15,045	8,393	284,630	542,949	14,998	557,947

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(除另有註明者外，以港元為單位)

28. Share capital and reserves (Continued) 28. 股本及儲備 (續)

(b) The company

(b) 本公司

		Share capital 股本	Share premium 股份溢價	Capital reserve 資本儲備	Retained profits 保留溢利	Total 總額
	Note 附註	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
At 1 January 2004	於二零零四年一月一日					
- previously reported	- 過往呈報	51,235	165,624	-	264,223	481,082
- prior period adjustments in respect of HKFRS 2	- 香港財務報告準則 第2號之前期調整	-	-	188	(188)	-
- as restated	- 重列	51,235	165,624	188	264,035	481,082
Dividends approved in respect of the previous year	本年度內批准屬於 上一年度的股息	10(b)	-	-	(40,053)	(40,053)
Equity settled share-based transactions (restated)	權益結算 股份交易(重列)	-	-	3,866	-	3,866
Shares issued under share option scheme	根據購股計劃 發行股份	28(c)(ii)	707	10,189	-	10,896
Profit for the year (restated)	本年度溢利(重列)	-	-	-	42,896	42,896
Dividends declared in respect of the current year	本年度已宣派股息	10(a)	-	-	(20,026)	(20,026)
At 31 December 2004 (as restated)	於二零零四年十二月 三十一日(重列)	<u>51,942</u>	<u>175,813</u>	<u>4,054</u>	<u>246,852</u>	<u>478,661</u>
At 1 January 2005	於二零零五年一月一日					
- previously reported	- 過往呈報	51,942	175,813	-	247,305	475,060
- prior period adjustments in respect of HKFRS 2	- 香港財務報告準則 第2號之前期調整	2(a)(ii)	-	4,054	(453)	3,601
- as restated	- 重列	51,942	175,813	4,054	246,852	478,661
Dividends approved in respect of the previous year	本年度內批准屬於 上一年度的股息	10(b)	-	-	(40,111)	(40,111)
Equity settled share-based transactions	權益結算股份 交易(重列)	-	-	1,915	-	1,915
Shares issued under share option scheme	根據購股權計劃 發行股份	28(c)(ii)	77	1,080	-	1,157
Profit for the year	本年度溢利(重列)	-	-	-	3,670	3,670
Dividends declared in respect of the current year	本年度已宣派股息	10(a)	-	-	-	-
At 31 December 2005	於二零零五年 十二月三十一日	<u>52,019</u>	<u>176,893</u>	<u>5,969</u>	<u>210,411</u>	<u>445,292</u>

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(除另有註明者外，以港元為單位)

28. Share capital and reserves (Continued) 28. 股本及儲備 (續)

(c) Share capital

(i) Authorised and issued share capital

		2005 二零零五		2004 二零零四	
		No. of shares 股份數目	Amount 金額	No. of shares 股份數目	Amount 金額
		'000 千	\$'000 千元	'000 千	\$'000 千元
<i>Authorised:</i>	法定股本：				
Ordinary shares of US\$0.01	每股面值 0.01美元普通股	5,000,000	390,000	5,000,000	390,000
<i>Issued and fully paid:</i>	已發行及 繳足股本：				
At 1 January	於一月一日	667,549	51,942	658,480	51,235
Shares issued under share option scheme	根據購股權計劃 發行股份	980	77	9,069	707
At 31 December	於十二月三十一日	668,529	52,019	667,549	51,942

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

(ii) Shares issued under share option scheme

On 7 April 2005, options were exercised to subscribe for 980,000 ordinary shares in the company at a consideration of \$1,156,400 of which \$77,000 was credited to share capital and the balance of \$1,079,400 was credited to the share premium account. No capital reserve has been transferred to the share premium account as these options were granted on or before 7 November 2002 and the group has taken advantage of the transitional provision set out in HKFRS 2 (see note 2(c)).

(c) 股本

(i) 法定及已發行股本

		2005 二零零五		2004 二零零四	
		No. of shares 股份數目	Amount 金額	No. of shares 股份數目	Amount 金額
		'000 千	\$'000 千元	'000 千	\$'000 千元
<i>Authorised:</i>	法定股本：				
Ordinary shares of US\$0.01	每股面值 0.01美元普通股	5,000,000	390,000	5,000,000	390,000
<i>Issued and fully paid:</i>	已發行及 繳足股本：				
At 1 January	於一月一日	667,549	51,942	658,480	51,235
Shares issued under share option scheme	根據購股權計劃 發行股份	980	77	9,069	707
At 31 December	於十二月三十一日	668,529	52,019	667,549	51,942

普通股持有人有權收取不時宣派之股息，並可於本公司大會上就每股投出一票。就本公司之餘下資產而言，所有普通股均享有同權利。

(ii) 根據購股權計劃發行股份

於二零零五年四月七日，已行使可認購980,000股本公司普通股之購股權，代價為1,156,400元，當中77,000已計入股本中，而餘下之1,079,400元已計入股份溢價賬中。因該等購股權乃於二零零二年十一月七日前授出，且本集團已引用《香港財務報告準則》第2號之過渡性條文（見附註2(c)），因此，並無股本被轉至股份溢價賬中。

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(除另有註明者外，以港元為單位)

28. Share capital and reserves (Continued)

(c) Share capital (Continued)

(iii) Terms of unexpired and unexercised share options at balance sheet date

Exercise period 行使期間			Exercise price 行使價	2005 二零零五年 Number 數目	2004 二零零四年 Number 數目
7 February 2003 to 7 February 2012	於二零零三年二月七日至 二零一二年二月七日	\$	1.18	9,161,000	10,141,000
15 April 2004 to 15 April 2013	二零零四年四月十五日至 二零一三年四月十五日	\$	1.43	1,820,000	1,820,000
2 January 2005 to 2 January 2014	二零零五年一月二日至 二零一四年一月二日	\$	1.87	11,650,000	11,650,000
				<u>22,631,000</u>	<u>23,611,000</u>

Each option entitles the holder to subscribe for one ordinary share in the company. Further details of these options are set out in note 26.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Sections 48B of the Hong Kong Companies Ordinance.

(ii) Capital reserve

The capital reserve comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the company recognised in accordance with the accounting policy adopted for share-based payments in note 1(q)(iii).

