

NOTES TO FINANCIAL STATEMENTS

31 December 2005

1. CORPORATE INFORMATION

Chow Sang Sang Holdings International Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at 4/F Chow Sang Sang Building, 229 Nathan Road, Kowloon, Hong Kong.

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

- manufacture and retail of jewellery
- wholesale of precious metals
- securities and commodities broking

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain buildings, equity investments and debt securities, which have been measured at fair value as further explained in note 2.5 to the financial statements. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2005. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

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

財務報告附註

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1. 公司資料

周生生集團國際有限公司乃於百慕達註冊成立之有限公司。本公司之註冊辦事處位於Clarendon House, Church Street, Hamilton HM 11, Bermuda。本公司之主要營業辦事處位於香港九龍彌敦道229號周生生大廈4樓。

年內本集團從事之主要業務如下：

- 珠寶製造及零售
- 貴金屬批發
- 證券及期貨經紀

2.1 編製基準

此等財務報告乃根據香港會計師公會頒布之香港財務報告準則(亦包括香港會計準則及詮釋)、香港普遍採納之會計原則及香港公司條例之披露規定而編製。除如本財務報告附註2.5進一步解釋以公平價值計量投資物業、若干樓宇、股份投資及債務證券外，此等報告乃根據歷史成本慣例而編製。此等財務報告以港元列報，而所有價值均調整至千元(千港元)，惟另有指明者除外。

綜合基準

綜合財務報告包括本公司及其附屬公司截至2005年12月31日止年度之財務報告。任何可能存在之不同會計準則已作出調整以使其一致。附屬公司之業績自其收購日期，即本集團取得其控制權之日期計入，並一直計入至其有關控制權終止之出售日期止。本集團內部所有重大交易及結餘均在編製綜合賬目時對銷。

少數股東權益為外間股東於本公司之附屬公司之業績及淨資產權益。

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2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKFRS 3	Business Combinations
HK(SIC)-Int 21	Income Taxes — Recovery of Revalued Non-depreciable Assets
HK-Int 4	Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases

2.2 新訂及經修訂之香港財務報告準則之影響

下列新訂及經修訂之香港財務報告準則影響本集團，並已於本年度之財務報告首次採納：

香港會計準則第1號	財務報告的列報
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估計變更及差錯
香港會計準則第10號	結算日後事項
香港會計準則第12號	所得稅
香港會計準則第14號	分部報告
香港會計準則第16號	物業、機器及設備
香港會計準則第17號	租賃
香港會計準則第18號	收益
香港會計準則第19號	僱員福利
香港會計準則第21號	外幣匯率變動影響
香港會計準則第23號	借貸成本
香港會計準則第24號	關連人士披露
香港會計準則第27號	綜合及獨立財務報告
香港會計準則第28號	於聯營公司之投資
香港會計準則第31號	於合營公司之權益
香港會計準則第32號	財務工具：披露及列報
香港會計準則第33號	每股盈利
香港會計準則第36號	資產減值
香港會計準則第37號	撥備、或然負債及或然資產
香港會計準則第38號	無形資產
香港會計準則第39號	財務工具：確認及計量
香港會計準則第39號 (修訂本)	財務資產及財務負債之過渡及首次確認
香港會計準則第40號	投資物業
香港財務報告準則 第3號	企業合併
香港會計準則詮釋 第21號	所得稅 — 收回經重估之非折舊資產
詮釋第4號	租賃 — 釐定香港土地租賃之租賃年期

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

The adoption of HKASs 2, 7, 8, 10, 12, 14, 16, 18, 19, 23, 27, 28, 31, 33 and 37 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated profit and loss account, consolidated statement of changes in equity and other disclosures. In addition, in prior years, the Group's share of tax attributable to associates was presented as a component of the Group's total tax charge in the consolidated profit and loss account. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of associates is presented net of the Group's share of tax attributable to associates.

HKAS 21 had no material impact on the Group. As permitted by the transitional provisions of HKAS 21, goodwill arising in a business combination prior to 1 January 2005 and fair value adjustments arising on that acquisition are deemed to be in the currency of the Company. In respect of acquisitions subsequent to 1 January 2005, any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of the assets and liabilities are treated as assets and liabilities of the foreign operation and are translated at the closing rate in accordance with HKAS 21.

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

財務報告附註

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2.2 新訂及經修訂之香港財務報告準則之影響(續)

採納香港會計準則第2、7、8、10、12、14、16、18、19、23、27、28、31、33及37號並無對本集團及本公司之會計政策以及本集團及本公司之財務報告之計算方法構成重大影響。

香港會計準則第1號影響少數股東權益於綜合資產負債表、綜合損益賬、綜合權益變動表及其他披露之列報。此外，於以往年度，本集團應佔聯營公司之稅項在綜合損益賬上列入本集團之稅項總額。於採納香港會計準則第1號後，本集團應佔收購後聯營公司之業績以除稅後的金額列報。

香港會計準則第21號對本集團並不構成重大影響。按香港會計準則第21號之過渡條款，於2005年1月1日前由企業合併所產生之商譽及由此收購所產生之公平價值調整應被視作本公司之貨幣。就於2005年1月1日後之收購而言，根據香港會計準則第21號，任何收購海外業務所產生之商譽及任何資產及負債賬面值之公平價值調整應當作海外業務之資產及負債，並按年終匯率換算。

香港會計準則第24號擴大關連人士之釋義，及影響本集團之關連人士披露。

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

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

- (a) HKAS 17 "Leases" and HK-Int 4 "Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases"

In accordance with HKAS 17, a lease of land and buildings should be split into a lease of land and a lease of buildings according to their fair value at inception. A lease of land is an operating lease and a lease of building is a finance lease unless the two elements cannot be allocated reliably, in which case the entire lease is classified as a finance lease. As the Group's lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment. The adoption of HKAS 17 has not resulted in any change in the measurement of the Group's land and buildings.

In accordance with HK-Int 4, the lease term of a Hong Kong land lease for the purpose of applying the depreciation requirements under HKAS 16 and HKAS 17, as appropriate, shall be determined by reference to the legal form and status of the lease. Renewal of a lease is assumed only when the lessee has a renewal option and it is reasonably certain at the inception of the lease that the lessee will exercise the option. Options for extending the lease term that are not at the discretion of the lessee shall not be taken into account by the lessee in determining the lease term. The effects of the above changes are summarised in note 2.4 to the financial statements. The change has been adopted retrospectively from the earliest period presented and comparative amounts have been restated.

財務報告附註

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2.2 新訂及經修訂之香港財務報告準則之影響(續)

採納其他香港財務報告準則之影響概述如下：

- (a) 香港會計準則第17號「租賃」及詮釋第4號「租賃 — 釐定香港土地租賃之租賃年期」

根據香港會計準則第17號，土地及樓宇租賃應於租約開始時以公平價值分為土地租賃及樓宇租賃。土地租賃為經營租賃，樓宇租賃則為融資租賃；若這兩部分無法可靠地作出分配，在該情況下，整項租賃乃分類為融資租賃。由於本集團之租賃金額無法可靠地分為土地部分及樓宇部分，故整項租賃金額乃計入土地及樓宇成本作融資租賃，計入物業、機器及設備。採納香港會計準則第17號並無引致本集團之土地及樓宇之計量改變。

根據詮釋第4號，為採用香港會計準則第16號及香港會計準則第17號之折舊規定(如適用)，香港土地租賃之租賃年期須參考該項租賃之法律形式及狀況而釐定。租約僅會於承租人擁有續約權，並於租約開始時有理由確定承租人將行使該續約權時方假設續約。延長租約權如非由承租人酌情決定，則承租人於決定租約年期時不應計入該延長租約權。上述變動之影響已概述於財務報告附註2.4。該變動已追溯採納至最早期之列賬項目，並已重列比較數字。

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

(b) HKAS 32 and HKAS 39 “Financial Instruments”

In prior years, the Group classified its investments in listed and unlisted equity securities as long term investments, which were held for non-trading purposes and were stated at their fair values on an individual basis with gains and losses recognised as movements in the investment revaluation reserve. Upon the adoption of HKAS 39, these securities held by the Group at 1 January 2005 in the amount of HK\$126,022,000 are designated as available-for-sale investments under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised as a separate component of equity until subsequent derecognition or impairment.

In prior years, the Group classified its investments in listed equity securities for trading purposes as short term investments, and were stated at their fair values on an individual basis with gains and losses recognised in the profit and loss account. Upon the adoption of HKAS 39, these securities held by the Group at 1 January 2005 in the amount of HK\$20,257,000 are designated as investments at fair value through profit or loss under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised in the profit and loss account.

The adoption of HKAS 39 has not resulted in any change in the measurement of these equity securities. Comparative amounts have been reclassified for presentation purposes.

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2.2 新訂及經修訂之香港財務報告準則之影響 (續)

(b) 香港會計準則第32號及香港會計準則第39號「財務工具」

於過往年度，本集團將持作非買賣用途之上市及非上市股份證券投資分類為長期投資，並以個別基準按公平價值入賬，而收益或虧損則確認為投資重估儲備變動。採納香港會計準則第39號之規定後，於2005年1月1日，本集團所持該等為數126,022,000港元之證券已根據香港會計準則第39號之過渡條款分類為可供出售投資，並按公平價值入賬，而收益或虧損則確認為權益項下之獨立組成部份，直至後續不再確認或出現減值為止。

於過往年度，本集團將持作買賣用途之上市股份證券投資分類為短期投資，並以個別基準按公平價值入賬，而收益或虧損則於損益賬內確認。採納香港會計準則第39號之規定後，於2005年1月1日，本集團所持該等為數20,257,000港元之證券已根據香港會計準則第39號之過渡條款分類為按盈虧訂定公平價值投資，並按公平價值入賬，而收益或虧損則於損益賬內確認。

採納香港會計準則第39號並無引致該等股份證券之計量改變。比較數字已就列報用途而作出重列。

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

(c) HKAS 40 “Investment Property”

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

Upon the adoption of HKAS 40, gains or losses arising from changes in the fair values of investment properties are included in the profit and loss account in the year in which they arise. In accordance with the transitional provisions of HKAS 40, the opening balance of retained profits and the results for the comparative year have been restated to reflect this change retrospectively. The effects of the above changes are summarised in note 2.4 to the financial statements.

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

In prior years, goodwill arising on acquisitions prior to 1 January 2001 were eliminated against the consolidated retained profits in the year of acquisition and were not recognised in the profit and loss account until disposal or impairment of the acquired businesses.

In accordance with the transitional provisions of HKFRS 3, goodwill previously eliminated against the retained profits remains eliminated against retained profits and is not recognised in the profit and loss account when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

This change in accounting policy has had no effect on the consolidated financial statements.

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2.2 新訂及經修訂之香港財務報告準則之影響(續)

(c) 香港會計準則第40號「投資物業」

於過往年度，投資物業公平價值之改變以投資物業重估儲備變動處理。倘此儲備之總額不足以抵銷按投資物業組合計算之虧損，超出之虧損自損益賬中扣除。後續任何重估盈餘按先前已扣除之虧損為限計入損益賬。

採納香港會計準則第40號之規定後，投資物業公平價值之改變所產生之收益或虧損計入產生年度之損益賬。根據香港會計準則第40號之過渡條款，年初保留溢利及比較年度業績已重列，以追溯方式反映此改變。上述變動之影響已概述於財務報表附註2.4。

(d) 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」

於過往年度，於2001年1月1日前因收購產生之商譽須於收購年度自綜合保留溢利撇銷，並直至出售所收購業務或所收購業務出現減值時方於損益賬中確認。

根據香港財務報告準則第3號之過渡條款，以往自保留溢利撇銷之商譽繼續自保留溢利撇銷，及不會於與該商譽有關之全部或部份業務出售或與該商譽有關之現金產生單位減值時於損益賬中確認。

此會計政策之改變並無對綜合財務報告構成影響。

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

(e) HKAS 38 “Intangible Assets”

In prior years, the Group’s intangible assets were amortised on the straight-line basis over their estimated useful lives of 10 years, less any impairment losses.

Upon the adoption of HKAS 38, the Group’s eligibility rights to trade on or through The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and The Hong Kong Futures Exchange Limited (the “Futures Exchange”) are permitted to be regarded as having indefinite lives, which should not be amortised and are subject to annual impairment tests. Under the transitional provision of HKAS 38, this change in accounting policy has been applied prospectively and, accordingly, comparative amounts have not been restated.

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

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

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

The effects of the above changes are summarised in note 2.4 to the financial statements. The change has been adopted retrospectively from the earliest period presented and comparative amounts have been restated.

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2.2 新訂及經修訂之香港財務報告準則之影響(續)

(e) 香港會計準則第38號「無形資產」

於過往年度，本集團之無形資產以直線法按估計可使用年期10年攤銷，減任何減值虧損。

採納香港會計準則第38號之規定後，本集團持有香港聯合交易所有限公司（「聯交所」）及香港期貨交易所有限公司（「期交所」）之交易權可被視為具有無限年期，並不應攤銷，惟每年須進行減值測試。根據香港會計準則第38號之過渡條款，此會計政策之改變於生效日期後應用，故比較數字不需重列。

(f) 香港會計準則詮釋第21號「所得稅 — 收回經重估之非折舊資產」

於過往年度，因重估投資物業產生之遞延稅項以於出售投資物業時適用之稅率為基準確認。

採納香港會計準則詮釋第21號之規定後，本集團重估投資物業所產生的遞延稅項乃按照物業通過使用或銷售而取回其賬面價值而釐定。本集團確定以使用投資物業而取回其賬面價值，因此採用利得稅率來計算遞延稅項。

上述變動之影響已概述於財務報告附註2.4。該變動已追溯採納至最早期之列賬項目，並已重列比較數字。

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

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

HKAS 1 Amendment	Capital Disclosures
HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRSs 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies

2.3 已頒布但未生效香港財務報告準則之影響

本集團尚未於此等財務報告採用以下已頒布但未生效之新訂及經修訂香港財務報告準則。除另有說明外，該等香港財務報告準則由2006年1月1日或以後開始之會計年度生效：

香港會計準則第1號 (修訂本)	股本披露
香港會計準則第19號 (修訂本)	精算盈虧、集團福利計劃及披露
香港會計準則第21號 (修訂本)	於海外業務之投資淨值
香港會計準則第39號 (修訂本)	預計集團內交易之現金流量對沖會計處理法
香港會計準則第39號 (修訂本)	選擇權之公平價值
香港會計準則第39號及香港財務報告準則第4號 (修訂本)	財務擔保合約
香港財務報告準則第1號及第6號 (修訂本)	首次採納香港財務報告準則及礦產資源之勘探及評估
香港財務報告準則第6號	礦產資源之勘探及評估
香港財務報告準則第7號	財務工具：披露
香港(國際財務報告詮釋委員會) — 詮釋第4號	釐定一項安排是否包含租賃
香港(國際財務報告詮釋委員會) — 詮釋第5號	對終止運作、復修和重建環境基金修復產生的權益享有的權利
香港(國際財務報告詮釋委員會) — 詮釋第6號	參與特定市場所產生的責任 — 電器及電子設備廢物
香港(國際財務報告詮釋委員會) — 詮釋第7號	根據香港會計準則第29號「嚴重通貨膨脹經濟中之財務報告」採用重列法

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

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

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

The HKAS 19 Amendment, HKAS 39 Amendments, HKFRSs 1, 4 and 6 Amendments, HKFRS 6, HK(IFRIC)-Int 4, 5, 6 and 7 do not apply to the activities of the Group. HK(IFRIC)-Int 6 is effective for annual periods beginning on or after 1 December 2005. HK(IFRIC)-Int 7 is effective for annual periods beginning on or after 1 March 2006.

