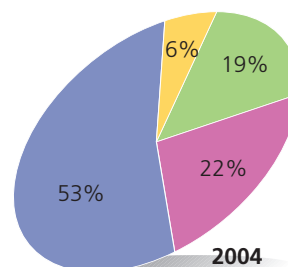
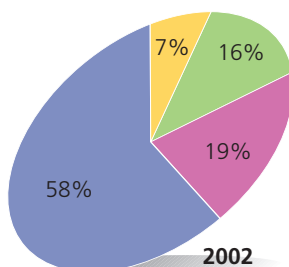
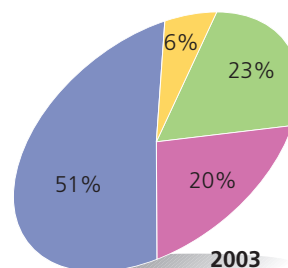
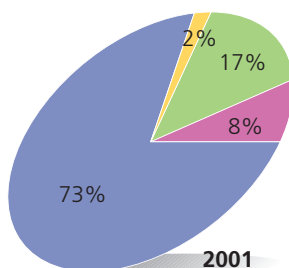


管理層回顧及業績分析

Management Discussion and Analysis



營業額
Turnover



- 電子計算機及電子記事簿
Electronic calculators and organizers
- 導電硅橡膠按鍵
Conductive silicon rubber keypads
- 印製電路板業務
Printed circuit boards
- 其他業務
Other operations



業務及營運回顧

本集團繼續集中在五大核心業務：電子計算機及電子記事簿、導電硅橡膠按鍵、印製電路板、電子玩具產品及無線電話產品。

本集團在二零零四年業績彪炳。本集團之營業額大大超越上年表現。截至二零零四年十二月三十一日止年度，本集團錄得營業額約774,255,000港元，相比二零零三年約589,653,000港元，升幅約31.3%。其主要原因為電子計算機及電子記事簿系列推出新產品。

本集團整體毛利上升約9.4%，由截至二零零三年十二月三十一日止年度約110,776,000港元上升至截至二零零四年十二月三十一日止年度約121,217,000港元。毛利率由約18.8%減少至約15.7%。毛利率下跌主要是因為全球經濟影響，導致原材料價格及元件價格上升。

截至二零零四年十二月三十一日止年度，經營溢利較上個財政年度增加約10,834,000港元至約31,831,000港元。其主要原因為本集團管理層實施有效的措施，收緊對營業開支的監控。

Business and Operational Review

The Group's activities continued to focus on five core businesses – electronic calculators and organisers, conductive silicon rubber keypads, printed circuit boards, electronic toys products and cordless telephone products.

The Group had proud achievements in 2004. The Group's turnover had well exceeded those in last year. For the year ended 31 December 2004, the Group recorded a turnover of approximately HK\$774,255,000, representing an increase of approximately 31.3 per cent. as compared with approximately HK\$589,653,000 in 2003. This was mainly due to launching of new products in electronic calculators and organisers segment.

The overall gross profit of the Group increased by approximately 9.4 per cent. from approximately HK\$110,776,000 for the year ended 31 December 2003 to approximately HK\$121,217,000 for the year ended 31 December 2004. Gross margin for the year fell from approximately 18.8 per cent. to approximately 15.7 per cent. The drop in gross margin was mainly caused by the competitive prices in raw material costs and components affected by the worldwide economy.

The operating profit for the year ended 31 December 2004 was approximately HK\$31,831,000, an increase of approximately HK\$10,834,000 over the previous financial year. This was mainly attributed to the effective measures implemented by the management of the Group to tighten control over operational expenditure.