28. 股本及儲備 (續)

(c) 股本 (續)

(iii) 於結算日未屆滿及尚未行使之購股權之條款

Exercise price 行使價	2005 二零零五年 Number 數目	2004 二零零四年 Number 數目
\$ 1.18	9,161,000	10,141,000
\$ 1.43	1,820,000	1,820,000
\$ 1.87	11,650,000	11,650,000
	<u>22,631,000</u>	<u>23,611,000</u>

每股購股權均賦予持有人權力認購一股本公司普通股。該等購股權之進一步詳情載於附註26。

(d) 儲備性質及目的

(i) 股份溢價

股份溢價賬的用途受到香港《公司條例》第48B條所管轄。

(ii) 資本儲備

資本儲備包括根據附註1(q)(iii)所列就以股份支付採用的會計政策，確認實際或估計已授予本公司僱員但尚未行使的認股權數目的公允價值。

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28. Share capital and reserves (Continued) 28. 股本及儲備 (續)

(d) Nature and purpose of reserves

(Continued)

(iii) General reserve fund

According to the PRC laws applicable to wholly-owned foreign investment enterprises, the PRC subsidiaries of the company are required to set up a general reserve fund and appropriate at least 10% of their annual net profits after taxation, as determined under PRC accounting regulations, to the general reserve fund until the balance of the fund equals to 50% of the respective enterprise's registered capital. This fund can be used to make good losses and to convert into paid-up capital.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(u).

(v) Revaluation reserves

The revaluation reserves have been set up and are dealt with in accordance with the accounting policies adopted for land and buildings in notes 1(h) and 2(f).

(e) Distributability of reserves

At 31 December 2005, the aggregate amount of reserves available for distribution to equity shareholders of the company was \$210,411,000 (2004 (restated): \$246,852,000).

(d) 儲備性質及目的 (續)

(iii) 一般儲備

根據適用於全資外國投資企業適用之中國法律，本公司之中國附屬公司須設立一般儲備，並至少須將年度除稅後純利（按中國會計規例計算）之10%轉撥往儲備金內，直至儲備之結餘相等於各有關企業註冊資本之50%為止。此項儲備可用作彌補虧損及轉換為繳足資本用途。

(iv) 匯兌儲備

匯兌儲備包括所有因換算境外業務財務報表所產生之匯兌差額。該等儲備根據附註1(u)所載之會計政策處理。

(v) 重估儲備

本公司已設立重估儲備，及根據載於附錄1(h)及2(f)為土地及樓宇採用之會計政策處理。

(e) 可供分派儲備

於二零零五年十二月三十一日，可供分派予本公司股東之儲備總額為210,411,000元（二零零四年（重列）：246,852,000元）。

29. Financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the group's business. These risks are limited by the group's financial management policies and practices described below.

(a) Credit risk

The group's credit risk is primarily attributable to cash and deposits, and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade and other receivables are due within 14 to 90 days from the date of billing. Debtors with long overdue balances are requested to settle all outstanding balances before any further credit is granted. Normally, the group does not obtain collateral from customers. The group reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The group's cash and deposits are placed with major financial institutions. Transactions involving derivative financial instruments are with counterparties with major financial institutions and with whom the group has a signed netting agreement. Given their high credit ratings, management does not expect any investment counterparty to fail to meet its obligations.

At the balance sheet date, the group has a certain concentration of credit risk as 17% (2004: 15%) and 37% (2004: 31%) of the total trade and other receivables was due from the group's largest customer and the five largest customers respectively within the plush stuffed toys business segment.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

29. 財務工具

本集團會在正常業務過程中出現信貸、流動資金、利率和外幣風險。本集團透過下述財務管理政策和慣常做法，對該等風險加以限制。

(a) 信貸風險

本集團之信貸風險主要來自現金及存款及應收賬款及其他應收款。管理層備有信貸政策，並按持續基準對該等信貸風險進行監察。

應收賬款及其他應收款項一般具備由發票日期計14天至90天之信貸期。長期負有到期未付結餘的債務人須先行清償所有未付餘額方可獲授予其他信貸。一般而言，本集團並不向客戶收取抵押品。本集團定期檢討各獨立應收賬款及其他應收款項之可收回數額以確保已為不可收回數額作出充足減值虧損。

本集團之現金及存款置於主要財務機構。涉及衍生財務工具之交易乃與主要財務機構，本集團並與該等機構簽定淨額結算協議。鑑於該等機構有高信貸評級，管理層並不預期對方不能履行合約。

於結算日，本集團有若干信貸風險集中之情況，於毛絨玩具業務分部，應收本集團最大客戶及五名最大客戶之信貸風險分別佔總應收賬款及其他應收款項17%（二零零四年15%）及37%（二零零四年：31%）。

信貸風險之最大風險由資產負債表各財務資產之賬面值（包括衍生財務工具）代表。

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29. Financial instruments (Continued)

(b) Liquidity risk

Individual operating entities within the group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the parent company's senior management when the borrowings exceed certain predetermined levels of authority. The group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

During the year, the group entered into a long-term structured deposit contract with a bank which has a maturity date in 2017 (see note 18).

(c) Interest rate risk

The group's cash flow interest rate risk relates to floating rate bank borrowings.

Besides, the group is exposed to cash flow interest rate risk through the impact of rate changes on income-earnings financial assets. The majority of the group's cash and cash equivalents of \$103,128,000 (2004: \$141,866,000) is placed in short-term deposits with major financial institutions, with effective interest rates ranging from 0.05% to 4.50% (2004: 0.05% to 6.35%).

The long-term structured deposit contract and its embedded derivatives outstanding at 31 December 2005 of \$69,847,000 (2004: \$85,288,000) are also exposed to fair value and cash flow interest rate risks. At 31 December 2005, it is estimated that a narrowing of the spread between the 30 year and 10 year United States dollar swap rates of 5 basis points would increase the group's loss before tax by approximately \$4,000,000.