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

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2.3 已頒布但未生效香港財務報告準則之影響(續)

香港會計準則第1號(修訂本)適用於2007年1月1日或以後開始之會計年度。此經修訂準則將影響有關本集團管理股本之目標、政策及程序之描述性資料之披露；有關本公司視為股本之量化資料；及對任何股本要求之遵行情況，以及違規情況之後果。

香港財務報告準則第7號將取代香港會計準則第32號，並已對香港會計準則第32號有關財務工具之披露要求作出修訂。此香港財務報告準則適用於2007年1月1日或以後開始之會計年度。

香港會計準則第19號(修訂本)、香港會計準則第39號(修訂本)、香港財務報告準則第1號、第4號及第6號(修訂本)、香港財務報告準則第6號、香港(國際財務報告詮釋委員會)－詮釋第4號、第5號、第6號及第7號不適用於本集團之業務。香港(國際財務報告詮釋委員會)－詮釋第6號適用於2005年12月1日或以後開始之會計年度。香港(國際財務報告詮釋委員會)－詮釋第7號適用於2006年3月1日或以後開始之會計年度。

除上文所述外，本集團預計採納上列其他宣告不會對本集團首次應用期間之財務報告構成任何重大影響。

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2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

(a) Effect on the consolidated balance sheet at 1 January 2005 and at 31 December 2005

2.4 會計政策變更之影響概要

(a) 對於2005年1月1日及2005年12月31日綜合資產負債表影響

		Effect of adopting 採納之影響				
		HK-Int 4 [*] 註釋 第4號 [*]	HKASs 32 [*] and 39 [*] 香港會計 準則第32號 [*] 及第39號 [*]	HKAS 40 [*] 香港 會計準則 第40號 [*]	HK(SIC)- Int 21 [*] 香港會計 準則詮釋 第21號 [*] Deferred tax on revaluation of investment properties	Total
		物業、機器 及設備之折舊 HK\$'000 千港元	投資分類 之改變 HK\$'000 千港元	重估投資 物業之盈餘 HK\$'000 千港元	重估投資物業 之遞延稅項 HK\$'000 千港元	總計 HK\$'000 千港元
Effect of new policies (Increase/(decrease))	新政策之影響 (增加/(減少))					
At 1 January 2005	於2005年1月1日					
Assets	資產					
Property, plant and equipment	物業、機器及設備	(2,029)	—	—	—	(2,029)
Available-for-sale investments	可供出售投資	—	126,022	—	—	126,022
Long term investments	長期投資	—	(126,022)	—	—	(126,022)
Investments at fair value through profit or loss	按盈虧訂定公平價值投資	—	20,257	—	—	20,257
Short term investments	短期投資	—	(20,257)	—	—	(20,257)
						<u>(2,029)</u>
Liabilities/equity	負債/權益					
Deferred tax liabilities	遞延稅項負債	—	—	—	5,012	5,012
Investment property revaluation reserve	投資物業重估儲備	—	—	(5,213)	(5,012)	(10,225)
Land and buildings revaluation reserve	土地及樓宇重估儲備	21,387	—	—	—	21,387
Retained profits	保留溢利	(23,416)	—	5,213	—	(18,203)
						<u>(2,029)</u>
At 31 December 2005	於2005年12月31日					
Assets	資產					
Property, plant and equipment	物業、機器及設備	(3,429)	—	—	—	(3,429)
Available-for-sale investments	可供出售投資	—	178,570	—	—	178,570
Long term investments	長期投資	—	(178,570)	—	—	(178,570)
Investments at fair value through profit or loss	按盈虧訂定公平價值投資	—	16,716	—	—	16,716
Short term investments	短期投資	—	(16,716)	—	—	(16,716)
						<u>(3,429)</u>
Liabilities/equity	負債/權益					
Deferred tax liabilities	遞延稅項負債	—	—	—	5,447	5,447
Investment property revaluation reserve	投資物業重估儲備	—	—	(8,048)	(5,012)	(13,060)
Land and buildings revaluation reserve	土地及樓宇重估儲備	21,387	—	—	—	21,387
Retained profits	保留溢利	(24,816)	—	8,048	(435)	(17,203)
						<u>(3,429)</u>

* Adjustments taken effect prospectively from 1 January 2005

Adjustments/presentation taken effect retrospectively

* 調整已由2005年1月1日起按規定應用

調整/列報方式經已按規定追溯應用

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

(b) Effect on the balances of equity at 1 January 2004 and at 1 January 2005

2.4 會計政策變更之影響概要(續)

(b) 對於2004年1月1日及2005年1月1日之權益結餘影響

Effect of new policies (Increase/(decrease))	新政策之影響 (增加/(減少))	Effect of adopting 採納之影響			Total 總計 HK\$'000 千港元
		HK-Int 4 詮釋 第4號 Depreciation of property, plant and equipment 物業、機器及 設備之折舊 HK\$'000 千港元	HKAS 40 香港會計 準則第40號 Surplus on revaluation of investment properties 重估投資 物業之盈餘 HK\$'000 千港元	HK(SIC)-Int 21 香港會計準則 詮釋第21號 Deferred tax on revaluation of investment properties 重估投資物業 之遞延稅項 HK\$'000 千港元	
At 1 January 2004		於2004年1月1日			
Investment property revaluation reserve	投資物業重估儲備	—	(3,125)	(5,012)	(8,137)
Land and buildings revaluation reserve	土地及樓宇重估儲備	21,387	—	—	21,387
Retained profits	保留溢利	(22,016)	3,125	—	(18,891)
					<u>(5,641)</u>
At 1 January 2005		於2005年1月1日			
Investment property revaluation reserve	投資物業重估儲備	—	(5,213)	(5,012)	(10,225)
Land and buildings revaluation reserve	土地及樓宇重估儲備	21,387	—	—	21,387
Retained profits	保留溢利	(23,416)	5,213	—	(18,203)
					<u>(7,041)</u>

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

(c) Effect on the consolidated profit and loss account for the years ended 31 December 2005 and 2004

2.4 會計政策變更之影響概要(續)

(c) 對截至2005年及2004年12月31日止年度之綜合損益賬影響

Effect of new policies	新政策之影響	Effect of adopting 採納之影響				Total 總計 HK\$'000 千港元
		HKAS 1 香港會計 準則第1號	HK-Int 4 註釋 第4號	HKAS 40 香港會計 準則第40號	HK(SIC)-Int 21 香港會計準則 註釋第21號	
		Share of post-tax profits of associates 應佔聯營公司 稅後溢利 HK\$'000 千港元	Depreciation of property, plant and equipment 物業、機器及 設備之折舊 HK\$'000 千港元	Surplus on revaluation of investment properties 重估投資 物業之盈餘 HK\$'000 千港元	Deferred tax on revaluation of investment properties 重估投資物業 之遞延稅項 HK\$'000 千港元	
Year ended 31 December 2005	截至2005年12月31日					
Increase in selling and distribution costs	銷售及分銷費用增加	—	(498)	—	—	(498)
Increase in administrative expenses	行政費用增加	—	(902)	—	—	(902)
Increase in other gains/(losses), net	其他收益/(虧損) 淨值·增加	—	—	2,483	—	2,483
Increase/(decrease) in share of profits of associates	應佔聯營公司溢利 增加/(減少)	(529)	—	352	—	(177)
Decrease/(increase) in tax	稅項減少/(增加)	529	—	—	(435)	94
Total increase/(decrease) in profit	溢利總額增加/(減少)	—	(1,400)	2,835	(435)	1,000
Increase/(decrease) in basic earnings per share	每股基本盈利增加/ (減少)	—	(0.23 cent)	0.47 cent	(0.07 cent)	0.17 cent
Year ended 31 December 2004	截至2004年12月31日					
Increase in selling and distribution costs	銷售及分銷費用增加	—	(498)	—	—	(498)
Increase in administrative expenses	行政費用增加	—	(902)	—	—	(902)
Increase/(decrease) in share of profits of associates	應佔聯營公司溢利 增加/(減少)	(37)	—	2,088	—	2,051
Decrease in tax	稅項減少	37	—	—	—	37
Total increase/(decrease) in profit	溢利總額增加/(減少)	—	(1,400)	2,088	—	688
Increase/(decrease) in basic earnings per share	每股基本盈利增加/ (減少)	—	(0.23 cent)	0.35 cent	—	0.12 cent

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities. The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

2.5 主要會計政策概要

附屬公司

附屬公司乃本公司直接或間接控制其財政及營運政策之實體，以便於從其業務中獲益。附屬公司之業績已包括在本公司之損益賬內之已收及應收股息。本公司於附屬公司之權益按成本減去任何減值虧損列賬。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures

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

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

A joint venture is treated as:

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

2.5 主要會計政策概要(續)

合營公司

合營公司為按合約安排成立之實體，由此本集團及其他訂約方承擔一經濟活動。該合營公司乃本集團及其他訂約方擁有權益之獨立經營實體。

合營各方訂立之合營公司協議訂明合營各方之出資額、合營期限以及於合營公司解散時將予變現資產之基準。合營公司之經營損益及任何盈餘資產由合營各方按彼等各自之出資額比例或按合營公司協議之條款進行分配。

合營公司會被視為：

- (a) 附屬公司，如本集團對合營公司，直接或間接擁有單方面之控制權；
- (b) 共同控權合資公司，如本集團對合營公司沒有單方面控制權，但有直接或間接共同控制權；
- (c) 聯營公司，如本集團沒有單方面或共同之控制權，但直接或間接持有一般不少於20%之合營公司註冊資本及對其有重大影響力；或
- (d) 按照香港會計準則第39號處理之投資，如本集團直接或間接持有不足20%之合營公司註冊資本，且對合營公司沒有共同控制權，或對其沒有重大影響力。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates

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

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

Goodwill

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

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

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

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

2.5 主要會計政策概要(續)

聯營公司

聯營公司乃除附屬公司或共同控制合資公司外，本集團長期持有其一般不少於20%之股本投票權，及對其有重大影響力之實體。

本集團所佔聯營公司購入後之業績及儲備已分別計入綜合損益賬及綜合儲備內。本集團於聯營公司之權益，按權益會計法計算本集團應佔淨資產，減任何減值虧損，於綜合資產負債表內列賬。已對可能存在之任何不同會計準則作出調整以使其一致。

聯營公司之業績已包括在本公司之損益賬內之已收及應收股息。本公司於聯營公司之權益作非流動資產處理，按成本值減去任何減值虧損。

商譽

收購附屬公司產生之商譽乃收購成本超逾於收購當日本集團應佔所購可辨認資產、負債及或然負債之公平價值淨值。

協議日期為2005年1月1日或其後之收購所產生商譽

因收購產生之商譽在綜合資產負債表內確認為資產，初步按成本計量，其後按成本減任何累計減值虧損。

商譽之賬面值需每年進行檢核，或於出現任何事件或情況改變顯示賬面值可能減少時，則更頻密進行檢核。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

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

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

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

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

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

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

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2.5 主要會計政策概要(續)

商譽(續)

協議日期為2005年1月1日或其後之收購所產生商譽(續)

就測試減值而言，因業務合併而收購之商譽自收購日期起分配至預期可自合併之協同效益中獲益之本集團各現金產生單位或各現金產生單位組別，而不論本集團其他資產或負債有否轉撥至該等單位或單位組別。就此獲分配商譽之各單位或單位組別：

- 指商譽就內部管理目的而受監察之本集團內最低水平；及
- 不會大於本集團遵照香港會計準則第14號「分部報告」釐定之主要或次要呈報方式下之一個業務分部。

減值按商譽有關之現金產生單位(或現金產生單位組別)可收回款額進行評估釐定。倘現金產生單位(或現金產生單位組別)之可收回款額低於賬面值，則確認減值虧損。

倘商譽為現金產生單位(或現金產生單位組別)其中部分，該單位部分業務出售時，與售出業務有關之商譽將計入業務賬面值以釐定出售業務盈虧。於該情況售出之商譽，按售出業務及保留之現金產生單位部分相對價值基準計算。

就商譽確認之減值虧損不會於其後撥回。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Goodwill previously eliminated against the consolidated reserves

Prior to the adoption of Statement of Standard Accounting Practice 30 "Business Combinations" in 2001, goodwill arising on acquisition was eliminated against the consolidated retained profits in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against the consolidated retained profits and is not recognised in profit or loss when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

Impairment of assets

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

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

2.5 主要會計政策概要 (續)

商譽 (續)

過往自綜合儲備撇銷之商譽

於2001年採納會計實務準則第30號「企業合併」前，因收購產生之商譽須於收購年度自綜合保留溢利撇銷。在採納香港財務報告準則第3號後，該等商譽繼續自保留溢利撇銷，及不會於與商譽有關之全部或部分業務出售或與商譽有關之現金產生單位減值時於損益賬中確認。

資產減值

倘有跡象顯示出現減值或須就資產進行年度減值測試(不包括存貨、遞延稅項資產、財務資產、投資物業及商譽)，則估計資產之可收回金額。資產之可收回金額按資產或現金產生單位之使用價值與公平值之較高者，減銷售成本計算，並就個別資產而釐定，除非有關資產並無產生在頗大程度上獨立於其他資產或資產組別產生之現金流入，在此情況下，可收回金額就資產所屬之現金產生單位而釐定。

如資產之賬面值超逾其可收回金額時，減值虧損方予確認。於評估使用價值時，估計日後現金流量按反映現時市場評估之貨幣時間價值及資產特定風險之稅前折現率折現至現值。除非該資產以重估數額列賬，減值虧損方根據有關會計政策就該重估資產處理，否則任何減值虧損於產生當期之損益賬內扣除。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

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

Related parties

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

- (a) the party, directly or indirectly through one or more intermediaries: (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

2.5 主要會計政策概要(續)

資產減值(續)

於每個報告日均會就是否有任何跡象顯示過往年度確認之減值虧損不再存在或可能已經減少。倘存有任何該等跡象，便估計可收回金額。除商譽外，僅於釐定資產之可收回金額之估計出現變動時，於先前已確認之減值虧損方可撥回，惟倘若於以往年度並無就該資產確認任何減值虧損，則對比經折舊／攤銷之賬面值，高出金額不得撥回。除非該資產以重估金額列賬，減值虧損之撥回方根據有關會計政策就該重估資產處理，否則，任何減值虧損之撥回於產生當期計入損益賬內。