另一方面，董事對投資於長盈集團取得成功深感鼓舞。

誠如本公司於二零零四年十一月所公佈，本集團與Ascalade Inc.簽訂股份交換協議用以重組長盈集團之所佔股權。在此交易下，本集團從出售聯營公司部分權益獲得溢利約22,568,000港元。

由於本集團持續努力使產品多元化及增加生產力，截至二零零四年十二月三十一日止年度，本集團之股東應佔綜合純利約54,415,000港元，較去年上升約136.1%。

業務分析

電子計算機及電子記事簿

於回顧年度內，本集團繼續專注日本、歐洲及其他亞洲國家著名品牌客戶之電子計算機及電子記事簿市場。此外，本公司亦推出新原設備製造業務以拓展本集團之業務。

On the other hand, the directors are encouraged by the successful investment in Ascalade Group.

As announced by the Company in November 2004, the Group entered into a share exchange agreement with Ascalade Inc. to reorganise the shareholding interest of Ascalade Group. In this transaction, the Group had made a profit on partial disposal of interest in an associate of approximately HK\$22,568,000.

As a result of the Group's ongoing efforts in diversifying its products and increasing its productivity, the Group attained a consolidated net profit attributable to shareholders for the year ended 31 December 2004 of approximately HK\$54,415,000, representing an increase of approximately 136.1 per cent. over 2003.

Segmental analysis

Electronic calculators and organisers

The Group continued to focus on the market of electronic calculators and organisers under branded customers located throughout Japan, Europe and other Asian countries during the year under review. Apart from that, the Company launched new Original Equipment Manufacturer ("OEM") operations in order to diversify the Group's business.



截至二零零四年十二月三十一日止年度，電子計算機及電子記事簿業務之營業額大幅上升逾約36%至約408,214,000港元(二零零三年：約300,116,000港元)，佔本集團營業額約52.7%。

本集團的「凱旋牌」產品的一系列宣傳活動，會持續有助於開拓廣闊及堅固的海外客戶層面。

於年內，本集團與香港賽馬會開展新計劃發展並提供度身訂造的產品。董事相信，本集團其中一項成功關鍵因素有賴其與聲譽良好之客戶建立及維持長期「夥伴」關係之能力。該等夥伴關係乃透過了解客戶之需要及顧慮以及向彼等提供所需產品及合適之增值服務以達致及維持。該等產品及增值服務包括(但不限於)為減低製造成本而改善產品設計，更覆蓋採購及供應鏈的相關服務。此等關係讓本集團能時刻抓緊業內趨勢及其他預測的未來事項，讓本集團為客戶爭取更好的市場競爭力。

For the year ended 31 December 2004, the turnover derived from sales of electronic calculators and organisers increased substantially by over approximately 36 per cent. to approximately HK\$408,214,000 (2003: approximately HK\$300,116,000), representing approximately 52.7 per cent. of the turnover of the Group.

A series of promotional activities continued to establish a broad and solid overseas customer base for the Group's "KARCE" products.

During the year, the Group commenced a new project with The Hong Kong Jockey Club on development and supply of tailored-made products. The Directors believe that one of the key attributes of the Group's success is its ability to develop and maintain long-term "partner" relationships with reputable customers. Such partnerships are achieved and maintained by understanding the needs and concerns of customers and by providing to them not only products requested but also appropriate value-added services including, but not limiting to, product design refinements intended to reduce manufacturing costs, sourcing and supply chain-related services. These relationships provide the Group with insights from time-to-time into industry trends and other anticipated future events, which have allowed the Group to assist its customers to better compete in the market.



隨著業務持續增長，二零零四年經營業績大幅增長約65%，由二零零三年約19,401,000港元上升至二零零四年約32,014,000港元。為求讓本集團在迎合瞬息萬變的市場需求時更具靈活彈性，本集團在產品開發上、成本效益製造策略上加入新的以客為主的方針，致力達致全面優勢。

導電硅橡膠按鍵

截至二零零四年十二月三十一日止年度，導電硅橡膠按鍵業務之營業額進一步增加約41.8%至約171,188,000港元(二零零三年：約120,748,000港元)，佔本集團營業額約22.1%。

誠如本集團於二零零四年八月三十一日所公佈，本集團亦購入之前租用的物業(「該物業」)以配合生產導電硅橡膠按鍵的業務拓展。此項收購有助本集團穩步發展，保障生產基地並為取得客戶訂單提供一個平台。

With the continuous growth in the business, the operating results rose strongly by approximately 65 per cent., from approximately HK\$19,401,000 in 2003 to approximately HK\$32,014,000 in 2004. Allowing more flexibility in proacting to fast changing market demands, the Group strived for a combined proven excellence in product development and cost-effective manufacturing strategy with a new customer-centric approach.