29. 財務工具 (續)

(b) 流動資金風險

本集團內之獨立經營實體負責各自之現金管理，包括籌集貸款以應付現金需求，倘借貸超出當局事先定之若干水平，則須事先獲得母公司高級管理層之批准。本集團之政策為定期監察現時及預期流動資金要求及其符合借貸契諾，以確保其具備充足現金儲備及維持足夠主要金融機關之信貸額度預備以應付其於短期及長期之流動資金需要。

年內，本集團與一間銀行訂立長期結構式存款合約，存款合約於二零一七年到期(見附註18)。

(c) 利率風險

本集團之現金流量利率風險乃涉及浮息之銀行借貸。

此外，本集團之現金流量利率風險來自賺取收入之財務資產之利率變動。本集團之主要現金及現金等價物103,128,000元(二零零四年：141,866,000元)乃作為短期存款存於主要財務機構，並按實際利率介乎0.05厘至4.5厘(二零零四年：0.05厘至6.35厘)計息。

於二零零五年十二月三十一日之長期結構式存款合約及其尚餘之嵌入式衍生工具69,847,000元(二零零四年：85,288,000元)亦會面對公允價值及現金流量利率風險。於二零零五年十二月三十一日，估計三十年期美元掉期利率與十年期利率之間的息差每收窄5點子，將令本集團之稅前虧損增加約4,000,000元。

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(除另有註明者外，以港元為單位)

29. Financial instruments (Continued)

(c) Interest rate risk (Continued)

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or the maturity dates, if earlier.

The group

本集團

	2005 二零零五年						2004 二零零四年					
	Effective interest rate	Total	1 year or less	1 - 2 years	2 - 5 years	More than 5 years	Effective interest rate	Total	1 year or less	1 - 2 years	2 - 5 years	More than 5 years
	實際利率	\$'000	\$'000	\$'000	\$'000	\$'000	實際利率	\$'000	\$'000	\$'000	\$'000	\$'000
	%	千元	千元	千元	千元	千元	%	千元	千元	千元	千元	千元
Repricing dates for assets/ (liabilities) which reprice before maturity	會於到期前重新定價之資產/(負債)重新定價日期											
Long-term bank deposit and its embedded derivatives	長期銀行存款及其嵌入式衍生工具	1.81%	69,847	-	-	-	3.44%	85,288	-	-	-	85,288
Bank savings accounts	銀行存款賬	1.02%	34,820	34,820	-	-	1.04%	29,407	29,407	-	-	-
Bank overdrafts	銀行透支	7.50%	(7,155)	(7,155)	-	-	-	-	-	-	-	-
Bank loans	銀行貸款	5.04%	(98,413)	(98,413)	-	-	2.04%	(53,616)	(27,016)	(26,600)	-	-
			(901)	(70,748)	-	-		61,079	2,391	(26,600)	-	85,288
Maturity dates for assets/ (liabilities) which do not reprice before maturity	於到期前並不重新定價之資產/(負債)之到期日											
Deposits with banks which matured within 3 months after the balance sheet date	結算日後三個月內到期之銀行存款	4.16%	14,107	14,107	-	-	2.97%	72,454	72,454	-	-	-
Time deposits	定期存款	-	-	-	-	-	1.50%	7,500	7,500	-	-	-
			14,107	14,107	-	-		79,954	79,954	-	-	-

29. 財務工具 (續)

(c) 利率風險 (續)

實際利率及重新定價分析

就賺取收入之財務資產及計息財務負債而言，下表載列其於結算日及其重新定價之期間或到期日(倘較早)之實際利率。

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29. Financial instruments (Continued)

29. 財務工具 (續)

(c) Interest rate risk (Continued)

(c) 利率風險 (續)

The company

本公司

		2005 二零零五年					2004 二零零四年				
		Effective interest rate		More than			Effective interest rate		More than		
		Total	1 year or less	1 - 2 years	2 - 5 years	5 years	Total	1 year or less	1 - 2 years	2 - 5 years	5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		%	千元	千元	千元	千元	%	千元	千元	千元	千元
Repricing dates for assets/ (liabilities) which reprice before maturity	會於到期前重新定價之資產/(負債)重新定價日期										
Long-term bank deposit and its embedded derivatives	長期銀行存款及其嵌入式衍生工具	1.81%	69,847	-	-	-	3.44%	85,288	-	-	-
Bank savings accounts	銀行存款賬	1.57%	3,129	3,129	-	-	0.38%	3,342	3,342	-	-
Bank loans	銀行貸款	4.84%	(58,353)	(58,353)	-	-	1.50%	(38,000)	(11,400)	(26,600)	-
			14,623	(55,224)	-	-		50,630	(8,058)	(26,600)	-
						69,847					85,288
Maturity dates for assets/ (liabilities) which do not reprice before maturity	於到期前並不重新定價之資產/(負債)之到期日										
Deposits with banks which matured within 3 months after the balance sheet date	於結算日後三個月到期之銀行存款	4.32%	9,611	9,611	-	-	2.97%	72,454	72,454	-	-

29. Financial instruments (Continued)

(d) Foreign currency risk

(i) Forecast transactions

The group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Euros, Japanese Yen and Renminbi.

The group currently does not have a foreign currency hedging policy. However, management monitors the group's exposure to foreign currency risk and will consider hedging significant foreign currency exposure should the need arise.

(ii) Recognised assets and liabilities

In respect of trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

All the group's borrowings are denominated in the functional currency of the entity taking out the loan or, in the case of group entities whose functional currency is United States dollars, in either Hong Kong dollars or United States dollars. Given this, management does not expect that there will be any significant currency risk associated with the group's borrowings.

29. 財務工具 (續)

(d) 外匯風險

(i) 預期交易

本集團面對之外匯風險主要源自並非以相關業務的功能貨幣為單位進行之銷售及採購。導致此項風險之主要貨幣為歐元、日圓及人民幣。

本集團目前並無任何外幣對沖政策。然而，管理層密切監察本集團所面對之外匯風險，倘有需要時將考慮對沖重大外匯風險。

(ii) 確認資產及負債

就以並非以相關業務之功能貨幣持有之應收賬款及應付款項，在有需要時，本集團藉按即期匯率買賣外幣處理短期不平衡以確保淨風險維持於可接受程度。

本集團所有借貸均以提取貸款之實體之功能貨幣計值，倘集團實體之功能貨幣為美元，則以港元或美元計劃。因此，管理層不預期有任何關於本集團借貸之重大貨幣風險。

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(除另有註明者外，以港元為單位)

29. Financial instruments (Continued)

(d) Foreign currency risk (Continued)

(ii) Recognised assets and liabilities

(Continued)

During the year, the company entered into dual currency option deposit contracts with certain banks and consequently was exposed to foreign exchange risk in respect of such deposits. As at 31 December 2005, the company had placed deposits under such contracts in the total amount of US\$1,017,000 (equivalent to \$7,888,000) (2004: US\$1,346,000 (equivalent to \$10,461,000) and JPY100,000,000 (equivalent to \$7,580,000)) with banks.