關連人士

在下列情況下，有關人士將視為本集團之關連人士：

- (a) 有關人士透過一名或多名中介人，直接或間接：(i)控制本集團，或受本集團控制，或與本集團受同一方控制；(ii)於本集團擁有一定權益達致行使重大影響力；或(iii)共同控制本集團；
- (b) 有關人士為聯繫人士；
- (c) 有關人士為共同控制實體；
- (d) 有關人士為本集團之主要管理人員；
- (e) 有關人士為(a)或(d)項所述之任何人士之直系親屬；
- (f) 有關人士受直接或間接歸屬於(d)或(e)項所述人士之實體所控制、共同控制或具重大影響力，或擁有重大投票權；或
- (g) 有關人士為本集團或與本集團有關連的機構為其僱員而設的離職後的福利計劃。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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

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

Leasehold land and buildings	Over the shorter of the lease terms and 2.5%
Plant and machinery	10% to 30%
Leasehold improvements, furniture, fixtures and equipment	10% to 33%
Motor vehicles	30%

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

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

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

2.5 主要會計政策概要(續)

物業、機器及設備及折舊

物業、機器及設備按成本或估值減累計折舊及任何減值虧損後列賬。物業、機器及設備項目成本包括購入價及使資產處於擬定用途之運作狀況及地點之任何直接應佔成本。物業、機器及設備項目投入運作後所產生之支出，如維修及保養，一般於產生該筆支出期間從損益賬中扣除。倘清楚顯示該筆支出已致使日後運用該物業、機器及設備項目所預期取得之未來經濟利益增加，以及當該項目之成本能可靠地計量時，則該筆支出會撥作該資產之額外成本或作重置。

折舊以直線法計算，按每項物業、機器及設備項目之估計使用年期撇銷其成本或估值至其剩餘價值。就此而言，所使用之主要年度折舊率如下：

租賃土地及樓宇	按租賃年期與2.5%兩者較低者
機器及設備	10%至30%
租賃物業裝修、傢俬、裝置及設備	10%至33%
汽車	30%

當物業、機器及設備項目之組件可使用年期有所不同，該項目之成本或估值按合理基準予以分配各組件，而每組件個別計算折舊。

剩餘價值、可使用年期及折舊方法於每個結算日檢核及作適當調整。

物業、機器及設備項目於出售、或估計其使用或出售時不再產生未來經濟利益時，不再確認入帳。出售或棄用資產之盈虧以出售時所得淨款項及有關資產賬面值之差額計算，並於不再確認資產之年內損益賬內確認。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

The transitional provisions set out in paragraph 80A of HKAS 16 "Property, Plant and Equipment" have been adopted for property, plant and equipment stated at valuation. As a result, those assets stated at revalued amounts based on revaluations which were reflected in the financial statements for the year ended 31 December 1993 have not been revalued by class at the balance sheet date. On disposal of a revalued asset, the relevant portion of the land and buildings revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

In prior years, for a transfer from owner-occupied properties to investment properties, the related revaluation surplus included in equity was transferred to the investment property revaluation reserve and remained there until subsequent disposal or retirement of the property when the revaluation surplus was transferred to retained profits. During the year, the directors carried out a review of such accounting policy and determined that such accounting policy had to be changed to retain the related revaluation surplus in the land and buildings revaluation reserve and remains there until subsequent disposal or retirement of the property when the revaluation surplus is transferred to retained profits. In the opinion of the directors, the above change would result in a more appropriate presentation of the Group's financial position.

This change in accounting policy has been applied retrospectively and has resulted in an increase in the land and buildings revaluation reserve and a decrease in the investment property revaluation reserve of HK\$23,629,000 as at 1 January 2004 and 1 January 2005. There was no impact on the Group's retained profits and profit for the years ended 31 December 2005 and 31 December 2004.

2.5 主要會計政策概要(續)

物業、機器及設備及折舊(續)

按估值列賬之物業、機器及設備已經採納香港會計準則第16號「物業、機器及設備」第80A段之過渡條款。因此，該等按1993年12月31日止年度財務報告重估基準重估列賬之資產，於結算日並無按其類別再作重估。出售經重估之資產時，就過往重估而需予變現之相關土地及樓宇重估儲備，由儲備撥往保留溢利內，作為儲備之變動。

於過往年度，自用物業轉撥為投資物業，其已計入權益內之有關重估盈餘將轉撥往投資物業重估儲備中，並保留至該物業日後出售或棄用時，其重估盈餘撥往保留溢利。年內，董事就該會計政策進行檢討並決定該會計政策須予改變，有關重估盈餘將保留於土地及樓宇重估儲備中，直至該物業日後出售或棄用時，其重估盈餘撥往保留溢利。董事認為，上述變動將令本集團之財務狀況得以更適當呈報。

此會計政策變動已追溯應用，並致使於2004年1月1日及2005年1月1日之土地及樓宇重估儲備及投資物業重估儲備分別增加及減少23,629,000港元，惟對本集團截至2005年12月31日及2004年12月31日止年度之年內溢利及保留溢利並無影響。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

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

Gains or losses arising from changes in the fair values of investment properties are included in the profit and loss account in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the profit and loss account in the year of the retirement or disposal.

Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

The Group's intangible assets, representing eligibility rights to trade on or through the Stock Exchange and the Futures Exchange, with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account when the asset is derecognised.

2.5 主要會計政策概要(續)

投資物業

投資物業指以獲得租賃收入及／或資本升值之土地及樓宇，包括除以物業經營租約持有外，符合投資物業之定義之租賃權益，其非用作生產或提供貨品或服務，或用作行政用途，或用作在日常業務中出售之用途。該等物業初步按成本計量，包括交易成本。於初步確認後，投資物業按公平價值列賬，以反映於結算日之市場狀況。

投資物業公平價值之改變所產生之盈虧計入產生年度之損益賬。

棄用或出售投資物業之盈虧在棄用或出售當年之損益賬中確認。

無形資產(商譽除外)

無形資產之可使用年期乃評估為有限或無限。具有有限年期之無形資產按可使用經濟年期攤銷，並於該無形資產出現減值跡象時作評估減值。具有有限可使用年期之無形資產之攤銷年期及攤銷方法須至少於每個結算日作檢核。

本集團之無形資產乃可於或透過聯交所或期交所進行交易之權利，具無限可使用年期並於每年按個別或於現金產生單位檢核作減值測試。該等無形資產並不予以攤銷。具無限年期之無形資產之可使用年期於每年作評估，以釐定無限可使用年期之評估是否持續可靠。如否定，則可使用年期之評估自此由按無限年期更改為有限年期計量。

不再確認無形資產所產生盈虧按出售所得淨額與該資產賬面值差額計算，並於不再確認該資產時在損益賬確認。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other assets

Other assets held on long term basis are stated at amortised cost using effective interest method.

Investments and other financial assets

Applicable to the year ended 31 December 2004:

The Group classified its equity investments, other than subsidiaries and associates, as long term investments and short term investments.

Long term investments

Long term investments are non-trading investments in listed and unlisted equity securities intended to be held on a long term basis.

Listed securities are stated at their fair values on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. Unlisted securities are stated at their estimated fair values, on an individual basis.

The gains or losses arising from changes in the fair values of securities are dealt with as movements in the investment revaluation reserve, until the securities are sold, collected, or otherwise disposed of, or until the securities are determined to be impaired, when the cumulative gain or loss derived from the securities recognised in the investment revaluation reserve, together with the amount of any further impairment, is credited or charged to the profit and loss account in the period in which they arise.

Short term investments

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

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2.5 主要會計政策概要(續)

其他資產

長期持有之其他資產乃以實質利率方法計算攤銷成本入賬。

投資及其他財務資產

適用於截至2004年12月31日止年度：

本集團將附屬公司及聯營公司以外之權益投資分類為長期投資及短期投資。

長期投資

長期投資乃非持作買賣之上市及非上市股份證券投資，擬作長期持有。

上市證券乃按個別投資基準，根據彼等於結算日之市價作公平價值列賬。非上市證券乃按個別基準，按估計公平價值列賬。

證券公平價值變動所產生之收益或虧損於投資重估儲備中處理，直至該等證券被出售、收取或以其他方式處理，或直至該等證券被判斷為已減值，屆時該等證券於投資重估儲備已確認之累計收益或虧損，連同任何進一步減值數額，於減值出現當期損益賬中計入或扣除。

短期投資

短期投資乃持作買賣用途之股份證券投資，以個別投資基準，按結算日之市價作公平價值入賬。由證券公平價值變動而出現之收益或虧損，於當期之損益賬內計入或扣除。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Applicable to the year ended 31 December 2005:

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

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

Investments at fair value through profit or loss

Financial assets classified as held for trading are included in the category "Investments at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the profit and loss account.

Loans and receivables

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

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2.5 主要會計政策概要(續)

投資及其他財務資產(續)

適用於截至2005年12月31日止年度：

香港會計準則第39號界定財務資產適當地分類為按盈虧訂定公平價值投資、貸款及應收款項或可供出售投資。倘該投資並非按盈虧訂定公平價值投資，財務資產初步確認時按公平價值加直接應佔交易成本計量。本集團於初步確認後將其財務資產分類，並於許可及適當情況下，於結算日重新考慮此分類。

正常情況下買入及出售之財務資產於交易日確認，即本集團承諾購入該資產之日期。正常情況下買入及出售乃於規例或市場慣例一般設定之期間內交付買入或出售財務資產。

按盈虧訂定公平價值投資

財務資產分類為「按盈虧訂定公平價值投資」乃持作買賣用途之財務資產。計劃於短期內出售而購入之財務資產，均列作為持作買賣之財務資產。除非已列作有效對沖工具，否則衍生工具亦分類為持作買賣。有關收益或虧損均計入損益賬。

貸款及應收款項

貸款及應收款項乃固定或可釐定付款金額而在活躍市場中並無報價之非衍生財務資產。該等資產以實質利率方法計算攤銷成本入賬。有關收益及虧損均於貸款及應收款項終止確認或減值時通過攤銷程序計入損益賬。

NOTES TO FINANCIAL STATEMENTS

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale investments

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

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

Fair value

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

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

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

2.5 主要會計政策概要(續)

投資及其他財務資產(續)

可供出售投資

可供出售投資乃於上市或非上市股份或債務證券之可供出售之非衍生財務資產，或未被列入其他兩類之財務資產。初始確認後，可供出售投資以公平價值計量，因其公平價值變動而出現之盈虧乃計入權益之獨立部分，直至該項投資不再確認或被判斷減值，屆時過往於權益內確認之盈虧將計入損益賬。

倘因(a)有關投資之合理公平價值估計其變化範圍很大；或(b)於該範圍內之各估計數之概率無法合理評估，故未能可靠計算非上市權益證券之公平價值，則有關權益證券均按成本減減值虧損列賬。

公平價值

在有序金融市場交易活躍之投資之公平價值乃參考結算日營業時間結束時之市場買入價而計算。對於無活躍市場參考價之投資，其公平價值則以估價方法釐定。估價方法包括使用近期公平市場交易、參照本質相同之其他財務工具之現行市場價值、折現現金流量分析及期權訂價模式。

財務資產減值(適用於截至2005年12月31日止年度)

本集團於每個結算日評估是否存在客觀證據顯示一項或一組財務資產出現減值。

NOTES TO FINANCIAL STATEMENTS

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財務報告附註

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Assets carried at amortised cost

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

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

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

2.5 主要會計政策概要(續)

財務資產減值(適用於截至2005年12月31日止年度)(續)

按攤銷成本入賬資產

倘有客觀證據顯示按攤銷成本入賬之貸款及應收款項出現減值虧損，則減值虧損按該資產賬面值與以其初始實質利率(即首次確認時計算之實質利率)折現之估計未來現金流量(不包括尚未產生之未來信貸虧損)現值之差額計算。減值虧損直接減少或通過使用備抵賬戶減少該資產之賬面金額。減值虧損計入盈虧。

本集團先對個別重大之財務資產是否發生減值之客觀證據進行個別評估，以及對個別不重大之財務資產是否發生減值之客觀證據進行個別或整體評估。倘並無客觀證據顯示個別已評估之財務資產出現減值，則不論資產屬重大與否，均列作信貸風險特性相若之一組財務資產內，並進行整體減值評估。個別評定出現減值並已確認或會繼續確認減值虧損之資產，均不作整體減值評估。

倘其後減值虧損金額減少，且此減少客觀上與確認減值以後發生之事項有關，則以往確認之減值虧損將撥回並於損益賬內確認，惟有關資產之賬面值不得超過撥回當日之攤銷成本。

NOTES TO FINANCIAL STATEMENTS

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Available-for-sale investments

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

Impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event, occurring after the impairment loss was recognised in profit or loss.