Conductive silicon rubber keypads

For the year ended 31 December 2004, the turnover of conductive silicon rubber keypads segment further increased by approximately 41.8 per cent. to approximately HK\$171,188,000 (2003: approximately HK\$120,748,000), representing approximately 22.1 per cent. of the turnover of the Group.

As announced by the Group on 31 August 2004, the Group also acquired a property leased by it previously (the "Property") for coping with its expansion of business in manufacturing of conductive silicon rubber keypads. This acquisition sustained the growth momentum of the Group by securing the place of production and thus providing a platform to secure orders from its customers.



截至二零零四年十二月三十一日止年度，導電硅橡膠按鍵業務之經營溢利約為1,490,000港元（二零零三年：約1,863,000港元）。

本集團之導電硅橡膠按鍵主要用於電子計算機、數據庫、電子記事簿、流動電話及遙控裝置。隨著本集團持有51%股本權益之安盛控股有限公司（「安盛控股」，連同其附屬公司，統稱「安盛集團」）的穩定發展，本集團於二零零四年十一月從少數股東購回餘下49%股本權益，藉此提升技術能力，開發更多精細先進之導電硅橡膠按鍵產品及高增值塑膠加硅橡膠（「P+R」）電話按鍵產品，以進軍先進技術行業及更能應付全球市場的需求。

此外，本集團過去擁有兩家廠房投入生產導電硅橡膠按鍵之業務。董事認為本集團應精簡並集中發展硅橡膠按鍵業務於一家廠房，從而更有效地管理業務營運、主要僱員及客戶層面。因此，本集團出售其持有全部股權之全資附屬公司所擁有之該物業，即其中一家生產硅橡膠按鍵的廠房。

Conductive silicon rubber keypads segment recorded an operating profit of approximately HK\$1,490,000 for the year ended 31 December 2004 (2003: approximately HK\$1,863,000).

The Group's conductive silicon rubber keypads are mainly used in electronic calculators, databanks, electronic organisers, mobile phones and remote controls. With the steady establishment of On Shing Holdings Company Limited (the "On Shing Holdings", which together with its subsidiaries, the "On Shing Group") in which the Group owned 51 per cent. of the equity interest in On Shing Holdings, in November 2004, the Group acquired the remaining 49 per cent. equity interest from the minority shareholders. In order to penetrate into the advanced technology industry and to better meet the demands of worldwide markets, the Group is capable to upgrade its technical capabilities to develop more sophisticated conductive silicon rubber keypads products and high value-added plastic plus rubber ("P+R") telephone keypads products.

Apart from the above, the Group used to own two factories which were both engaging in the business of manufacturing of conductive silicon rubber keypads. The Directors considered that the Group should streamline and concentrate on the development of its silicon rubber keypads business in one factory for more effective management on business operations, key employees and client base. Accordingly, the Group disposed its entire equity interest in its wholly-owned subsidiary which owned the Property, being one of the factories engaged in manufacturing of silicon rubber keypads.

導電硅橡膠按鍵業務之目標為伸展市場至亞洲各國，為客戶提供先進及優質服務。本集團為達致拓展市場的目標，已培訓了一支強大的銷售及市場隊伍以進軍不同的市場。

印製電路板（「印製電路板」）

截至二零零四年十二月三十一日止年度，印製電路板業務錄得顯著增長。印製電路板業務之營業額上升約11.3%至約148,163,000港元（二零零三年：約133,093,000港元），佔本集團營業額約19.1%。