The dual currency option deposits were placed to enhance the return on the company's surplus cash while the exchange risk in relation to the deposits was within an acceptable level.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2005 and 2004 except for investment in unquoted equity securities whose fair value cannot be reliably measured.

The loans to subsidiaries are unsecured, interest free and have no fixed repayment terms. Given these terms it is not meaningful to disclose their fair values.

29. 財務工具 (續)

(d) 外匯風險 (續)

(ii) 確認資產及負債 (續)

年內，本公司與若干銀行訂立雙重貨幣期權存款合約，因此就該等存款面對外匯風險。於二零零五年十二月三十一日，本公司已根據該等合約於銀行存入總共1,346,000美元（相當於約7,888,000元）（二零零四年：1,346,000美元（相當於10,461,000元））及100,000,000日圓（相當於7,580,000元）。

雙重貨幣期權存款乃為提高本公司盈餘現金而設，而有關存款之風險屬於可接受水平。

(e) 公允價值

於二零零五年及二零零四年十二月三十一日，所有財務工具之賬面值均與其公允價值無重大分別，惟公允價值不能可靠地計量之非上市股本證券除外。

借予附屬公司之貸款為無抵押、免息及無固定還款期。鑑於該等條款，披露其公允價值實無意義。

Notes to

the Financial Statements 財務報表附註

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

(除另有註明者外，以港元為單位)

29. Financial instruments (Continued)

(e) Fair values (Continued)

Estimation of fair values

The fair value of the embedded derivatives associated with long-term structured deposit contract (note 18) is estimated by applying simulation techniques to discounted cash flow method. The discount rate is a market related rate for a similar instrument at the balance sheet date and the inputs to the simulation model are based on market related data at the balance sheet date. Expectations of early exercise of the early termination option by the counter party are incorporated into the model.

29. 財務工具 (續)

(e) 公允價值

公允價值估算

與長期結構式存款合約(附註18)有關之附帶衍生工具之公平值乃藉着將刺激技術應用到折現現金流量法而估算。折現率為於結算日同類工具之市場相關比率，而刺激法之輸入數據乃以結算日之市場相關比率為基礎。有關方面提早行使或提早終止購股權之解釋已納入有關模型內。

30. Commitments

(a) Capital commitments outstanding at 31 December 2005 not provided for in the financial statements were as follows:

30. 承擔

(a) 於二零零五年十二月三十一日未償付而又未在財務報表內提撥準備的資本承擔如下：

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Contracted for	已訂約	26,313	680	-	-
Authorised but not contracted for	已獲授權 但未訂約	-	-	-	-
		<u>26,313</u>	<u>680</u>	<u>-</u>	<u>-</u>

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

30. Commitments (Continued)

(b) At 31 December 2005, the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

30. 承擔 (續)

(b) 於二零零五年十二月三十一日，根據不可解除的經營租賃在日後應付的最低租賃付款總數如下：

		The group 本集團		The company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Within 1 year	一年內	21,760	19,659	13,127	13,677
After 1 year but within 5 years	一年後但5年內	23,580	35,533	18,967	24,981
		<u>45,340</u>	<u>55,192</u>	<u>32,094</u>	<u>38,658</u>

Significant leasing arrangements in respect of land held under operating leases are described in note 13.

就根據經營租賃持有之重大租賃安排載述附註13。

Apart from these leases, the group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to seven years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased every year to reflect market rentals. None of the leases includes contingent rentals.

除該等租約外，本集團為多個根據經營租賃持有之物業之承租人。該等租賃初步一般為期一年至七年，經所有條款重新商討後可選擇重續。租賃付款通常每年增加以反映市場租金。租賃概不包括或然租金。

At 31 December 2004, the company had commitment to make a further deposit of US\$3,000,000 (equivalent to \$23,322,000) to a bank under the long-term structured deposit contract disclosed in note 18. However, this contract was terminated by the group subsequent to the balance sheet date.

於二零零四年十二月三十一日，本公司根據附註18披露之長期結構式存款合約承諾於一間銀行額外存款3,000,000美元（相當於23,322,000元。然而，本集團於結算日後終止該合約。

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(除另有註明者外，以港元為單位)

31. Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the group entered into the following material related party transactions.

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

Short-term employee benefits	短期僱員福利
Retirement scheme contributions	退休計劃供款
Share-based payments	股份為基礎的支付

Total remuneration is included in "staff costs" (see note 5(b)).

31. 重大關聯人士交易

除於該等財務報表其他地方披露之交易及結餘外，本集團曾與其關聯人士進行下列交易。

主要管理人員薪酬

主要管理人員之薪酬，包括支付予本公司董事（載於附註7）及若干最高薪僱員之款項（載於附註8）如下：

2005 二零零五年 \$'000 千元	2004 二零零四年 \$'000 千元
17,263	18,118
579	53
124	199
<u>17,966</u>	<u>18,370</u>

總薪酬被納入「員工成本」內（見附註5(b)）。

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(除另有註明者外，以港元為單位)

31. Material related party transactions 31. 重大關聯人士交易 (續)

(Continued)

Other material related party transactions

During the year, the group entered into the following transactions with its related parties:

其他重大關聯人士交易

年內，本集團與其關聯人士訂立以下交易：

	2005 二零零五年 \$'000 千元	2004 二零零四年 \$'000 千元
(i) Sales to:		
Fellow subsidiaries:		
– Jung Yoon Textiles (Private) Ltd	794	935
– Yujin Robot Co., Ltd (formerly known as Gina World Co., Ltd) (note)		
	12,279	10,898
	<u>13,073</u>	<u>11,833</u>
Associate:		
– Yuan Lin Toys (Suzhou) Co., Ltd	2,618	4,240
(ii) Purchases from:		
Fellow subsidiary:		
– Jung Yoon Textiles (Private) Ltd	773	–
Associate:		
– Yuan Lin Toys (Suzhou) Co., Ltd	33,108	27,901
(iii) Rental paid/payable to:		
The ultimate holding company:		
– C & H Co., Ltd	7,038	5,438
(iv) Processing fees paid/payable to:		
Associate:		
– Yuan Lin Toys (Suzhou) Co., Ltd	5,609	10,149

Note: Yujin Robot Co., Ltd ceased to be a fellow subsidiary on 2 December 2005 following its merger with a non-related company. The balance of \$3,204,000 due from Yujin Robot Co., Ltd as at 31 December 2005 is included under “trade and other receivables” in the balance sheet.