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

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

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

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

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2.5 主要會計政策概要(續)

財務資產減值(適用於截至2005年12月31日止年度)(續)

可供出售投資

倘可供出售資產出現減值，則其成本(扣除任何本金及攤銷)與當時公平價值之差額，再扣減以往確認虧損之金額，自權益撥至損益賬。已分類作可供出售之權益工具之減值虧損不會於盈虧撥回。

倘就債務工具減值虧損確認於盈虧後出現之公平價值增加可客觀計量，則其減值虧損於盈虧撥回。

不再確認財務資產(適用於截至2005年12月31日止年度)

財務資產(或如適用，財務資產其中一部分或一組類似之財務資產其中一部份)在下列情況下不再確認：

- 自該資產收取現金流量之權利已屆滿；
- 本集團保留收取來自該資產現金流量之權利，惟已根據「轉遞」安排就向第三者承擔責任全數支付款項並無重大延誤；或
- 本集團已轉讓其來自該資產收取現金流量之權利，並(a)已轉讓該資產之大部分風險及回報，或(b)無轉讓或保留該資產之大部分風險及回報，惟已轉讓該資產之控制權。

倘若本集團已轉讓其自資產收取現金流量之權利，而並無轉讓或保留資產之大部分風險及回報，亦無轉讓資產之控制權之情況下，則該資產按本集團繼續參與該資產之程度確認。倘以擔保已轉讓資產之方式作為繼續參與，乃按資產之原賬面值及本集團可能需要支付之最高代價兩者之較低者計量。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Interest-bearing loans and borrowings

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

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

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

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

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

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

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2.5 主要會計政策概要(續)

不再確認財務資產(適用於截至 2005年12月31日止年度)(續)

倘若繼續參與以已轉讓資產之書面及/或購買選擇權(包括以現金支付選擇權或類似條文)方式進行,則本集團繼續參與之程度為本集團可能購回已轉讓資產之金額,惟按資產公平價值計量之書面認沽權證(包括以現金支付選擇權或類似條文)除外,在此情況下,本集團繼續參與之程度被限制於已轉讓資產公平價值及選擇權行使價兩者之較低者。

計息貸款及借貸

所有貸款及借貸初步確認按收取代價之公平價值減直接應佔交易成本。

初步確認後,計息貸款及借貸其後以實質利率方法計算攤銷成本計量。

當不再確認負債以及透過攤銷過程時,有關收益及虧損確認入盈虧淨值。

不再確認財務負債(適用於截至 2005年12月31日止年度)

財務負債於負債之責任已解除或註銷或屆滿時不再確認。

當現有財務負債為同一貸款人以大致上不同條款之負債取代時,或現有負債之條款有重大修改時,有關交換或修改則被視為不再確認為原有負債及確認為一項新負債,而有關賬面值之差額乃於盈虧確認。

NOTES TO FINANCIAL STATEMENTS

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedging (applicable to the year ended 31 December 2005)

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Inventories

Inventories, comprising goods for sale, are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises direct materials, direct labour and an appropriate proportion of production overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.5 主要會計政策概要(續)

衍生財務工具及對沖(適用於截至2005年12月31日止年度)

本集團使用遠期外幣合約等衍生財務工具對沖其有關外幣波動之風險。該等衍生財務工具初步按訂立衍生合約當日之公平價值確認，其後再按公平價值計量。衍生工具在公平價值為正數時以資產列賬，為負數時以負債列賬。

有關不合資格作對沖會計處理之衍生工具公平價值變動，產生之收益或虧損乃直接計入該年度盈虧淨值。

遠期外幣合約之公平價值經參考到期狀況相若之合約之當時遠期匯率計量。

存貨

存貨包括銷售貨品，乃按成本與可變現淨值兩者中之較低者列賬。成本包括直接原料、直接工資及適當比例之生產費用，乃按先進先出法計算。可變現淨值是根據估計售價扣除直至完成及出售所需之估計成本。

現金及等同現金

就綜合現金流量表而言，現金及等同現金包括流動現金及活期存款及於購入後三個月內到期，可隨時轉換為已知金額現金但價值改變風險不大之短期高變現能力投資，扣除需按要求償還之銀行透支，為本集團現金管理之重要部分。

就資產負債表而言，現金及等同現金包括流動現金及銀行存款，包括有條款存款及性質與現金相似而其使用不受限制之資產。

NOTES TO FINANCIAL STATEMENTS

31 December 2005

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account, or in equity if it relates to items that are recognised directly in equity.

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

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

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

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

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

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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2.5 主要會計政策概要(續)

所得稅

所得稅包括本期及遞延稅項。所得稅於損益賬確認，或如該項所得稅與於股東權益確認之項目有關，則於股東權益直接確認。

本期或過往期間之本期稅項資產及負債乃按預期可自稅務機關收回或向稅務機關繳付之金額計算。

於結算日之資產及負債之稅基與其在財務報告賬面值之間所有暫時性差異，須按負債法計提遞延稅項撥備。

除下述外，所有應課稅暫時性差異均確認為遞延稅項負債：

- 倘若由於在交易時初步確認之資產或負債而產生之遞延稅項負債，對會計利潤或應課稅利潤或虧損均無影響；及
- 對涉及附屬公司及聯營公司投資之應課稅暫時性差異而言，倘若撥回暫時性差異之時間可以控制，以及暫時性差異不大可能在可見將來撥回。

除下述外，所有可於稅務上扣除之暫時性差異、承前未用稅項撥回及未用稅項虧損，如日後有可能出現應課稅溢利，可用作抵銷該等可扣除暫時性差異、承前未用稅項資產及未用稅項虧損，均確認為遞延稅項資產：

- 倘若由於在非業務合併之交易中初步確認資產或負債而產生之有關可扣除暫時性差異之遞延稅項資產，對會計利潤或應課稅溢利或虧損均無影響；及

NOTES TO FINANCIAL STATEMENTS

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Revenue recognition

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

- from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- from the rendering of services, in the period in which such services are performed;
- commissions and brokerage income on dealings in securities and futures contracts, on the transaction dates when the relevant contract notes are executed;

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2.5 主要會計政策概要(續)

所得稅(續)

- 對涉及附屬公司及聯營公司投資之可扣除暫時性差異而言，只在暫時性差異有可能在可見將來撥回，以及日後可用該等暫時性差異抵銷可能出現之應課稅溢利，才確認遞延稅項資產。

遞延稅項資產之賬面值於每個結算日予以審閱，倘不再可能有足夠應課稅溢利用作抵銷相關稅項資產之全部或部分，則減少遞延稅項資產賬面值。相反，於可能有足夠應課稅溢利用作抵銷相關稅項之全部或部分時，則確認過往不予確認之遞延稅項資產。

變現資產或償還負債期間預期適用稅率，以於結算日已經生效或大致上已經生效之稅率(及稅法)為基準用作計算遞延稅項資產及負債。

倘現有可依法執行權利，容許本期稅項資產抵銷本期稅項負債，而該遞延稅項涉及同一稅務實體及同一稅務機關，則遞延稅項資產及遞延稅項負債予以對銷。

收入確認

當本集團可能有經濟收益並能作出可靠計算，收入按下列基準予以確認：

- 貨品銷售收入，假使本集團對已售貨品已無一般所有權應有之有效管控，當所有權之主要風險及回報轉予買家後確認；
- 提供服務之收入，於提供服務期內確認；
- 證券及期貨合約交易之佣金及經紀收入，在有關合約執行之交易日期確認；

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

- (d) rental income, on a time proportion basis over the lease terms;
- (e) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;
- (f) dividend income, when the shareholders' right to receive payment has been established; and
- (g) income from the sale of investments at fair value through profit or loss and available-for-sale investments, on the transaction dates when the relevant contract notes are executed.

Employee benefits

Paid leave carried forward

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

2.5 主要會計政策概要(續)

收入確認(續)

- (d) 租金收入，以時間比例按租賃期確認；
- (e) 利息收入，採用實質利率方法，以有關利率在財務工具之預計年期內折現估計未來可收取現金至財務資產之賬面淨值；
- (f) 股息收入，在股東有收取股息權利時確認；及
- (g) 出售按盈虧訂定公平價值投資及可供出售投資收入，在有關合約執行之交易日期確認。

僱員福利

結轉有薪假期

本集團根據僱員的僱傭合約按曆年基準向其僱員提供有薪年假。在若干情況下，各僱員於結算日尚未動用之假期准予結轉至下個年度使用。於結算日，按僱員於年內所賺取有薪假期之預計未來成本已當作一項應計費用並予以結轉。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Pension schemes and other retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's overseas subsidiaries which operate in Mainland China and Taiwan are required to participate in central pension schemes operated by the respective local municipal governments. These overseas subsidiaries are required to contribute 6% to 23% of their payroll costs to the central pension schemes. The contributions are charged to the profit and loss account as they become payable in accordance with the rules of the respective central pension schemes.

Operating leases

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

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

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2.5 主要會計政策概要(續)

僱員福利(續)

退休金計劃及其他退休福利

本集團根據香港的強制性公積金計劃條例實施一項界定供款強制性公積金退休利益計劃(「強積金計劃」)，供所有合資格之僱員參與。供款按僱員基本薪金之某一百分比提撥，並於根據強積金計劃規定需要支付時自損益賬扣除。強積金計劃資產乃與本集團資產分開，由獨立管理基金持有。根據強積金計劃規定，本集團作出之僱主供款利益全數歸屬於僱員，至於本集團作出之僱主自願性供款則除外，當僱員在供款利益完全歸屬於僱員前離職，供款會退回本集團。

本集團於中國內地及台灣運作之海外附屬公司之僱員均須參加由當地市政府運作的中央退休金計劃。此等海外附屬公司須提撥薪金費用之6%至23%為中央退休金計劃供款，並根據中央退休金計劃規定須予供款時於損益賬扣除。

經營租約

當資產擁有權之全部回報及風險絕大部分保留於出租人之租約，以經營租約處理。當本集團為出租人時，本集團於經營租約下租出資產包括在非流動資產內，於經營租約下之應收租金以直線法按租期計入損益賬內。當本集團為承租人時，於經營租約下之應付租金以直線法按租期於損益賬扣除。

經營租約之預付土地租賃付款最初按成本列報，並於其後以直線法在租約年期確認。當租賃金額無法可靠地分配為土地部分及樓宇部分，全部租賃租金額乃計入土地及樓宇成本，列作物業、機器及設備之融資租賃。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum of association and Bye-Laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

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2.5 主要會計政策概要(續)

股息

董事擬派之末期股息於資產負債表獨立按股本項下保留溢利分配列賬，直至此等股息獲股東於股東大會批准。當此等股息獲股東批准及宣派後始確認為負債。

中期股息乃同時予以擬派及宣派，此乃本公司組織章程大綱及附例授予董事宣派中期股息之權力。因此，中期股息於擬派及宣派時即確認為負債。

外幣

此等財務報告乃以本公司之功能及呈報貨幣港元列報。本集團內每個實體均自行決定其功能貨幣，而每實體之財務報告所包含之項目均採用該功能貨幣計量。外幣結算交易最初以交易當日之功能貨幣匯率記錄。以外幣計算之貨幣資產及負債按結算日之功能貨幣匯率重新換算。全部差額計入盈虧。以外幣歷史成本計算之非貨幣項目按交易當日之匯率換算。以外幣公平值計算之非貨幣項目按釐定公平值當日之匯率換算。

若干海外附屬公司及聯營公司之功能貨幣為港元以外之貨幣。於結算日，該等公司之資產與負債按結算日之匯率換算為本公司之呈報貨幣，而損益賬則按年度之加權平均匯率換算。換算產生之匯率差額乃計入權益為獨立部份。出售海外實體時，有關該特定海外業務而已於權益確認之遞延累計款額於損益賬確認。

NOTES TO FINANCIAL STATEMENTS

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

Borrowing costs

Borrowing costs are recognised as expenses in the profit and loss account in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

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2.5 主要會計政策概要(續)

外幣(續)

就綜合現金流量表而言，海外附屬公司之現金流量乃按現金流量當日之匯率換算為港元。年內海外附屬公司日常產生之現金流量乃按年內之加權平均匯率換算為港元。

借貸成本

借貸成本於產生期間在損益賬確認為開支。

3. 主要會計判斷及估計

判斷

應用本集團之會計政策時，除以下涉及估計之判斷外，管理層作出下列對財務報告已確認金額影響重大之判斷：

投資物業與自用物業之分類

本集團須判斷物業是否屬於投資物業，並就有關判斷製訂準則。投資物業乃持作收取租金或升值或兩者之物業。因此，本集團考慮一物業是否帶來現金流量大致獨立於本集團所持其他資產。

某些物業一部分持作收取租金或升值，另一部分用作生產或供應貨品或服務或作行政用途。倘該等部份可獨立出售(或根據融資租賃方式分別出租)，本集團將該等部份個別入賬。倘該等部份不可獨立出售，惟有用作生產或供應貨品或服務或作行政用途之部份不大，有關物業方可列作投資物業。

管理層已就個別物業作出判斷，以釐定有關配套設施是否重大至足以使該物業不合列作投資物業之資格。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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

Estimation of fair value of unlisted equity securities

In the absence of current prices in an active market for similar unlisted equity securities, the Group determines the fair values by using valuation techniques including estimated discounted cash flows and based on information from a variety of sources, including:

- (i) the latest financial information of the unlisted equity securities; and
- (ii) discounted cash flow projections based on reliable estimates of future cash flows, which make use of market parameters as supported by site visits, historical dividend income, etc. and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to appropriate discount rates and expected future cash flows. The carrying amount of unlisted equity securities stated at fair value at 31 December 2005 was HK\$9,304,000 (2004: HK\$8,429,000).

Estimation of realisability of deferred tax assets

The Group reviews the carrying amount of deferred tax assets at each balance sheet date and estimates whether sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. The estimation requires the Group to make an estimate of the expected future taxable profit from the related taxable entities. The carrying amount of deferred tax assets at 31 December 2005 was HK\$3,902,000 (2004: HK\$3,991,000). More details are given in note 28.

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3. 主要會計判斷及估計(續)

估計不明朗因素

於結算日就未來及其他主要估計不明朗因素所作之主要假設，可能並引致須於下一個財政年度就資產及負債賬面值作出重大調整，構成重大風險者論述如下。

估計非上市股份證券之公平價值

在無類似非上市股份證券於活躍市場作現行價格之參考情況下，本集團採用包括估計折現現金流動等估值方法，並按照來自不同來源之資料釐定公平價值：

- (i) 非上市股份證券之最近期財務資料；及
- (ii) 根據未來現金流動之可靠估計所作之預期折現現金流量，而有關估計乃利用實地視察支持之市場參數、歷年股息收入等、並採用可反映現行市場評估之現金流量金額及時間之不明朗因素之折現率。

本集團之公平價值估計之主要假設包括有關適當折現率及預期未來現金流量。於2005年12月31日，按公平價值列賬之非上市股份證券賬面值為9,304,000港元(2004年：8,429,000港元)。

估計遞延稅項資產之可變現性

本集團於各結算日檢核遞延稅項資產之賬面值，並估計是否有足夠應課稅溢利以容許變現全部或部分遞延稅項資產。有關估計需要本集團自相關應課稅實體之預期未來應課稅溢利作估計。於2005年12月31日，遞延稅項資產之賬面值為3,902,000港元(2004年：3,991,000港元)。進一步詳情載於附註28。

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4. SEGMENT INFORMATION

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

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

- (a) manufacture and retail of jewellery;
- (b) wholesale of precious metals; and
- (c) other business (including securities broking).

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

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

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4. 分部資料

分部資料按以下兩部形式呈報：(i)按業務分部為主要分部呈報基準；及(ii)按地區分部為次要分部呈報基準。

本集團經營之業務乃根據各項業務之性質及所提供之產品及服務分開架構及管理。本集團各項業務分部代表一策略性經營單位，其提供之產品及服務所承擔之風險及回報均有別於其他業務分部。業務分部概要如下：

- (a) 珠寶製造及零售；
- (b) 貴金屬批發；及
- (c) 其他業務（包括證券經紀）。

確定本集團之地區分部時，收益乃按客戶之位置分配予各分部，而資產及資本性開支乃按資產之位置分配予各分部。

內部銷售及轉讓乃根據銷售予第三者之售價作為通用市價。

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4. SEGMENT INFORMATION (continued)

(a) Business segments

The following tables present revenue, profit and certain asset, liability and other segment information for the Group's business segments for the years ended 31 December 2005 and 2004.