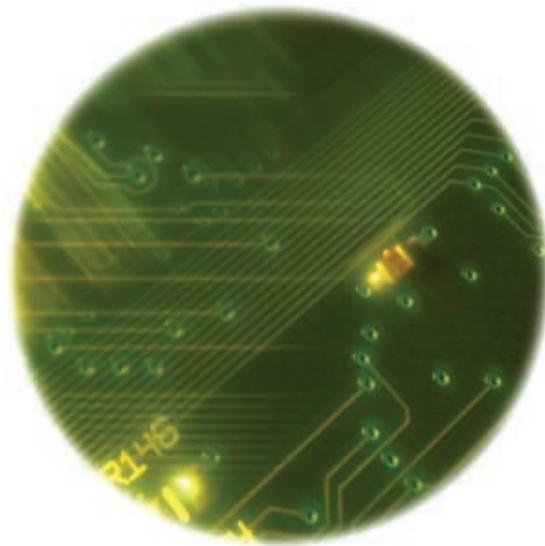
管理層持續集中發展多層電路板製造業務。隨著中央管理印製電路板業務，本集團於年內從少數股東購回餘下15%股本權益。

The aim on the conductive silicon rubber keypads business is to reach out to customers in Asia and other markets and to provide advanced and better services to all of them. The Group has achieved the market reach expansion by training a strong sales and marketing team for penetration into different markets.

Printed Circuit Boards (“PCB”)

For the year ended 31 December 2004, the PCB segment achieved significant growth. Turnover derived from PCB segment increased by approximately 11.3 per cent. to approximately HK\$148,163,000 (2003: approximately HK\$133,093,000), representing an approximately 19.1 per cent. of the turnover of the Group.

The management continued to focus on developing the multi-layer manufacturing operations. With centralisation of managing the PCB business, the Group acquired the remaining 15 per cent. equity interest from the minority shareholders during the year.



業績由約13,324,000港元下跌至約3,007,000港元。主要是由於原材料價格及元件價格上升。此外，本集團之生產設備在年內已達致最高產能，其中部分工序已外判予分包商，對電路板製造業務之業績有一定之影響。

配合印製電路板營業額的持續增長，本集團計劃建立一所綜合廠房大樓以及購置新設備及機器，於來年綜合廠房之縱向生產單位。本集團的另一關鍵重點是發展一系列緊縮成本監控措施，以保持原材料價格及元件價格的最具競爭價格至到達盈利及可接受水平。

其他業務

電子玩具產品

截至二零零四年十二月三十一日止年度，電子玩具產品(如嬰兒玩具及電子教學產品)錄得營業額約46,690,000港元(二零零三年：約35,696,000港元)。

The results dropped from approximately HK\$13,324,000 to approximately HK\$3,007,000. This was mainly attributed to the increase of prices in raw materials and components. In addition, the production facilities of the Group had reached the maximum capacity during the year and part of the procedures was subcontracted to external parties.

Coping with the substantial growth in PCB's turnover, the Group plans to build up a new factory complex and acquire new equipment and machinery for integration of the vertical manufacturing units in the factory in coming years. Another key focus set-up of the Group is the development of a series of tight cost control in order to keep the latest competitive prices in raw materials and components at a profitable and acceptable level.

Other operations

Electronic toys products

Turnover derived from the electronic toys products, such as infant toys and electronic learning products, recorded approximately HK\$46,690,000 for the year ended 31 December 2004 (2003: approximately HK\$35,696,000).



於回顧年度內，電子玩具業務錄得除稅前經營虧損約3,307,000港元(二零零三年：除稅前經營虧損約3,501,000港元)。

由於此項投資回報未如理想，本集團現重整資源到其他更可靠和高回報的投資項目上，以擴大股東之回報。

無線電話產品

隨著長盈集團成立，本集團之電訊業務經整合後作為一間聯營公司管理。

截至二零零四年十二月三十一日止年度，無線電話分部錄得除稅前應佔溢利約為10,031,000港元(二零零三年：約11,168,000港元)。

During the year under review, the electronic toys segment recorded an operating loss before taxation of approximately HK\$3,307,000 (2003: operating loss before taxation of approximately HK\$3,501,000).