附註：Yujin Robot Co., Ltd 於二零零五年十二月二日與一間非關連公司合併後不再為同系附屬公司。Yujin Robot Co., Ltd 於二零零五年十二月三十一日之結餘 3,204,000 元在資產負債表包括在「應收賬款及其他應收款項」內。

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the Financial Statements 財務報表附註

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(除另有註明者外，以港元為單位)

32. Non-adjusting post balance sheet events 32. 非調整結算日後事項

On 28 September 2005, C & H HK Corp., Ltd and J.Y. Plasteel (Suzhou) Co., Ltd, two subsidiaries of the group entered into a series of sales and purchase agreements with a third party to acquire certain tangible and intangible assets related to the business of manufacturing tricycles, bicycles, scooters, infant carts, plastic wheels and inline skates. The tangible and intangible assets acquired include machinery and equipment, moulds, trademarks, business logos, patents and distribution channels. The total consideration was US\$3,000,000 (equivalent to \$23,259,000). The acquisition was completed in January 2006. Further details of the acquisition are set out below:

於二零零五年九月二十八日，本集團兩間附屬公司C & H HK Corp., Ltd及J.Y. Plasteel (Suzhou) Co., Ltd與一名獨立第三方訂立一系列買賣協議，收購若干關於製造三輪車、自行車、踏板車、嬰兒車、膠輪及單線滾軸溜冰鞋之有形及無形資產。所收購之有形及無形資產包括機器及設備、模具、商標、業務標誌、專利權及分銷渠道。總代價為3,000,000美元(相當於23,259,000元)。收購事項已於二零零六年一月完成。其他詳情載列如下：

		Fair value 公允價值 \$'000 千元
Net assets acquired	所收購資產淨值	
Non-current assets:	非流動資產：	
- Intangible assets	- 無形資產	3,923
- Property, plant and equipment	- 物業、廠房及設備	19,937
Net assets acquired	所收購資產淨值	23,860
Discount on acquisition	收購時折現	(601)
		<u>23,259</u>
Discharged by:	償付：	
Cash paid to vendor	支付予賣方之現金	<u>23,259</u>

The initial accounting for the acquisition has not been finalised. This is the result of significant uncertainties surrounding the valuation of property, plant and equipment at acquisition date.

收購事項之初步會計尚未最後落實。此乃由於物業、廠房及設備及之估值於收購日存在重大不確定因素。

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(除另有註明者外，以港元為單位)

33. Comparative figures

Certain comparative figures have been adjusted or re-classified as a result of the changes in accounting policies. Further details are disclosed in note 2.

33. 比較數字

若干比較數字已因會計政策變動而作出調整或重新歸類。詳情載於附註2。

34. Parent and ultimate holding company

At 31 December 2005, the directors consider the parent and ultimate controlling party of the group to be C & H Co., Ltd., which is incorporated in the Republic of Korea.

34. 母公司及最終控股公司

於二零零五年十二月三十一日，董事認為母公司及最終控股公司為於大韓民國註冊成立之C&H Co., Ltd.。

35. Accounting estimates and judgements

Notes 15, 25(a), 26 and 29 contain information about the assumptions and their risk factors relating to goodwill impairment, defined benefit retirement obligations, fair value of share options granted and financial instruments.

35. 會計估計及判斷

附註15、25(a)、26及29包括有關商譽減值、定額福利退休責任、已授出之購股權之公允值及財務工具之假設及其風險因素之資料。

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(除另有註明者外，以港元為單位)

36. Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting period ended 31 December 2005

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the accounting period ending 31 December 2005 and which have not been adopted in these financial statements:

36. 於截至二零零五年十二月三十一日止會計年度已頒佈但未實行之修訂、新準則及詮釋之可能影響

直至該等財務報表日期，香港會計師公會已頒佈以下尚未於截至二零零五年十二月三十一日止會計期間實行之修訂、新準則及詮釋：

		Effective for accounting periods beginning on or after 於以下日期或以後之 會計期間開始生效
HKFRS 6	Exploration for and evaluation of mineral resources	1 January 2006
香港財務報告準則第6號	礦產資源開採及估值	二零零六年一月一日
HK(IFRIC) 4	Determining whether an arrangement contains a lease	1 January 2006
香港(國際財務報告準則詮釋委員會)第4號	釐定一項安排是否包含租賃	二零零六年一月一日
HK(IFRIC) 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds	1 January 2006
香港(國際財務報告準則詮釋委員會)第5號	終止運作、復原及環境修復基金所產生權益之權利	二零零六年一月一日
HK(IFRIC) 6	Liabilities arising from participating in a specific market - Waste electrical and electronic equipment	1 December 2005
香港(國際財務報告準則詮釋委員會)第6號	參與特定市場－廢棄電力及電子設備所產生之負債3	二零零五年十二月一日
HK(IFRIC) 7	Applying the restatement approach under HKAS 29 Financial reporting in hyperinflationary economies	1 March 2006
香港(國際財務報告準則詮釋委員會)－詮釋第7號	根據香港會計準則第29號「惡性通貨膨脹經濟中的財務報告」採用重報法	二零零六年三月一日
Amendment to HKAS 19	Employee benefits - actuarial gains and losses, group plans and disclosures	1 January 2006
香港會計準則第19號修訂	員工福利－精算損益、集團計劃及披露	二零零六年一月一日

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(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)
(除另有註明者外，以港元為單位)

36. Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting period ended 31 December 2005 (Continued)

36. 於截至二零零五年十二月三十一日止會計年度已頒佈但未實行之修訂、新準則及詮釋之可能影響 (續)