Group 集團

	Manufacture and retail of jewellery 珠寶製造及零售		Wholesale of precious metals 貴金屬批發		Other business (including securities broking) 其他業務 (包括證券經紀)		Eliminations 對銷		Consolidated 綜合	
	2005 HK\$'000 千港元	2004 HK\$'000 千港元 (Restated) (重列)	2005 HK\$'000 千港元	2004 HK\$'000 千港元	2005 HK\$'000 千港元	2004 HK\$'000 千港元 (Restated) (重列)	2005 HK\$'000 千港元	2004 HK\$'000 千港元	2005 HK\$'000 千港元	2004 HK\$'000 千港元 (Restated) (重列)
Segment revenue:	分部收益：									
Sales to external customers	2,380,503	2,247,058	2,932,144	4,502,691	448,007	267,342	—	—	5,760,654	7,017,091
Intersegment sales	178,640	301,791	195,766	190,737	1,065	1,058	(375,471)	(493,586)	—	—
Other income from external sources	13,399	13,387	1	85	13,298	10,652	—	—	26,698	24,124
Intersegment other income	3,613	3,647	—	—	113	133	(3,726)	(3,780)	—	—
Total	<u>2,576,155</u>	<u>2,565,883</u>	<u>3,127,911</u>	<u>4,693,513</u>	<u>462,483</u>	<u>279,185</u>	<u>(379,197)</u>	<u>(497,366)</u>	<u>5,787,352</u>	<u>7,041,215</u>
Segment results	分部業績									
Interest income	172,994	186,925	6,908	9,717	22,920	25,550	—	—	202,822	222,192
Dividend income									5,837	2,525
Gain on disposal of available-for-sale investments									5,968	14,716
Unallocated expenses									15,765	8,090
Profit from operating activities									(7,973)	(7,084)
Finance costs									222,419	240,439
Share of profits of associates									(5,527)	(1,895)
Profit before tax									165	2,317
Tax									217,057	240,861
Profit for the year									(26,670)	(37,200)
									<u>190,387</u>	<u>203,661</u>
Assets and liabilities	資產及負債									
Segment assets	1,910,764	1,919,230	41,180	80,885	1,099,778	1,029,475	(495,193)	(622,441)	2,556,529	2,407,149
Interests in associates									9,568	9,627
Unallocated assets									100,268	199,738
Total assets									<u>2,666,365</u>	<u>2,616,514</u>
Segment liabilities	(408,245)	(684,194)	(34,490)	(74,427)	(429,162)	(358,425)	495,193	622,441	(376,704)	(494,605)
Unallocated liabilities									(163,602)	(142,306)
Total liabilities									<u>(540,306)</u>	<u>(636,911)</u>
Other segment information:	其他分部資料：									
Depreciation and amortisation	36,377	28,611	50	—	1,248	2,237	—	—	37,675	30,848
Gain on disposal of an owner-occupied property	(11,429)	—	—	—	—	—	—	—	(11,429)	—
Gain on disposal of an investment property	—	—	—	—	(1,502)	—	—	—	(1,502)	—
Fair value gains on investment properties	—	—	—	—	(8,400)	(6,250)	—	—	(8,400)	(6,250)
Capital expenditure	55,690	31,747	478	—	302	1,193	—	—	56,470	32,940

4. 分部資料 (續)

(a) 業務分部

下表為本集團截至2005年及2004年12月31日止年度之業務分部之收益、溢利、部分資產、負債及其他分部資料。

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4. SEGMENT INFORMATION (continued)

(b) Geographical segments

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

Group 集團

	Hong Kong and Macau 香港及澳門		Mainland China 中國內地		Elsewhere 其他地區		Eliminations 對銷		Consolidated 綜合	
	2005 HK\$'000 千港元	2004 HK\$'000 千港元	2005 HK\$'000 千港元	2004 HK\$'000 千港元	2005 HK\$'000 千港元	2004 HK\$'000 千港元	2005 HK\$'000 千港元	2004 HK\$'000 千港元	2005 HK\$'000 千港元	2004 HK\$'000 千港元
Segment revenue:	分部收益：									
Sales to external customers	銷售予外界客戶									
	5,378,419	6,734,921	285,705	178,173	96,530	103,997	—	—	5,760,654	7,017,091
Other segment information:	其他分部資料：									
Segment assets	分部資產									
	2,220,324	2,175,306	403,669	286,173	90,762	82,485	(158,226)	(136,815)	2,556,529	2,407,149
Interests in associates	於聯營公司權益									
Unallocated assets	未分配資產									
									9,568	9,627
									100,268	199,738
Total assets	總資產									
									2,666,365	2,616,514
Capital expenditure	資本性開支									
	32,042	21,381	20,160	10,208	4,268	1,351	—	—	56,470	32,940

5. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns, trade discounts and value-added tax; commission on securities and commodities broking and rental income earned during the year. Revenue from the following activities has been included in turnover:

4. 分部資料(續)

(b) 地區分部

下表為本集團截至2005年及2004年12月31日止年度之地區分部收益及部分資產及開支資料。

5. 營業額

營業額指年內撇除退回、交易折扣與增值稅後售出貨品之發票淨值，證券及期貨經紀佣金收入及租金收入。以下業務之收益已包括在營業額內：

		Group 集團	
		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Sale of goods	貨品銷售	5,721,613	6,970,539
Commission on securities and commodities broking	證券及期貨經紀佣金收入	31,450	39,354
Gross rental income	總租金收入	7,591	7,198
		<u>5,760,654</u>	<u>7,017,091</u>

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6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

6. 經營業務所得溢利

本集團之經營業務所得溢利已扣除／(計入)：

		2005 HK\$'000 千港元	2004 HK\$'000 千港元 (Restated) (重列)
Cost of inventories sold	銷售存貨成本	5,014,822	6,325,890
Write-down of inventories to net realisable value	撇銷存貨至可變現淨值	1,974	5,384
Depreciation	折舊	14	30,786
Amortisation of intangible assets *	無形資產攤銷*	16	62
Minimum lease payments under operating leases for land and buildings	土地及樓宇經營租賃最低租賃付款	127,360	96,560
Auditors' remuneration	核數師酬金	1,942	1,851
Employee benefits expense ^Δ (excluding directors' remuneration (note 8)):	僱員福利開支 ^Δ (不包括董事酬金(附註8)):		
Wages and salaries	工資及薪金	238,086	230,908
Pension scheme contributions	退休金計劃供款	13,528	10,780
Less: Forfeited contributions	減：已沒收供款	(95)	(129)
Net pension scheme contributions	退休金計劃供款淨額	13,433	10,651
		251,519	241,559
Provision for doubtful debts	壞賬撥備	53	220
Direct operating expenses arising on rental-earning investment properties	可收取租金之投資物業直接經營開支	1,003	1,000
Net loss on disposal of items of plant and equipment	出售機器及設備之虧損淨值	4,012	1,427
Interest income	利息收入	(12,284)	(8,313)
Dividend income from listed investments	上市投資之股息收入	(5,656)	(15,291)
Dividend income from unlisted investments	非上市投資之股息收入	(810)	(413)
Foreign exchange differences, net	匯兌差額，淨值	(1,440)	(951)
Gain on disposal of an owner-occupied property #	出售自用物業收益#	(11,429)	—
Gain on disposal of an investment property #	出售投資物業收益#	(1,502)	—
Gain on disposal of available-for-sale investments #	出售可供出售投資收益#	(15,765)	(8,090)
Gain on disposal of investments at fair value through profit or loss	出售按盈虧訂定公平價值投資收益	(1,130)	(211)
Fair value gains on investment properties #	投資物業公平價值收益#	15	(6,250)
Net fair value losses/(gains) on investments at fair value through profit or loss #	按盈虧訂定公平價值投資之公平價值虧損／(收益)淨值#	16	(3,356)

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6. PROFIT FROM OPERATING ACTIVITIES (continued)

* The amortisation of intangible assets in the prior year was included in "Administrative expenses" on the face of the consolidated profit and loss account.

These balances are included in "Other gains/(losses), net" on the face of the consolidated profit and loss account.

△ The employee benefits expense has included remuneration paid to a director's spouse of HK\$1,285,000 (2004: HK\$1,206,000).

7. FINANCE COSTS

Interest on bank loans and overdrafts wholly repayable within five years	須於五年內全數償還之銀行貸款及透支利息
Interest on other loans wholly repayable within five years	須於五年內全數償還之其他貸款利息

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

Fees	袍金
Other emoluments:	其他酬金：
Salaries and allowances	薪金及津貼
Discretionary bonuses paid and payable	已付及應付酌情花紅
Pension scheme contributions	退休金計劃供款

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6. 經營業務所得溢利(續)

* 過往年度之無形資產攤銷已包括在綜合損益賬內「行政費用」中。

此等數額已包括在綜合損益賬內「其他收益/(虧損)·淨值」中。

△ 僱員福利開支包括支付予一名董事配偶之酬金1,285,000港元(2004年：1,206,000港元)。

7. 財務費用

Group 集團	
2005 HK\$'000 千港元	2004 HK\$'000 千港元
5,356	1,660
171	235
<u>5,527</u>	<u>1,895</u>

8. 董事酬金

根據上市規則及公司條例第161條之規定，本年度之董事酬金披露如下：

Group 集團	
2005 HK\$'000 千港元	2004 HK\$'000 千港元
1,031	692
5,371	5,058
831	800
145	130
<u>6,347</u>	<u>5,988</u>
<u>7,378</u>	<u>6,680</u>

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8. DIRECTORS' REMUNERATION (continued)

(a) Independent non-executive directors

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

Dr. CHAN Bing Fun	陳炳勳醫生
Mr. LEE Ka Lun*	李家麟先生*
Mr. LO King Man*	盧景文先生*
Mr. Stephen TING Leung Huel [#]	丁良輝先生 [#]
Mr. CHUNG Pui Lam [#]	鍾沛林先生 [#]

[#] Re-designated from independent non-executive directors as non-executive directors on 28 September 2004.

* Appointed as independent non-executive directors on 28 September 2004.

There were no other emoluments payable to the independent non-executive directors during the year (2004: Nil).

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8. 董事酬金(續)

(a) 獨立非執行董事

本年度支付獨立非執行董事之袍金如下：

2005 HK\$'000 千港元	2004 HK\$'000 千港元
110	90
110	26
110	26
—	64
—	64
330	270

[#] 於2004年9月28日由獨立非執行董事調任為非執行董事。

* 於2004年9月28日獲委任為獨立非執行董事。

年內並無其他應付酬金付予獨立非執行董事(2004年：無)。

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8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors

	Fees	Salaries and allowances	Discretionary bonuses paid and payable	Pension scheme contributions	Total
	袍金	薪金及津貼	已付及應付酌情花紅	退休金計劃供款	合計
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元
2005					
Executive directors:	執行董事：				
Dr. CHOW Kwen Lim	110	1,526	179	—	1,815
Mr. Vincent CHOW Wing Shing	90	1,752	246	87	2,175
Dr. Gerald CHOW King Sing	101	275	23	14	413
Mr. Winston CHOW Wun Sing	90	1,476	383	44	1,993
	<u>391</u>	<u>5,029</u>	<u>831</u>	<u>145</u>	<u>6,396</u>
Non-executive directors:	非執行董事：				
Mr. CHOW Kwen Ling	90	342	—	—	432
Mr. Stephen TING Leung Huel	110	—	—	—	110
Mr. CHUNG Pui Lam	110	—	—	—	110
Dr. CHAN Bing Fun *	110	—	—	—	110
Mr. LEE Ka Lun *	110	—	—	—	110
Mr. LO King Man *	110	—	—	—	110
	<u>640</u>	<u>342</u>	<u>—</u>	<u>—</u>	<u>982</u>
	<u>1,031</u>	<u>5,371</u>	<u>831</u>	<u>145</u>	<u>7,378</u>

* Independent non-executive directors

* 獨立非執行董事

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8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors (continued)

	Fees	Salaries and allowances	Discretionary bonuses paid and payable	Pension scheme contributions	Total
	袍金	薪金及津貼	酌情花紅	退休金	合計
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元
2004					
Executive directors:	執行董事：				
Dr. CHOW Kwen Lim	90	1,526	265	—	1,881
Mr. Vincent CHOW Wing Shing	70	1,586	327	80	2,063
Dr. Gerald CHOW King Sing	70	275	57	14	416
Mr. Winston CHOW Wun Sing	70	1,329	151	36	1,586
	300	4,716	800	130	5,946
Non-executive directors:	非執行董事：				
Mr. CHOW Kwen Ling	70	342	—	—	412
Mr. Stephen TING Leung Huel #	90	—	—	—	90
Mr. CHUNG Pui Lam #	90	—	—	—	90
Dr. CHAN Bing Fun	90	—	—	—	90
Mr. LEE Ka Lun *	26	—	—	—	26
Mr. LO King Man *	26	—	—	—	26
	392	342	—	—	734
	692	5,058	800	130	6,680

Re-designated from independent non-executive directors as non-executive directors on 28 September 2004.

* Appointed as independent non-executive directors on 28 September 2004.

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

8. 董事酬金 (續)

(b) 執行董事及非執行董事 (續)

於2004年9月28日由獨立非執行董事調任為非執行董事。

* 於2004年9月28日獲委任為獨立非執行董事。

年內董事並無訂立任何安排放棄或同意放棄任何酬金。

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three (2004: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2004: two) non-director, highest paid employees for the year are as follows:

		Group 集團	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Salaries and allowances	薪金及津貼	3,100	2,638
Discretionary bonuses paid and payable	已付及應付酌情花紅	974	1,107
Pension scheme contributions	退休金計劃供款	152	129
		<u>4,226</u>	<u>3,874</u>

The remuneration of the two non-director, highest paid employees fell within the following bands:

		Number of employees 僱員人數	
		2005	2004
HK\$1,000,001 to HK\$1,500,000	1,000,001港元 – 1,500,000港元	—	1
HK\$1,500,001 to HK\$2,000,000	1,500,001港元 – 2,000,000港元	1	—
HK\$2,500,001 to HK\$3,000,000	2,500,001港元 – 3,000,000港元	1	1
		<u>2</u>	<u>2</u>

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9. 五名最高薪酬僱員

本年度本集團五名最高薪酬僱員包括三名(2004年:三名)董事,其詳細酬金資料於上述附註8披露。其餘兩名(2004年:兩名)最高薪酬非董事僱員酬金總額如下:

		Group 集團	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Salaries and allowances	薪金及津貼	3,100	2,638
Discretionary bonuses paid and payable	已付及應付酌情花紅	974	1,107
Pension scheme contributions	退休金計劃供款	152	129
		<u>4,226</u>	<u>3,874</u>

兩名最高薪酬非董事僱員酬金組別分別如下:

		Number of employees 僱員人數	
		2005	2004
HK\$1,000,001 to HK\$1,500,000	1,000,001港元 – 1,500,000港元	—	1
HK\$1,500,001 to HK\$2,000,000	1,500,001港元 – 2,000,000港元	1	—
HK\$2,500,001 to HK\$3,000,000	2,500,001港元 – 3,000,000港元	1	1
		<u>2</u>	<u>2</u>

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10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

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10. 稅項

香港利得稅乃按本年度於香港產生之估計應課稅溢利以稅率17.5% (2004年：17.5%)撥備。其他地區之應課利得稅乃按本集團於各營運地區以當地現行法則、闡釋及慣例為基礎之通用稅率計算。

		Group 集團	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Group:	集團：		
Current — Hong Kong	本期 — 香港		
Charge for the year	本年度稅項	25,234	31,575
Overprovision in prior years	以往年度超額撥備	(465)	(474)
Current — Elsewhere	本期 — 其他地區	2,998	2,672
Deferred (note 28)	遞延 (附註28)	(1,097)	3,427
		<hr/>	<hr/>
Total tax charge for the year	本年度稅項總額	26,670	37,200
		<hr/> <hr/>	<hr/> <hr/>

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10. TAX (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

10. 稅項(續)

下表是按本公司及其大部分附屬公司註冊成立所在地之法定稅率計算並適用於除稅前溢利之稅項支出，以及按實質稅率計算之稅項支出進行對賬：

		Group 集團			
		2005		2004	
		HK\$'000	%	HK\$'000	%
		千港元		千港元	
				(Restated)	
				(重列)	
Profit before tax	除稅前溢利	<u>217,057</u>		<u>240,861</u>	
Tax at the statutory tax rate	按法定稅率計算稅項	37,985	17.5	42,151	17.5
Difference in tax rates applied for specific provinces or local authority	應用於特定省份或當地之稅率差異	(779)		(719)	
Adjustments in respect of current tax of previous years	就以往年度之稅項作本期調整	(465)		(474)	
Profits attributable to associates	應佔聯營公司溢利	(29)		(405)	
Estimated income not subject to tax	無須繳稅之估計收入	(12,407)		(6,107)	
Estimated expenses not deductible for tax	不可扣稅之估計支出	2,196		2,279	
Tax losses utilised from previous periods	使用以往期間之稅項虧損	(612)		(923)	
Estimated tax losses not recognised	尚未確認之估計稅項虧損	<u>781</u>		<u>1,398</u>	
Tax charge at the Group's effective rate	按本集團實質稅率計算之稅項	<u>26,670</u>	12.3	<u>37,200</u>	15.4

The Group's share of tax attributable to associates amounting to HK\$529,000 (2004: HK\$37,000) is included in "Share of profits of associates" on the face of the consolidated profit and loss account.