As the result on this investment is not promising, the Group has reallocated its resources to other sound and rewarding investments so as to maximize the shareholders' wealth.

Cordless telephone products

With the establishment of Ascalade Group, the Group's telecommunication business was consolidated and managed as an associate.

For the year ended 31 December 2004, the cordless telephone segment recorded a share of result before taxation of approximately HK\$10,031,000 (2003: approximately HK\$11,168,000).



隨著長盈集團穩步發展，董事欣然宣佈，Ascalade Inc.已申請將其股份於多倫多證券交易所（「TSX」）上市及於二零零五年四月向加拿大各個省份之證券監管機關提交初步招股章程，建議其普通股股份進行首次公開發售（「上市建議」）。Ascalade Inc.股份（「Ascalade股份」）之上市須待TSX批准其上市申請及其履行所有上市規定。截至本日，TSX尚未批准Ascalade Inc.之股份上市，亦未有保證TSX將批准Ascalade Inc.之上市申請。在上市建議方面，本集團於二零零四年十一月簽訂一份股份交換協議以重組長盈集團之股權。於是項交易中，本集團因出售一間聯營公司部份權益賺取溢利約22,568,000港元。

誠如本公司於二零零五年三月所公佈，本集團將長盈集團一間成員公司所擁有約70,984,000港元之貸款及墊款轉讓予Ascalade Inc.，以換取發行5,009,000加元之可換股債券及62,612份認股權證及904,973股Ascalade Inc.普通股股份。該等認股權證將於二零零七年十一月屆滿。自此，本集團應佔Ascalade Inc.之股本權益由30.8%增加至39.2%。

應佔聯營公司－長盈集團之業績

二零零四年對長盈集團來說是成功的一年。截至二零零四年十二月三十一日止年度，來自電訊業務及數碼無線電話、網際協議聲控功能電話系統、數碼無線企業會議電話及數碼無線嬰兒監察器等現有產品之營業額約為652,899,000港元（二零零三年：約483,334,000港元）。

With the steady growth of Ascalade Group, the Directors are pleased to announce that Ascalade Inc. has applied to list its shares on the Toronto Stock Exchange (“TSX”) and filed a preliminary prospectus with securities regulators in each of the provinces of Canada in April 2005 in connection with the proposed initial public offering of its common shares (“Proposed Listing”). Listing of the shares of Ascalade Inc. (“Ascalade Inc. Shares”) is subject to the approval by TSX of Ascalade Inc.’s listing application and fulfilment by Ascalade Inc. of all the listing requirements. As of today, the TSX has not approved the listing of Ascalade Inc. Shares and there is no assurance that the TSX will approve Ascalade Inc.’s listing application. In connection with the Proposed Listing, the Group entered into a share exchange agreement to reorganise the shareholding interest of Ascalade Group in November 2004. In this transaction, the Group made a profit on partial disposal of interest in an associate of approximately HK\$22,568,000.

As announced by the Company in March 2005, the Group assigned a loan and advances owed by a member of the Ascalade Group to Ascalade Inc. of approximately HK\$70,984,000 in exchange of the issuance of CDN\$5,009,000 of convertible debentures and 62,612 warrants and 904,973 common shares in Ascalade Inc.. The warrants will expire in November 2007. The Group’s attributable equity interest in Ascalade Inc. has since then increased from 30.8 per cent. to 39.2 per cent..

Share of result of an associate, the Ascalade Group

It was a very successful year for the Ascalade Group in 2004. The turnover derived from the telecommunication businesses and products with the current products of digital cordless phones, Voice over Internet Protocol phone system, digital wireless enterprise conferencing phones and digital wireless baby monitors amounted to approximately HK\$652,899,000 for the year ended 31 December 2004 (2003: approximately HK\$483,334,000).