		Effective for accounting periods beginning on or after
		於以下日期或以後之 會計期間開始生效
Amendment to HKAS 21	The effects of changes in foreign exchange rate - Net investment in a foreign operation	1 January 2006
香港會計準則第21號修訂	匯兌變動之影響－境外業務之投資淨值	二零零六年一月一日
Amendments to HKAS 39	Financial instruments:	
香港會計準則第39號修訂	財務工具：	
	Recognition and measurement:	
	- Cash flow hedge accounting of forecast intragroup transactions	1 January 2006
	- The fair value option	1 January 2006
	- Financial guarantee contracts	1 January 2006
	確認及計量：	
	－ 預測集團內公司間交易之現金流量對沖會計處理	二零零六年一月一日
	－ 公允價值之選擇	二零零六年一月一日
	－ 財務擔保合約	二零零六年一月一日
Amendments, as a consequence of the Hong Kong Companies (Amendment) Ordinance 2005, to:		
根據香港公司(修訂)條例2005作出之修訂：		
- HKAS 1	Presentation of financial statements	1 January 2006
－ 香港會計準則第1號	財務報表呈列	二零零六年一月一日
- HKAS 27	Consolidated and separate financial statements	1 January 2006
－ 香港會計準則第27號	綜合及獨立財務報表	二零零六年一月一日
- HKFRS 3	Business combinations	1 January 2006
－ 香港財務報告準則第3號	業務合併	二零零六年一月一日
HKFRS 7	Financial instruments: disclosures	1 January 2007
香港財務報告準則第7號	財務工具：披露	二零零七年一月一日
Amendment to HKAS 1 capital disclosures	Presentation of financial statements:	1 January 2007
香港會計準則第1號修訂	財務報表呈列：資本披露	二零零七年一月一日

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(除另有註明者外，以港元為單位)

36. Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting period ended 31 December 2005 (Continued)

In addition, the Hong Kong Companies (Amendment) Ordinance 2005 came into effect on 1 December 2005 and would be first applicable to the group's financial statements for the period beginning 1 January 2006.

The group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

36. 於截至二零零五年十二月三十一日止會計年度已頒佈但未實行之修訂、新準則及詮釋之可能影響 (續)

此外，香港公司(修訂)條例2005於二零零五年十二月一日生效，將適用於由二零零六年一月一日開始之本集團財務報表。

本集團正在衡量該等修訂、新準則及新詮釋之於初步應用期間所帶來之影響。

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

			2001	2002	2003	2004	2005
			二零零一年	二零零二年	二零零三年	二零零四年	二零零五年
			(restated)	(restated)	(restated)	(restated)	
			(重列)	(重列)	(重列)	(重列)	
Results	Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
業績	附註		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Turnover	營業額		<u>830,893</u>	<u>910,370</u>	<u>931,847</u>	<u>1,158,107</u>	<u>1,040,444</u>
Profit/(loss) from operations	經營溢利/(虧損)		105,330	124,671	135,410	62,869	(30,367)
Finance costs	融資成本		(230)	(3)	(166)	(830)	(3,339)
Share of profits less losses of associates	分佔聯營公司溢利減虧損		-	(483)	(850)	(142)	652
Profit/(loss) before taxation	除稅前溢利/(虧損)		105,100	124,185	134,394	61,897	(33,054)
Income tax	所得稅	4	<u>(6,580)</u>	<u>(10,705)</u>	<u>(13,639)</u>	<u>(12,846)</u>	<u>(3,416)</u>
Profit/(loss) for the year	本年度溢利/(虧損)		<u>98,520</u>	<u>113,480</u>	<u>120,755</u>	<u>49,051</u>	<u>(36,470)</u>
Attributable to:	應佔：						
Equity shareholders of the company	本公司股東		98,520	113,480	120,755	49,051	(36,348)
Minority interests	少數股東權益		-	-	-	-	(122)
Profit/(loss) for the year	本年度溢利/(虧損)		<u>98,520</u>	<u>113,480</u>	<u>120,755</u>	<u>49,051</u>	<u>(36,470)</u>
Earnings/(losses) per share	每股盈利/(虧損)						
- Basic	- 基本	3	HK\$0.202	HK\$0.179	HK\$0.185	HK\$0.073	HK\$(0.054)
- Diluted	- 攤薄		N/A	HK\$0.178	HK\$0.183	HK\$0.073	HK\$(0.054)

Five year summary 五年概要

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

		2001 二零零一年 (restated) (重列)	2002 二零零二年 (restated) (重列)	2003 二零零三年 (restated) (重列)	2004 二零零四年 (restated) (重列)	2005 二零零五年	
	Note 附註	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	
Assets and liabilities							
資產及負債							
Non-current assets	非流動資產						
Fixed assets and construction in progress	固定資產及在建工程	89,477	90,200	99,411	120,442	158,359	
Interest in associates	聯營公司	-	4,198	4,596	809	1,483	
Goodwill	商譽	(13,480)	(11,978)	96,296	90,559	100,154	
Intangible assets	無形資產	-	-	11,313	12,180	12,505	
Other financial assets	其他財務資產	-	78,000	62,104	88,022	94,859	
Deferred tax assets	遞延稅項資產	4	172	4,743	4,750	5,122	7,460
Current assets	流動資產	317,276	501,077	481,697	463,431	440,151	
Current liabilities	流動負債	114,881	107,719	153,654	135,287	222,274	
Net current assets	流動資產淨值	202,395	393,358	328,043	328,144	217,877	
Total assets less current liabilities	總資產減流動負債	278,564	558,521	606,513	645,278	592,697	
Deferred tax liabilities	遞延稅項負債	4	-	163	11	926	741
Other non-current liabilities	其他非流動負債	-	33,054	11,772	40,363	34,009	
NET ASSETS	資產淨值	278,564	525,304	594,730	603,989	557,947	

Notes to the five year summary:

- (1) The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs is provided in note 2 to the financial statements. Figures for 2004 and 2005 have been adjusted for these new and revised policies in accordance with the transitional provisions and as disclosed in note 2. Earlier years have only been restated to the extent that the new accounting policies are adopted retrospectively as disclosed in note 2.
- (2) The summary of the results for the year ended 31 December 2001 has been extracted from the proforma unaudited combined results disclosed on page 66 of the 2001 annual report. The above financial information has been prepared as if the group structure at the date of the listing of the company's shares on 7 February 2002 had been in existence and remained unchanged throughout the above periods. The summary of assets and liabilities as at 31 December 2001 has been extracted from the consolidated balance sheet included in the 2001 annual report.
- (3) The calculation of the basic earnings per share is based on the combined profit attributable to shareholders for the relevant year and the weighted average of 385,611,546 and 487,500,000 shares in issue during the two years ended 31 December 2001 respectively, after adjusting for the subdivision of shares in December 2001 and the capitalisation issue of shares subsequent to the year ended 31 December 2001, as disclosed in note 26 to the 2002 financial statements.
- (4) Hong Kong Statement of Standard Accounting Practice No. 12 (revised) "Income taxes" was first effective for accounting periods beginning on or after 1 January 2003. In order to comply with this revised statement, the group adopted a new accounting policy for deferred tax in 2003. The financial information for the year 2002 has been adjusted. However, it is not practicable to restate the financial information for the earlier years for comparison purposes.
- 五年概要附註：
- (1) 香港會計師公會已頒佈多項新訂及經修訂《香港財務報告準則》，於二零零五年一月一日或之後會計期間生效或提早採用。因初步採用該等新訂及經修訂香港財務報告準則引致之會計政策變更之資料載於財務報表附註2。二零零四年及二零零五年之數字已按於附註2披露之過渡性條文就該新訂及經修訂政策作出調整。以往年度已予重報，惟限於附註2所披露已追溯採用之新會計政策。
- (2) 截至二零零一年十二月三十一日止年度之業績摘要，乃摘自二零零一年年報第66頁所載之備考未經審核合併業績。上述財務資料乃假設本集團於其股份在二零零二年二月七日上市當日之架構，在上述期間均已存在並維持不變。於二零零一年十二月三十一日之資產及負債摘要乃摘自二零零一年年報所載之綜合資產負債表。
- (3) 每股基本盈利乃根據相關年度之股東應佔合併溢利，以及截至二零零一年十二月三十一日止兩個年度各年內已發行股份之加權平均股數385,611,546股及487,500,000股計算，並已就二零零二年財務報表附註26所述在二零零一年十二月進行之股份拆細及於截至二零零一年十二月三十一日止年度後進行之資本化發行作出調整。
- (4) 《香港會計實務準則》第12號（經修訂）「所得稅」於二零零三年一月一日或之後之會計期間開始生效。為符合經修訂之準則，本集團於二零零三年度就遞延稅項採納新的會計政策。二零零二年度之財務資料已經作出調整。但是難以重報較早年度的數字以作比較。

Notice of the Annual General Meeting 股東周年大會通告

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Dream International Limited will be held at Pacific Room III, Towers Wing, 9/F., The Royal Pacific Hotel and Towers Hong Kong, 33 Canton Road, China Hong Kong City, Tsimshatsui, Kowloon, Hong Kong on 26 May 2006 at 10:30 a.m. for the following purposes:

Ordinary Business

1. To receive and adopt the Audited Accounts of the Company for the year ended 31 December 2005 and the reports of the Directors and Auditors thereon.
2. To re-elect Directors.
3. To approve the Directors' remuneration for the year ended 31 December 2005 and authorise Directors to fix the Directors' remuneration for the year ending 31 December 2006.
4. To re-appoint KPMG as Auditors and authorise the Directors to fix their remuneration.

Special Business

5. To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:-

(1) "THAT:

- (i) subject to paragraph (iii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with any unissued shares in the capital of the Company and to make or grant offers, agreements, options and other rights or issue warrants which may require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and/or options which

茲通告德林國際有限公司謹訂於二零零六年五月二十六日上午十時三十分假座香港九龍尖沙咀廣東道33號中港城皇家太平洋酒店9樓海景翼太平洋廳III舉行股東周年大會，以處理下列事項：

普通事項

1. 省覽及採納本公司截至二零零五年十二月三十一日止年度的經審核賬目與董事會及核數師報告書。
2. 重選董事。
3. 通過截至二零零五年十二月三十一日止年度之董事酬金及授權董事釐定截至二零零六年十二月三十一日止年度之董事酬金。
4. 續聘畢馬威會計師事務所為核數師及授權董事釐定其酬金。

特別事項

5. 考慮並酌情通過下列決議案為普通決議案：

(1) 「動議：

- (i) 在下文第(iii)節的規限下，一般性及無條件地批准本公司董事於有關期間內(定義見下文)行使本公司所有權力，以配發、發行或處理本公司股本中任何未發行股份及作出或授出可能須行使該等權力的售股建議、協議、購股權及其他權利或發行認股證；
- (ii) 上文第(i)節所述的批准授權本公司董事於有關期間內作出或授出可能須於有關期間內或有關期間結束

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may require the exercise of the powers of the Company referred to in that paragraph at any time during or after the end of the Relevant Period;

(iii) the aggregate nominal amount of unissued shares in the capital of the Company which may be allotted, issued or otherwise dealt with by the Directors of the Company during the Relevant Period pursuant to paragraph (i) above, otherwise than pursuant to a Rights Issue or the exercise of subscription rights attaching to any warrants issued by the Company, shall not exceed the aggregate of 10 per cent. of the aggregate nominal amount of shares in the capital of the Company in issue as at the date of passing this resolution;

(iv) for the purpose of this resolution:

(a) "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

- (1) the conclusion of the next annual general meeting of the Company;
- (2) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or by law to be held; and
- (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

後的任何時間行使該節所述權力的售股建議、協議及／或購股權；

(iii) 根據上文第(i)節，本公司董事於有關期間內可配發、發行或處理的本公司股本中未發行股份（根據配售新股或因本公司發行的任何認股權證附有的認購權獲行使而配發、發行及處理者除外）的面值總額，不得超過於本決議案通過日期本公司股本中已發行股份面值總額的10%；

(iv) 就本決議案而言：

(a) 「有關期間」指由本決議案獲通過當日起至下列三者中最早之日期止的期間：

- (1) 本公司下屆股東周年大會結束之日；
- (2) 根據法例的規定或本公司組織章程細則，本公司須舉行下屆股東周年大會的期限屆滿之日；及
- (3) 本公司股東於股東大會上通過普通決議案撤回或修訂本決議案所述給予授權之日；及

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(b) "Rights Issue" means an offer of shares in the capital of the Company, or an offer of warrants, options or other securities giving rights to subscribe for shares in the capital of the Company, open for a period fixed by the Directors of the Company, to holders of shares in the capital of the Company whose names appear on the Register of Members of the Company on a fixed record date in proportion to their holdings of shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognised regulatory body or any stock exchange)."