本集團應佔聯營公司稅項為529,000港元(2004年: 37,000港元)，乃計入綜合損益賬中「應佔聯營公司溢利」內。

11. PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit for the year attributable to shareholders of the Company for the year ended 31 December 2005 dealt with in the financial statements of the Company, was HK\$87,198,000 (2004: HK\$122,183,000) (note 30(b)).

11. 本公司股東應佔本年度溢利

截至2005年12月31日止年度，本公司股東應佔本年度溢利為87,198,000港元(2004年: 122,183,000港元)(附註30(b))。

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12. DIVIDENDS

Interim — HK5.0 cents
(2004: HK6.0 cents) per ordinary share

中期 — 每普通股5.0港仙
(2004年：6.0港仙)

Proposed final — HK12.0 cents
(2004: HK14.0 cents) per ordinary share

擬派末期 — 每普通股12.0港仙
(2004年：14.0港仙)

Special — Nil (2004: HK3.0 cents)
per ordinary share

特別 — 無
(2004年：每普通股3.0港仙)

12. 股息

2005 HK\$'000 千港元	2004 HK\$'000 千港元
30,096	30,096
72,230	70,224
—	15,048
102,326	115,368

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

擬派之本年度末期股息須經本公司股東於即將舉行之股東週年大會上批准。

13. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to shareholders of the Company of HK\$187,330,000 (2004: HK\$200,888,000 (restated)), and the weighted average number of 601,920,000 (2004: 601,920,000 (restated)) ordinary shares in issue during the year, as adjusted to reflect the bonus issue of shares (note 29) during the year.

Diluted earnings per share for the years ended 31 December 2005 and 2004 have not been presented as no diluting events existed during these years.

13. 本公司股東應佔每股盈利

每股基本盈利乃按本年度本公司股東應佔溢利187,330,000港元(2004年：200,888,000港元(重列))及年內已發行加權平均股份601,920,000(2004年：601,920,000(重列))普通股計算，股數已調整以反映年內發行之紅股(附註29)。

由於此兩年內並無攤薄事項，故並無披露截至2005年及2004年12月31日止年度之每股攤薄盈利。

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14. PROPERTY, PLANT AND EQUIPMENT

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集團

14. 物業、機器及設備

		Land and buildings	Plant and machinery	Leasehold improvements, furniture, fixtures and equipment 租賃物業 機器裝修、傢俬、 裝置及設備	Motor vehicles	Total
		土地 及樓宇	機器 及設備	裝修、傢俬、 裝置及設備	汽車	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
31 December 2005	於2005年12月31日					
At 1 January 2005:	於2005年1月1日：					
Cost or valuation	成本或估值	310,557	6,379	72,344	2,317	391,597
Accumulated depreciation (restated)	累計折舊(重列)	(14,708)	(2,745)	(35,034)	(742)	(53,229)
Net carrying amount (restated)	賬面淨值(重列)	<u>295,849</u>	<u>3,634</u>	<u>37,310</u>	<u>1,575</u>	<u>338,368</u>
At 1 January 2005, net of accumulated depreciation	於2005年1月1日， 扣除累計折舊	295,849	3,634	37,310	1,575	338,368
Additions	添置	—	3,192	52,550	728	56,470
Disposals	出售	(10,672)	(172)	(3,977)	—	(14,821)
Depreciation provided during the year	年內折舊撥備	(12,517)	(1,391)	(23,177)	(590)	(37,675)
Exchange realignment	匯兌調整	58	47	366	11	482
At 31 December 2005, net of accumulated depreciation	於2005年12月31日， 扣除累計折舊	<u>272,718</u>	<u>5,310</u>	<u>63,072</u>	<u>1,724</u>	<u>342,824</u>
At 31 December 2005:	於2005年12月31日：					
Cost or valuation	成本或估值	299,322	7,367	95,316	3,061	405,066
Accumulated depreciation	累計折舊	(26,604)	(2,057)	(32,244)	(1,337)	(62,242)
Net carrying amount	賬面淨值	<u>272,718</u>	<u>5,310</u>	<u>63,072</u>	<u>1,724</u>	<u>342,824</u>

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14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group
集團

14. 物業、機器及設備(續)

		Land and buildings	Plant and machinery	Leasehold improvements, furniture, fixtures and equipment 租賃物業 裝修、傢俬、 裝置及設備	Motor vehicles	Total
		土地 及樓宇	機器 及設備	汽車	汽車	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
		(Restated)				(Restated)
		(重列)				(重列)
31 December 2004	於2004年12月31日					
At 1 January 2004:	於2004年1月1日:					
Cost or valuation	成本或估值	310,552	5,168	97,531	2,016	415,267
Accumulated depreciation	累計折舊	(5,030)	(2,871)	(68,739)	(849)	(77,489)
Net carrying amount	賬面淨值	<u>305,522</u>	<u>2,297</u>	<u>28,792</u>	<u>1,167</u>	<u>337,778</u>
At 1 January 2004, net of accumulated depreciation	於2004年1月1日， 扣除累計折舊	305,522	2,297	28,792	1,167	337,778
Additions	添置	—	2,597	29,568	775	32,940
Disposals	出售	—	(44)	(1,568)	—	(1,612)
Depreciation provided during the year	年內折舊撥備	(9,678)	(1,217)	(19,523)	(368)	(30,786)
Exchange realignment	匯兌調整	5	1	41	1	48
At 31 December 2004, net of accumulated depreciation	於2004年12月31日， 扣除累計折舊	<u>295,849</u>	<u>3,634</u>	<u>37,310</u>	<u>1,575</u>	<u>338,368</u>
At 31 December 2004:	於2004年12月31日:					
Cost or valuation	成本或估值	310,557	6,379	72,344	2,317	391,597
Accumulated depreciation	累計折舊	(14,708)	(2,745)	(35,034)	(742)	(53,229)
Net carrying amount	賬面淨值	<u>295,849</u>	<u>3,634</u>	<u>37,310</u>	<u>1,575</u>	<u>338,368</u>

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14. PROPERTY, PLANT AND EQUIPMENT (continued)

Certain of the Group's leasehold land and buildings were revalued in 1993 by Knight Frank & Kan, independent professionally qualified valuers. The land and buildings were revalued at open market value, based on their existing use. Since 1995, no further revaluations of the Group's leasehold land and buildings have been carried out, as the Group has relied upon the exemption provided under the transitional provisions of HKAS 16, from the requirement to carry out future revaluations of its property, plant and equipment which were stated at valuation at that time.

Had these land and buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been approximately HK\$46,674,000 (2004: HK\$48,664,000 (restated)).

The Group's land and buildings included above are held under the following lease terms:

At 31 December 2005

於2005年12月31日

		Hong Kong 香港 HK\$'000 千港元	Elsewhere 其他地區 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At cost:	按成本：			
Long term leases	長期租約	666	2,977	3,643
Medium term leases	中期租約	25,666	219	25,885
		<u>26,332</u>	<u>3,196</u>	<u>29,528</u>
At valuation:	按估值：			
Long term leases	長期租約	78,757	—	78,757
Medium term leases	中期租約	191,037	—	191,037
		<u>269,794</u>	<u>—</u>	<u>269,794</u>
		<u>296,126</u>	<u>3,196</u>	<u>299,322</u>

14. 物業、機器及設備(續)

本集團若干租賃土地及樓宇於1993年經獨立專業認可測量師簡福飴測量行重估。該等土地及樓宇根據現時用途按公開市值基準重估。本集團自1995年採納香港會計準則第16號之過渡條款賦予之豁免，根據物業、機器及設備之當時估值列賬，不為其租賃土地及樓宇再作重估。

倘若此等土地及樓宇以歷史成本減累計折舊及減值虧損列賬，其賬面淨值約46,674,000港元(2004年：48,664,000港元(重列))。

本集團上述之土地及樓宇按下列租期持有：

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14. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 December 2004

於2004年12月31日

		Hong Kong 香港 HK\$'000 千港元	Elsewhere 其他地區 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At cost:	按成本：			
Long term leases	長期租約	666	2,912	3,578
Medium term leases	中期租約	25,666	219	25,885
		<u>26,332</u>	<u>3,131</u>	<u>29,463</u>
At valuation:	按估值：			
Long term leases	長期租約	78,757	—	78,757
Medium term leases	中期租約	202,337	—	202,337
		<u>281,094</u>	<u>—</u>	<u>281,094</u>
		<u>307,426</u>	<u>3,131</u>	<u>310,557</u>

At 31 December 2005, certain of the Group's land and buildings with an aggregate net book value of approximately HK\$92,447,000 (2004: HK\$107,835,000 (restated)) were pledged to secure general banking facilities granted to the Group.

於2005年12月31日，本集團以若干賬面淨值約92,447,000港元（2004年：107,835,000港元（重列））之土地及樓宇作抵押，為本集團所獲一般銀行信貸作擔保。

15. INVESTMENT PROPERTIES

15. 投資物業

		Group 集團	
		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Carrying amount at 1 January	於1月1日之賬面值	98,050	91,800
Net profit from a fair value adjustment	公平價值調整之淨收益	8,400	6,250
Disposal	出售	(4,000)	—
Carrying amount at 31 December	於12月31日之賬面值	<u>102,450</u>	<u>98,050</u>

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15. INVESTMENT PROPERTIES (continued)

The Group's investment properties are held under the following lease terms:

Long term leases:	長期租約：
Hong Kong	香港
Medium term leases:	中期租約：
Hong Kong	香港
Elsewhere	其他地區

The Group's investment properties were revalued on 31 December 2005 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers, at HK\$102,450,000 on an open market, existing use basis. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 32(a) to the financial statements.

At 31 December 2005, the Group's investment properties with a value of HK\$50,000,000 (2004: HK\$44,000,000) were pledged to secure general banking facilities granted to the Group.

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15. 投資物業(續)

本集團之投資物業按下列租期持有：

		Group 集團	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Long term leases:	長期租約：		
Hong Kong	香港	9,850	8,550
Medium term leases:	中期租約：		
Hong Kong	香港	66,100	58,500
Elsewhere	其他地區	26,500	31,000
		<hr/>	<hr/>
		102,450	98,050
		<hr/>	<hr/>

於2005年12月31日，本集團之投資物業由獨立專業認可測量師戴德梁行有限公司根據現時用途按公開市值重估為102,450,000港元。該等投資物業按經營租約租予第三者，概要載於財務報告附註32(a)內。

於2005年12月31日，本集團以價值50,000,000港元(2004年：44,000,000港元)之投資物業作抵押，為本集團所獲一般銀行信貸作擔保。

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16. INTANGIBLE ASSETS

Trading rights

Cost as at 1 January, net of
accumulated amortisation
Amortisation

交易權

於1月1日之成本，扣除
累計攤銷
攤銷

At 31 December

於12月31日

Cost (gross carrying amount)
Accumulated amortisation

成本(賬面總值)
累計攤銷

At 31 December

於12月31日

2005
HK\$'000
千港元

2004
HK\$'000
千港元

320

382

—

(62)

320

320

620

620

(300)

(300)

320

320

Upon the adoption of HKAS 38, trading rights are considered to have indefinite lives, which are not amortised.

採納香港會計準則第38號後，交易權乃視為擁有無限年期而不作攤銷。

17. OTHER ASSETS

Cost of membership for a seat at
The Chinese Gold and
Silver Exchange Society

香港金銀業貿易場
會籍費用

1,500

1,500

Deposits with the Stock Exchange:

於聯交所按金：

Compensation fund

賠償基金

300

311

Fidelity fund

信用保證基金

300

300

Stamp duty deposit

印花稅按金

75

150

Contributions in cash to the Central
Clearing and Settlement System

於中央結算及交收系統
保證基金之現金供款

300

300

Admission fee paid to Hong Kong
Securities Clearing Company Limited

香港中央結算有限
公司之入會費用

300

400

Deposit with The Hong Kong Futures
Exchange Clearing Corporation Limited

於香港期貨交易所結算
有限公司之按金

1,625

1,832

Rental deposits *

租賃按金*

29,518

28,490

33,918

33,283

17. 其他資產

Group
集團

2005
HK\$'000
千港元

2004
HK\$'000
千港元

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17. OTHER ASSETS (continued)

* The rental deposits were related to office properties and retail shops leased by the Group (note 32(b)) and the majority of the lease arrangements were over one year. Included in this total is an aggregate amount of approximately HK\$5 million (2004: approximately HK\$9 million) relating to operating leases expiring within one year. The directors are of the opinion that such deposits are of a long term nature on the basis that the related leases are expected to be renewed upon their respective expiry dates. Accordingly, the directors consider it appropriate to classify such deposits as non-current assets.