本集團獲得應佔長盈集團除稅前溢利之貢獻約達10,031,000港元(二零零三年:約11,168,000港元)。

長盈集團於二零零五年上半年接獲之銷售訂單持續增加,董事有信心可望於下半年接獲更多訂單。儘管市場競爭激烈,董事預計未來一年將是令人振奮的一年,可望接獲大量訂單並得以擴充客戶基礎。董事相信長盈集團之營業額及純利在來年將持續增長。

長盈集團之長遠目標是可望成為世界設計及生產無線通訊產品的領導者,並成為業內領導品牌分銷商及電訊公司的優先產品供應商。

股本結構

於二零零四年十二月三十一日,本集團股東資金上升至約394,365,000港元,於二零零三年十二月三十一日之股東資金約為330,045,000港元。於二零零四年十二月三十一日,短期及長期計息債項佔股東資金約26.7%(二零零三年:約39.3%)。

The Group had been rewarded with the share of positive contribution to the Ascalade Group's profit before taxation amounted of approximately HK\$10,031,000 (2003: approximately HK\$11,168,000).

The sales orders of the Ascalade Group in the first half of 2005 have continued to be strong and the Directors are confident that a full order book can be attained for the balance of the year. Despite the competitive market condition, the Directors anticipate another exciting year ahead with full orders and growing customer base. The Directors believe that both the turnover and the net profit derived from the Ascalade Group will report another year of growth.

The goal of Ascalade Group is to become a world leader in the design and manufacture of wireless communication products in our target markets and to become the preferred provider of such products to industry-leading branded distributors and telecommunications companies.

CAPITAL STRUCTURE

Shareholders' equity increased to approximately HK\$394,365,000 as at 31 December 2004 from approximately HK\$330,045,000 as at 31 December 2003. As at 31 December 2004, the short term and long term interest bearing debts to shareholders' equity was approximately 26.7 per cent. (2003: approximately 39.3 per cent.).

流動資金及財政資源

本集團一般以內部產生之現金及其往來銀行提供之銀行信貸為其業務提供資金。

審慎理財及選擇性投資，令本集團之財政狀況維持穩健。於二零零四年十二月三十一日，本集團之定期存款及現金結餘合共達約34,868,000港元（二零零三年：約66,346,000港元）。

於二零零四年十二月三十一日，本集團獲得多間銀行之融資總額度約為381,102,000港元（二零零三年：約231,721,000港元）。於香港之貿易及透支之銀行融資總額度約為307,800,000港元（二零零三年：約170,400,000港元），於二零零四年十二月三十一日，其中約17,567,000港元（二零零三年：約46,022,000港元）已動用，而於香港及中國國內銀行之定期貸款銀行融資總額度約為73,302,000港元（二零零三年：約61,321,000港元）。中國國內銀行之定期貸款銀行融資以人民幣列值。

於二零零四年，流動比率維持約1.0（二零零三年：約1.1），此乃按流動資產約289,917,000港元及流動負債約276,646,000港元之基準計算。二零零四年之速動比率約為0.6（二零零三年：約0.9）。

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally generated cashflow and banking facilities provided by its bankers.

Prudent financial management and selective investment criteria have enabled us to maintain a strong financial position. As at 31 December 2004, the Group had fixed deposits and cash balances aggregated to approximately HK\$34,868,000 (2003: approximately HK\$66,346,000).

As at 31 December 2004, the Group currently had banking facilities amounted to an aggregate sum of approximately HK\$381,102,000 (2003: approximately HK\$231,721,000) with various banks. Out of the trade and overdraft banking facilities of approximately HK\$307,800,000 (2003: approximately HK\$170,400,000) in Hong Kong granted to the Group, approximately HK\$17,567,000 (2003: approximately HK\$46,022,000) had been utilised as at 31 December 2004. The term loan banking facilities in Hong Kong and the PRC amounted to approximately HK\$73,302,000 (2003: approximately HK\$61,321,000). The term loan banking facilities in the PRC are denominated in Renminbi.

In 2004, the current ratio was maintained at approximately 1.0 (2003: approximately 1.1) based on current assets of approximately HK\$289,917,000 and current liabilities of approximately HK\$276,646,000 and the quick ratio was approximately 0.6 (2003: approximately 0.9).