(2) "THAT:

- (i) subject to paragraphs (ii) and (iii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase Shares on The Stock Exchange of Hong Kong Limited be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of Shares which may be purchased pursuant to the approval in paragraph (i) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly;

(b) 「配售新股」指於本公司董事指定的期間內，向於指定記錄日期名列股東名冊的本公司股本中股份的持有人，按其當時的持股比例提呈配售本公司的股本中股份或認股權證、購股權或其他可認購本公司股本中股份之證券的建議，惟本公司董事可就有關零碎股份，或按照任何認可管制機構或任何證券交易所之法例或規定的任何限制或責任，作出認為必須或權宜之例外或其他安排。」

(2) 「動議：

- (i) 在下文第(ii)及第(iii)節的規限下，一般性及無條件批准本公司董事於有關期間(定義見下文)內行使本公司的一切權力於香港聯合交易所有限公司購回股份；
- (ii) 根據上文第(i)節的批准可購回股份的面值總額，不得超過於本決議案通過日期本公司已發行股本面值總額的10%，而上述批准亦須受此數額限制；

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(iii) for the purpose of this Resolution:

(a) "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:

- (1) the conclusion of the next Annual General Meeting of the Company;
- (2) the expiration of the period within which the next Annual General Meeting of the Company is required by the articles of association of the Company or by law to be held;
- (3) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders in general meeting; and

(b) "Shares" means shares of all classes in the capital of the Company and warrants and other securities issued by the Company which carry a right to subscribe or purchase shares of the Company."

(3) "THAT the general mandate granted to the Directors of the Company to exercise the powers of the Company to allot, issue and otherwise deal with shares in the capital of the Company and to make or grant offers, agreements, options and/or warrants which might require the exercise of such powers pursuant to Resolution 5(1) above be and is hereby extended by the addition to the total nominal amount of share capital which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate an amount representing the total nominal

(iii) 就本決議案而言：

(a) 「有關期間」指由本決議案獲通過當日起至下列三者中最早之日期止的期間：

- (1) 本公司下屆股東周年大會結束之日；
- (2) 根據法例的規定或本公司組織章程細則，本公司須舉行下屆股東周年大會的期限屆滿之日；
- (3) 本公司股東於股東大會上通過普通決議案撤回或修訂本決議案所述給予授權之日；及

(b) 「股份」指本公司股本中各類別股份與本公司所發行附有可認購或購買本公司股份的權利的認股權證及其他證券。」

(3) 「動議將該項給予本公司董事一般性授權，以行使本公司配發、發行及處理本公司股本中股份及根據上述第5(1)項決議案作出或授出可能須行使該等權力的建議、協議、購股權及／或發行認股權證的權力擴大，在本公司董事根據該一般性授權可配發或有條件或無條件同意配發的股本面值總額

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amount of shares in the capital of the Company purchased by the Company pursuant to the exercise by the Directors of the Company in accordance with Resolution 5(2) above of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution.” (Note i)

6. To consider and, if thought fit, pass the following resolution as a Special Resolution:-

“**THAT** the Articles of Association of the Company be and are hereby amended in the following manner:

- (1) by deleting the word “annual” in the second sentence of Article 92;
- (2) by deleting the existing Article 101 in its entirety and substituting therefor with the following new Article 101:

“At each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then, the number nearest to but not less than one-third, shall retire from office by rotation provided that notwithstanding anything herein, every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years or within such other period as the Stock Exchange of Hong Kong may from time to time prescribe or within such other period as the laws of such jurisdiction applicable to the Company may prescribe. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election.”; and

上，加入本公司因本公司董事根據上文第5(2)項決議案行使本公司購買本公司股本中股份的權力而購買的有關股份的面值總額，惟該數額不得超過於本決議案通過日期本公司已發行股本面值總額的10%。」(附註i)

6. 以考慮並酌情通過下列決議案為特別決議案：

「**動議**：本公司組織章程細則以下列方式修訂：

- (1) 刪除於第92條第二句之「週年」一詞；
- (2) 全面刪除現有第101條，並以下列新第101條取代：

「於每屆股東週年大會上，當時董事總數三分之一之人數須輪席退任，若董事人數並非三或三之倍數，則以最接近惟不少於三分之一之人數之董事須輪席退任，惟不論此項公司細則之任何規定，每位董事(包括有固定任期之董事)須最少每三年或香港聯交所不時規定之其他期限或適用於本公司之司法權區法律規定之其他期限內輪席退任一次。輪席退任之董事將包括自其上次連任起計，任期最長而須輪席退任之董事，而於同日獲重選連任之董事，則以抽籤方式決定(除非彼等就此自行達成協定)。退任董事均符合資格重選連任。」；及

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(3) by deleting the word "special" in the first line of Article 107 and substituting therefor with the word "ordinary".

(3) 刪除於第 107 條第一行之「特別」一詞，並以「普通」一詞取代。

By order of the Board
Kyoo Yoon Choi
Chairman

承董事會命
主席
崔奎玟

Hong Kong, 27 April 2006

香港，二零零六年四月二十七日

Notes:

附註：

- (i) This resolution will be proposed to members for approval provided that resolutions 5(1) and 5(2) are passed by the members.
- (ii) A member entitled to attend and vote at the above meeting shall be entitled to appoint more than one person as his proxy, to attend and vote for him in accordance with the Articles of Association of the Company. A proxy need not be a member.
- (iii) In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- (iv) To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at 8th Floor, Tower 5, China HK City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof.
- (v) The Register of Members will be closed from 23 May 2005 to 26 May 2005, both dates inclusive, during which period no share transfers can be registered.
- (i) 此決議案將於決議案第5(1)及5(2)項已經股東批准後，提呈予股東以便由彼等批准。
- (ii) 根據本公司的公司組織章程細則，凡有權出席上述大會及於會上投票的股東均有權委任一名或多名代表代其出席及代其投票。受委代表毋須為股東。
- (iii) 如為聯名持有人，在排名首位的持有人（不論親自或委任代表）投票後，其他聯名持有人將無投票權，就此而言，排名先後乃根據股東名冊內有關聯名持有人的排名次序而定。
- (iv) 代表委任表格及已簽署之授權書或其他授權文件（如有），或經公證人簽署證明的授權文件副本，須於上述大會或任何續會指定舉行時間最少48小時前送交香港九龍尖沙咀廣東道33號中港城第5座8樓，方為有效。
- (v) 本公司於二零零六年五月二十三日至二零零六年五月二十六日期間（包括首尾兩日）暫停辦理股份過戶登記手續。