18. INTERESTS IN SUBSIDIARIES

Unlisted shares/investments, at cost 非上市股份／投資，按成本
Due from subsidiaries 附屬公司欠款

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the subsidiaries are as follows:

Name	Place of incorporation/ and operations	Nominal value of issued ordinary share capital/ registered capital 已發行 普通股本／ 註冊股本面值	Percentage of equity attributable to the Company		Principal activities
			Direct 直接	Indirect 間接	
Acclaim Holdings Limited	British Virgin Islands 英屬處女群島	US\$600,000 600,000美元	—	100	Investment holding 投資控股
Chow Sang Sang Bullion Dealers Limited 周生生金號有限公司	Hong Kong 香港	HK\$5,000,000 5,000,000港元	—	100	Bullion trading 期金買賣

17. 其他資產(續)

* 乃本集團之辦公室及零售店租約(附註32(b))之相關租賃按金，大部份租約超越一年，其中約有5,000,000港元(2004年：約9,000,000港元)屬一年內到期之經營租約。董事認為，按有關租約於到期時預期續約之基準，此等按金應屬長期性質。因此，董事認為將此等按金分類為非流動資產更為合適。

18. 於附屬公司權益

Company 公司	
2005 HK\$'000 千港元	2004 HK\$'000 千港元
1,085,873	1,085,873
576,758	589,218
1,662,631	1,675,091

附屬公司欠款為無抵押，不計利息及無固定還款期。

附屬公司之詳情如下：

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18. INTERESTS IN SUBSIDIARIES (continued)

18. 於附屬公司權益(續)

Name 名稱	Place of incorporation/ registration and operations 成立／註冊 及經營地點	Nominal value of issued ordinary share capital/ registered capital 已發行 普通股本／ 註冊股本面值	Percentage of equity attributable to the Company 本公司所佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Chow Sang Sang Commodities Limited 周生生商品有限公司	Hong Kong 香港	HK\$5,000,000 5,000,000港元	—	100	Dormant 暫無營業
Chow Sang Sang Corporate Gift Limited 周生生企業禮品有限公司	Hong Kong 香港	HK\$1,000,000 1,000,000港元	—	100	Sale of corporate gift products 企業禮品銷售
Chow Sang Sang Finance Limited 周生生財務有限公司	Hong Kong 香港	HK\$15,000,000 15,000,000港元	—	100	Dormant 暫無營業
Chow Sang Sang Futures Limited 周生生期貨有限公司	Hong Kong 香港	HK\$5,000,000 5,000,000港元	—	100	Commodity broking 期貨經紀
Chow Sang Sang Holdings (BVI) Limited	British Virgin Islands 英屬處女群島	US\$50,000 50,000美元	100	—	Investment holding 投資控股
Chow Sang Sang Holdings Limited 周生生集團有限公司	Hong Kong 香港	HK\$250 250港元	—	100	Investment holding 投資控股
Chow Sang Sang Industrial (Fuzhou) Co., Ltd.* 周生生實業(福州) 有限公司*	People's Republic of China/ Mainland China 中華人民共和國／ 中國內地	HK\$12,180,000 12,180,000港元	—	100	Property investment 物業投資

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18. INTERESTS IN SUBSIDIARIES (continued)

18. 於附屬公司權益(續)

Name 名稱	Place of incorporation/ registration and operations 成立／註冊 及經營地點	Nominal value of issued ordinary share capital/ registered capital 已發行 普通股本／ 註冊股本面值	Percentage of equity attributable to the Company 本公司所佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Chow Sang Sang International (Shunde) Limited 周生生國際(順德) 有限公司	Hong Kong/ Mainland China 香港／ 中國內地	HK\$2 2港元	—	100	Property investment 物業投資
Chow Sang Sang Investments Limited 周生生投資有限公司	Hong Kong 香港	HK\$2,500,000 2,500,000港元	—	100	Investment holding 投資控股
Chow Sang Sang Jewellery (China) Co. Ltd.	British Virgin Islands 英屬處女群島	US\$1 1美元	—	100	Investment holding 投資控股
Chow Sang Sang Jewellery Company Limited 周生生珠寶金行有限公司	Hong Kong 香港	HK\$30,000,000 30,000,000港元	—	100	Manufacture and retail of jewellery 珠寶製造及零售
Chow Sang Sang Jewellery (Foshan) Co., Ltd.** 周生生珠寶(佛山) 有限公司**	People's Republic of China/ Mainland China 中華人民共和國／ 中國內地	HK\$71,500,000 71,500,000港元	—	95.1	Manufacture and sale of jewellery 珠寶製造及銷售
Chow Sang Sang Jewellery Pte Ltd.	Singapore 新加坡	S\$2 2坡元	—	100	Dormant 暫無營業
Chow Sang Sang Jewellery (Shaanxi) Co., Ltd.* 周生生珠寶金行 (陝西)有限公司*	People's Republic of China/ Mainland China 中華人民共和國／ 中國內地	HK\$13,000,000 13,000,000港元	—	100	Manufacture and sale of jewellery 珠寶製造及銷售

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財務報告附註

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18. INTERESTS IN SUBSIDIARIES (continued)

18. 於附屬公司權益(續)

Name 名稱	Place of incorporation/ registration and operations 成立／註冊 及經營地點	Nominal value of issued ordinary share capital/ registered capital 已發行 普通股本／ 註冊股本面值	Percentage of equity attributable to the Company 本公司所佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Chow Sang Sang Jewellery (Shandong) Co., Ltd.** 周生生珠寶(山東) 有限公司**	People's Republic of China/ Mainland China 中華人民共和國／ 中國內地	RMB70,000,000 70,000,000人民幣	—	70	Manufacture and sale of jewellery 珠寶製造及銷售
Chow Sang Sang Jewellery (Shanghai) Co., Ltd.** 周生生珠寶(上海) 有限公司**	People's Republic of China/ Mainland China 中華人民共和國／ 中國內地	US\$1,000,000 1,000,000美元	—	61	Manufacture and sale of jewellery 珠寶製造及銷售
Chow Sang Sang Jewellery (Taiwan) Limited	British Virgin Islands/ Taiwan 英屬處女群島／ 台灣	US\$50,000 50,000美元	—	100	Sale of jewellery 珠寶銷售
Chow Sang Sang Manufacturing International Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	—	100	Investment holding 投資控股
Chow Sang Sang Nominees Limited 周生生代理人有限公司	Hong Kong 香港	HK\$1,000,000 1,000,000港元	—	100	Provision of nominee services 提供代理服務
Chow Sang Sang Property Holdings N.V.	Netherlands Antilles/ Hong Kong 荷屬安的列斯／ 香港	US\$30,000 30,000美元	—	100	Property investment 物業投資

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18. INTERESTS IN SUBSIDIARIES (continued)

18. 於附屬公司權益(續)

Name 名稱	Place of incorporation/ registration and operations 成立／註冊 及經營地點	Nominal value of issued ordinary share capital/ registered capital 已發行 普通股本／ 註冊股本面值	Percentage of equity attributable to the Company 本公司所佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Chow Sang Sang Properties Limited 周生生置業有限公司	Hong Kong 香港	HK\$10,000,000 10,000,000港元	—	100	Property investment 物業投資
Chow Sang Sang Securities Limited 周生生證券有限公司	Hong Kong 香港	HK\$10,000,000 10,000,000港元	—	100	Securities broking 證券經紀
Chow Sang Sang Trading (China) Company Limited	British Virgin Islands/ Mainland China 英屬處女群島／ 中國內地	US\$1 1美元	—	100	Sale of jewellery 珠寶銷售
Emphasis Jewellery Company Limited *** 點睛品珠寶有限公司 ***	Macau 澳門	MOP 25,000 25,000澳門元	—	100	Retail of jewellery 珠寶零售
Fullink Developments Inc.	British Virgin Islands 英屬處女群島	US\$1 1美元	—	100	Dormant 暫無營業
Leahander International Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	—	100	Investment holding 投資控股
Tsin Chuk Kam Manufactory Limited	British Virgin Islands/ Mainland China 英屬處女群島／ 中國內地	US\$100,000 100,000美元	—	100	Processing of jewellery 珠寶加工

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18. INTERESTS IN SUBSIDIARIES (continued)

Name 名稱	Place of incorporation/ registration and operations 成立／註冊 及經營地點	Nominal value of issued ordinary share capital/ registered capital 已發行 普通股／ 註冊股本面值	Percentage of equity attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
World Commercial Sales Company Limited 世界批發行有限公司	Hong Kong 香港	HK\$2,500,000 2,500,000港元	—	100	Wholesale of precious metals 貴金屬批發
338.Net Limited	Hong Kong 香港	HK\$2 2港元	—	100	Dormant 暫無營業

* The companies are registered as wholly-foreign owned enterprises under the law of the People's Republic of China.

** The companies are registered as sino-foreign equity joint ventures under the law of the People's Republic of China.

*** Newly incorporated during the year.

* 根據中華人民共和國法律註冊成立之全外資企業。

** 根據中華人民共和國法律註冊成立之中外合資合營公司。

*** 年內新註冊成立。

19. INTERESTS IN ASSOCIATES

		Group 集團	
		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Share of net assets	應佔淨資產	9,696	9,755
Loan from an associate	欠聯營公司之貸款	(128)	(128)
		<u>9,568</u>	<u>9,627</u>

The loan from an associate is unsecured, interest-free and has no fixed terms of repayment.

欠聯營公司之貸款為無抵押，不計利息及無固定還款期。

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19. INTERESTS IN ASSOCIATES (continued)

Particulars of the associates are as follows:

Name 名稱	Particulars of issued shares held 所持已發行 股本詳情	Place of incorporation/ registration and operations 成立／註冊及 經營地點	Percentage of ownership interest attributable to the Group 本集團所佔 權益百分比		Principal activities 主要業務
			2005	2004	
Foo Sang Enterprises Company Limited* 富生置業有限公司*	Ordinary shares of HK\$100 each 每股面值100港元 之普通股	Hong Kong 香港	36.63	36.63	Property investment 物業投資
Qingdao Kang Hua Diamond Co., Ltd.* ("Qingdao KH") 青島康華鑽石有限公司* 〔青島康華〕	Note 附註	People's Republic of China/ Mainland China 中華人民共和國／ 中國內地	32	32	Processing of diamonds 鑽石加工

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

Note: Qingdao KH is a sino-foreign equity joint venture. The Group holds a 32% equity interest in Qingdao KH pursuant to a joint venture contract dated 19 October 1993 and the Certificate of Approval dated 14 January 2002 issued by the local municipal government of Qingdao.

The above associates are indirectly held by the Company and have been accounted for using the equity method in these financial statements.

19. 於聯營公司權益 (續)

聯營公司之詳情如下：

Name 名稱	Particulars of issued shares held 所持已發行 股本詳情	Place of incorporation/ registration and operations 成立／註冊及 經營地點	Percentage of ownership interest attributable to the Group 本集團所佔 權益百分比		Principal activities 主要業務
			2005	2004	
Foo Sang Enterprises Company Limited* 富生置業有限公司*	Ordinary shares of HK\$100 each 每股面值100港元 之普通股	Hong Kong 香港	36.63	36.63	Property investment 物業投資
Qingdao Kang Hua Diamond Co., Ltd.* ("Qingdao KH") 青島康華鑽石有限公司* 〔青島康華〕	Note 附註	People's Republic of China/ Mainland China 中華人民共和國／ 中國內地	32	32	Processing of diamonds 鑽石加工

* 並非由香港安永會計師事務所或安永國際之成員公司所審核。

附註：青島康華為中外合資合營企業。根據1993年10月19日之合營合約及青島市政府於2002年1月14日發出之批准證書，本集團於青島康華持有32%股權。

上述聯營公司由本公司間接持有，在本財務報告以權益法會計處理。

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19. INTERESTS IN ASSOCIATES (continued)

The following table illustrates the summarised financial information of the Group's associates:

Assets	資產
Liabilities	負債
Revenue	收益
Profit after tax	除稅後溢利

20. AVAILABLE-FOR-SALE INVESTMENTS/LONG TERM INVESTMENTS

Listed equity investments in Hong Kong, at market value (Note)	香港上市股份投資，按市值(附註)
Unlisted equity investments in Hong Kong, at fair value	香港非上市股份投資，按公平價值
Unlisted debt securities in Hong Kong, at fair value	香港非上市債務證券，按公平價值

During the year, the gross gain of the Group's available-for-sale equity investments recognised directly in equity amounted to HK\$56,205,000 (2004: HK\$22,331,000), and an aggregate amount of HK\$14,461,000 (2004: HK\$6,690,000) was removed from equity and recognised in the profit and loss account upon disposal of the related available-for-sale investments.

The above investments were designated as available-for-sale financial assets on 1 January 2005. The investments consist of (i) equity securities which have no fixed maturity date or coupon rate; and (ii) debt securities which bear interest at rates ranging from 3.2% to 6.0% per annum (effective interest rates: 3.2% to 5.2% per annum) and with maturity dates on 7 October 2007 and 9 May 2012.

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19. 於聯營公司權益(續)

下表呈列本集團聯營公司之財務資料概要：

2005	2004
HK\$'000	HK\$'000
千港元	千港元
30,626	29,425
(1,534)	(1,380)
14,126	17,207
<u>1,630</u>	<u>6,361</u>

20. 可供出售投資／長期投資

Group 集團

2005	2004
HK\$'000	HK\$'000
千港元	千港元
<u>159,255</u>	<u>117,593</u>
<u>9,304</u>	<u>8,429</u>
<u>10,011</u>	<u>—</u>
<u>19,315</u>	<u>8,429</u>
<u>178,570</u>	<u>126,022</u>

年內，直接於權益確認之本集團可供出售股份投資總收益為56,205,000港元(2004年：22,331,000港元)，而於出售有關可供出售投資時，總額14,461,000港元(2004年：6,690,000港元)已於權益中移除並在損益賬中確認。

於2005年1月1日，上述投資乃列作可供出售財務資產。該等投資包括(i)並無固定到期日或票面息率之股份證券；及(ii)按年利率3.2%至6.0%計息(實質利率：年利率3.2%至5.2%)並於2007年10月7日及2012年5月9日到期之債務證券。

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20. AVAILABLE-FOR-SALE INVESTMENTS/LONG TERM INVESTMENTS (continued)

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments and debt securities have been estimated using valuation techniques including discounted cash flow analysis, and based on assumptions which make use of market parameters as supported by site visits, historical dividend income, etc. The directors believe that the estimated fair values resulting from the valuation technique are reasonable, and that they are the most appropriate values at the balance sheet date.

At 31 December 2005, the Group's listed equity investments with a carrying value of HK\$86,805,000 (2004: HK\$56,160,000) were pledged to secure general banking facilities granted to the Group.

The market values of the Group's listed equity investments at the date of approval of these financial statements were approximately HK\$229,347,000.

Note: On 6 March 2000, under the Schemes of Arrangements of the Stock Exchange and the Futures Exchange and pursuant to the Exchanges and Clearing Houses (Merger) Ordinance, the Group received 6,223,500 shares of HK\$1.00 each in Hong Kong Exchanges and Clearing Limited ("HKEC"), six exchange trading rights in the Stock Exchange and one exchange trading right in the Futures Exchange in consideration for the cancellation of its six shares held in the Stock Exchange and one share held in the Futures Exchange. At 1 January 2005, the Group held 5,653,500 shares of HKEC. During the year, the Group sold 700,000 shares of HKEC with a realised gain of HK\$15,765,000 (note 6).