於二零零四年十二月三十一日，包括銀行借貸及融資租賃責任項目下之債項總額約為105,362,000港元（二零零三年：約129,838,000港元），約佔股東資金總額26.7%（二零零三年：約39.3%）。

經仔細考慮現金淨值結餘及現時可動用之銀行融資後，董事認為，本集團具備充足之財政資源，能應付其日後拓展計劃及營運資金之需求。

外匯風險管理

本集團大部份之現金結餘乃以港元或美元存放於香港之主要銀行。

如「流動資金及財政資源」一節內所述，本集團於香港及中國國內銀行之定期貸款銀行融資總額度約為73,302,000港元（二零零三年：約61,321,000港元）。中國國內銀行之定期貸款銀行融資以人民幣列值。

經考慮利率情況及人民幣或會升值等因素後，本集團已獲得為期三年之定期貸款，金額為45,000,000港元，並於年內償還於中國國內銀行之定期貸款銀行融資人民幣35,000,000元。

As at 31 December 2004, total indebtedness including bank borrowings and obligations under finance leases contracts amounted to approximately HK\$105,362,000 (2003: approximately HK\$129,838,000), representing approximately 26.7 per cent. of the total shareholders' equity (2003: approximately 39.3 per cent.).

The Directors considered that the Group will have sufficient financial resources to meet its future expansion plan and working capital requirement after a due consideration of the net cash position and the availability of the existing banking facilities.

FOREIGN EXCHANGE RISK MANAGEMENT

Most of the Group's cash balances are deposited in Hong Kong dollars or United States dollars with major banks in Hong Kong.

As stated under the section headed "Liquidity And Financial Resources", the Group had term loan banking facilities in Hong Kong and the PRC amounted to approximately HK\$73,302,000 (2003: approximately HK\$61,321,000). The term loan banking facilities in the PRC are denominated in Renminbi.

Having considered the interest rate environment and the possibility on the appreciation of Renminbi, the Group has obtained a three-year term loan amounting to HK\$45,000,000 and repaid the term loan banking facilities in the PRC of RMB35,000,000 during the year.

本集團之外匯風險主要來自其在中國國內之附屬公司的淨現金流量及淨營運資金折算。本集團之管理層將透過自然對沖、期匯合約及期權積極對沖外匯風險。於二零零四年十二月三十一日，本集團並無未清期匯合約來對沖源自日後淨現金流量可能產生之外匯虧損。本集團嚴禁進行投機性貨幣交易。貨幣風險由香港總公司統一管理。

除以上所述者外，本集團大部份之資產及負債、收益及支出乃以港元或美元結算。因此，董事認為本集團所承受之外匯波動風險實屬微不足道。

僱員及酬金政策

於二零零四年十二月三十一日，本集團僱用約8,050名全職僱員，其中約90名位於香港，而約7,960名位於中國。本集團按行業慣例及個別僱員之表現釐定其員工薪酬。僱員亦可參與本公司之認購股權計劃。

The exposure to foreign currency of the Group mainly arose from the net cash flow and the net working capital translation of its PRC subsidiaries. The management of the Group will actively hedge the foreign currency exposures through natural hedges, forward contracts and options. As at 31 December 2004, we had no outstanding forward contract in place to hedge against possible exchange losses from future net cash flows. Speculative currency transactions are strictly prohibited. The management of currency risk is centralised in the headquarter of the Group in Hong Kong.

Apart from the above, most of the Group's assets and liabilities, revenues and expenditure are either in Hong Kong dollars or United States dollars. Therefore, the Directors consider the exposure risk to foreign currency fluctuations is minimal.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2004, the Group employed approximately 8,050 full time employees, out of which approximately 90 were based in Hong Kong and approximately 7,960 were based in the PRC. The Group remunerated its employees on the basis of industry's practice and the performance of individual employee. Employees may also participate in the share option scheme of the Company.