21. INVENTORIES

Goods held for sale

持作銷售之貨品

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20. 可供出售投資／長期投資(續)

上市股份投資之公平價值根據市價計算。非上市股份投資及債務證券之公平價值乃包括採用折現現金流量分析等估值方法估計，所作之假設乃使用透過由實地視察支持之市場參數、歷年股息收入等。董事相信就估值方式產生之估計公平價值屬合理，並為於結算日最適合之價值。

於2005年12月31日，本集團以上市股份投資賬面值86,805,000港元(2004年：56,160,000港元)作抵押，為本集團所獲一般銀行信貸作擔保。

於批核本財務報告當日，本集團上市股份投資之市值約為229,347,000港元。

附註：於2000年3月6日，根據交易所及結算所(合併)條例之股份合併計劃，本集團取得香港交易及結算所有限公司(「交易及結算所」)6,223,500股每股1.00港元之股份及六個聯交所及一個期交所交易權，以取代原在聯交所持有之六股股份及在期交所持有之一股股份。於2005年1月1日，本集團持有交易及結算所5,653,500股股份。於年內，本集團出售交易及結算所700,000股股份，已變現收益為15,765,000港元(附註6)。

21. 存貨

Group
集團

2005	2004
HK\$'000	HK\$'000
千港元	千港元

1,364,560

1,165,688

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22. ACCOUNTS RECEIVABLE

Jewellery retail

The Group's sales are normally made on cash basis. Credit card receivables from financial institutions in respect of retail sales are aged within one month. There are wholesale customers who have been given credit periods ranging from 15 to 45 days.

Wholesale of diamonds

The Group normally grants credit periods of up to 60 days to its trade customers.

Wholesale of precious metals

The Group's precious metals wholesale are normally conducted on cash basis.

Securities and commodities broking

The settlement terms of accounts receivable arising from the ordinary course of business of dealing in securities are two days after the trade date, and dealing in commodities are normally on cash basis.

An aged analysis of the accounts receivable as at the balance sheet date, based on the invoice date, is as follows:

Current to 30 days	現在至30日
31 to 60 days	31日至60日
Over 60 days	超過60日
Margin clients accounts receivable *	應收孖展客戶賬款*

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22. 應收賬款

珠寶零售

本集團銷售一般以現金交易。就零售銷貨而來自財務機構的應收信用卡款項之賬齡少於一個月。現有批發客戶獲提供15至45日之除賬期。

鑽石批發

本集團一般向貿易客戶提供之除賬期最多為60日。

貴金屬批發

本集團之貴金屬批發一般以現金進行交易。

證券及期貨經紀

在日常業務過程中證券買賣所產生之應收賬款，結算期限為交易日後兩天，而期貨買賣之結算一般以現金交易。

應收賬款於結算日根據發票日期之賬齡分析如下：

		Group 集團	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
		93,318	129,669
		8,945	7,445
		12,612	4,345
		<hr/>	<hr/>
		114,875	141,459
		57,031	37,482
		<hr/>	<hr/>
		171,906	178,941
		<hr/> <hr/>	<hr/> <hr/>

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22. ACCOUNTS RECEIVABLE (continued)

Apart from the accounts receivable balance arising from the ordinary course of business of dealing in securities, the remaining balances are non-interest-bearing.

* The margin clients accounts receivable are secured by the underlying pledged securities, are repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not relevant in view of the nature of the business of securities margin financing.

At 31 December 2004, the margin clients accounts included an amount of HK\$1,679,000 receivable in respect of securities transactions undertaken for the account of an officer of a subsidiary. The amount was fully settled during the year and the maximum amount outstanding during the year was HK\$2,342,000.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Prepayments and deposits	預付款項及按金
Loans to a minority shareholder of a subsidiary	附屬公司少數股東借款

The loans to a minority shareholder of a subsidiary were unsecured, bore interest at a rate of 6% per annum and were fully repaid during the year.

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22. 應收賬款(續)

除在日常證券買賣業務過程中所產生之應收賬款外，其餘均為免息。

* 以孖展證券作抵押之應收孖展客戶賬款須於要求時償還及按商業條款計息。鑑於證券孖展借貸業務性質，賬齡分析作用不大，故董事認為無需披露賬齡分析。

於2004年12月31日，孖展客戶賬款包括為一附屬公司行政人員進行證券交易之應收賬款1,679,000港元。該筆款額已於年內全數付還，而年內最高結欠額為2,342,000港元。

23. 預付款項、按金及其他應收賬款

Group 集團		Company 公司	
2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
70,720	124,385	218	75
—	3,760	—	—
70,720	128,145	218	75

附屬公司少數股東借款為無抵押，按年利率6%計息並已於年內全數償還。

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24. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS/ SHORT TERM INVESTMENTS

Listed equity investments in Hong Kong, at market value

香港上市股份投資，
按市值

Group
集團

2005	2004
HK\$'000	HK\$'000
千港元	千港元

16,716	20,257
---------------	--------

The above equity investments at 31 December 2005 were held for trading.

上述於2005年12月31日之股份投資乃持作買賣用途。

25. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

Cash and bank balances	現金及銀行存款	96,408	108,621		278
Time deposits	定期存款	78,674	178,257	—	—
		175,082	286,878	653	278
Less: Pledged time deposits for bank loans	減：定期存款作銀行貸款抵押	—	(58,331)	—	—
Cash and cash equivalents	現金及等同現金	175,082	228,547	653	278

At the balance sheet date, the cash and bank balances of the Group's subsidiaries operating in Mainland China denominated in Renminbi ("RMB") amounted to RMB16,037,000 (approximately HK\$15,408,000) (2004: RMB16,557,000 (approximately HK\$15,564,000)). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one and seven days depending on the cash requirements of the Group, and earn interest at the respective time deposit rates.

24. 按盈虧訂定公平價值投資／短期投資

Group
集團

2005	2004
HK\$'000	HK\$'000
千港元	千港元

16,716	20,257
---------------	--------

上述於2005年12月31日之股份投資乃持作買賣用途。

25. 現金、等同現金及已抵押定期存款

		Group 集團		Company 公司	
		2005	2004	2005	2004
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Cash and bank balances	現金及銀行存款	96,408	108,621	653	278
Time deposits	定期存款	78,674	178,257	—	—
		175,082	286,878	653	278
Less: Pledged time deposits for bank loans	減：定期存款作銀行貸款抵押	—	(58,331)	—	—
Cash and cash equivalents	現金及等同現金	175,082	228,547	653	278

於結算日，本集團在中國內地營運之附屬公司以人民幣為單位之現金及銀行存款為16,037,000人民幣（約15,408,000港元）（2004年：16,557,000人民幣（約15,564,000港元））。人民幣不能自由兌換其他貨幣，然而，根據中國之外匯管制條例及結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯業務之銀行將人民幣兌換為外幣。

銀行現金根據每日銀行存款利率按浮動利率賺取利息。定期存款之存款期由一至七日不等，視乎本集團之現金需求而定，並按各定期存款利率賺取利息。

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26. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the balance sheet date, based on the invoice date, is as follows:

		Group 集團	
		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Current to 30 days	現在至30日	48,327	96,485
31 to 60 days	31日至60日	6,197	7,696
Over 60 days	超過60日	59	3,187
		<hr/>	<hr/>
		54,583	107,368
Cash clients accounts payable*	應付現金客戶賬款#	203,200	276,228
Margin clients accounts payable*	應付孖展客戶賬款*	7,217	10,589
		<hr/>	<hr/>
		265,000	394,185
		<hr/> <hr/>	<hr/> <hr/>

* Included in the cash clients accounts payable arising from the ordinary course of business of dealing in securities was an amount of approximately HK\$177,336,000 (2004: HK\$209,978,000) representing these clients' undrawn monies/excess deposits placed with the Group. At 31 December 2005, the cash clients accounts included an amount of HK\$5,371,000 (2004: HK\$8,221,000) payable in respect of securities transactions undertaken for the accounts of certain directors. The balances are repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not meaningful in view of the nature of the business of dealing in securities.

* The margin clients accounts payable are repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not relevant in view of the nature of the business of securities margin financing.

26. 應付賬款

應付賬款於結算日根據發票日期之賬齡分析如下：

		Group 集團	
		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Current to 30 days	現在至30日	48,327	96,485
31 to 60 days	31日至60日	6,197	7,696
Over 60 days	超過60日	59	3,187
		<hr/>	<hr/>
		54,583	107,368
Cash clients accounts payable*	應付現金客戶賬款#	203,200	276,228
Margin clients accounts payable*	應付孖展客戶賬款*	7,217	10,589
		<hr/>	<hr/>
		265,000	394,185
		<hr/> <hr/>	<hr/> <hr/>

包括在日常證券買賣業務過程中所產生之應付現金客戶賬款內約177,336,000港元(2004年: 209,978,000港元)為此等客戶存於本集團之未提取款項/額外繳付按金。於2005年12月31日,現金客戶賬款包括若干董事賬戶進行證券交易之應付賬款5,371,000港元(2004年: 8,221,000港元)。此賬額須於要求時償還及按商業條款計息。鑑於證券買賣業務性質,賬齡分析意義不大,故董事認為無需披露賬齡分析。

* 應付孖展客戶賬款須於要求時償還及按商業條款計息。鑑於證券孖展借貸業務性質,賬齡分析作用不大,故董事認為無需披露賬齡分析。

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27. INTEREST-BEARING BANK BORROWINGS

27. 計息銀行貸款

		Group 集團	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
	Notes 附註		
Bank loans:	銀行貸款：		
Secured	抵押 (a)	—	30,980
Unsecured	無抵押 (b)	97,841	31,020
		97,841	62,000

At 31 December 2005, the Group's banking facilities amounted to HK\$452,308,000 (2004: HK\$394,440,000), of which HK\$97,841,000 (2004: HK\$62,000,000) had been utilised as at the balance sheet date. Certain of the banking facilities amounting to HK\$183,000,000 (2004: HK\$206,300,000) are secured by certain assets of the Group disclosed in notes 14, 15 and 20 to the financial statements. In the prior year, these banking facilities were also secured by the pledge of the Group's time deposits amounting to HK\$58,331,000 (note 25).

於2005年12月31日，本集團之銀行信貸為452,308,000港元（2004年：394,440,000港元），其中97,841,000港元（2004年：62,000,000港元）於結算日已動用。若干為數183,000,000港元（2004年：206,300,000港元）之銀行信貸以本集團若干資產作為抵押，於財務報告附註14、15及20披露。於上年度，此等銀行信貸亦以本集團之定期存款58,331,000港元作抵押（附註25）。

Notes:

附註：

- (a) The prior year's secured bank loans of HK\$30,980,000, which were secured by the pledge of the Group's time deposits amounting to HK\$58,331,000 (note 25), comprised an amount of HK\$4,660,000 which bore interest at the floating Interbank Offer Rate plus 1.75% per annum. The remaining balances of HK\$26,320,000 bore interest at fixed interest rates ranging from 4.54% to 4.70% per annum.

- (a) 上年度之有抵押銀行貸款30,980,000港元以本集團之定期存款58,331,000港元作抵押（附註25），包括按浮動銀行同業拆息加年率1.75%計息之款項4,660,000港元。餘額26,320,000港元按固定利率4.54%至4.70%年率計息。

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27. INTEREST-BEARING BANK BORROWINGS (continued)

- (b) The carrying amounts and the effective interest rates of the current year's unsecured bank loans as at 31 December 2005, which are all repayable in 2006, are as follows:

		Carrying amounts 賬面值 HK\$'000 千港元	Interest rates 利率 (per annum) (每年)
Hong Kong dollar loan	港元貸款	20,000	HIBOR plus 1.4% 香港銀行同業拆息加1.4%
Renminbi loans: RMB76,100,000	人民幣貸款： 76,100,000人民幣	73,117	95% of People's Bank of China Base rate ("PBOC") to PBOC 中國人民銀行最優惠利率 (「PBOC」)之95%至PBOC
Taiwan dollar loan: TWD20,000,000	台幣貸款： 20,000,000新台幣	4,724	2.80%
		<u>97,841</u>	

The carrying amounts and the effective interest rates of the prior year's unsecured bank loans as at 31 December 2004 were as follows:

		Carrying amounts 賬面值 HK\$'000 千港元	Interest rates 利率 (per annum) (每年)
Renminbi loans: RMB20,000,000	人民幣貸款： 20,000,000人民幣	18,800	95% of PBOC to PBOC PBOC之95%至PBOC
RMB13,000,000*	13,000,000人民幣*	12,220	4.70% to 5.31% 4.70%至5.31%
		<u>31,020</u>	

* Included in the balance was an amount of HK\$4,700,000 of which a corporate guarantee had been given by a minority shareholder of a subsidiary of the Group.

- (b) 於2005年12月31日，本年度無抵押銀行貸款之賬面值及實質利率如下，該等貸款全部須於2006年償還：

於2004年12月31日，上年度無抵押銀行貸款之賬面值及實質利率如下：

* 此結餘包括4,700,000港元乃本集團一附屬公司少數股東提供之公司擔保。

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28. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group
集團

At 1 January 2005:	於2005年1月1日：	
As previously reported	前期呈報	51,174
Opening adjustment	年初調整	5,012
As restated	重列	56,186
Deferred tax credited to the profit and loss account during the year (note 10)	年內於損益賬撥回之遞延稅項(附註10)	(1,207)
Gross deferred tax liabilities at 31 December 2005	於2005年12月31日之遞延稅項負債總額	54,979

Deferred tax assets

Group
集團

		2005		Total 合計
		Decelerated tax depreciation 減速稅項折舊	Losses available for offset against future taxable profit 未來應課稅溢利之虧損	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2005	於2005年1月1日	2,235	1,756	3,991
Deferred tax credited/(charged) to the profit and loss account during the year (note 10)	年內於損益賬撥回/(扣除)之遞延稅項(附註10)	289	(399)	(110)
Exchange differences	匯兌差額	—	21	21
Gross deferred tax assets at 31 December 2005	於2005年12月31日之遞延稅項資產總額	2,524	1,378	3,902
Net deferred tax liabilities at 31 December 2005	於2005年12月31日之遞延稅項負債淨值			51,077

28. 遞延稅項

年內之遞延稅項負債及資產變動如下：

遞延稅項負債

2005
Accelerated tax depreciation and revaluation of properties
加速稅項折舊及物業重估
HK\$'000
千港元

遞延稅項資產

2005
Losses available for offset against future taxable profit
用作抵銷未來應課稅溢利之虧損

減速稅項折舊
HK\$'000
千港元

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28. DEFERRED TAX (continued)

Deferred tax liabilities

Group
集團

At 1 January 2004:
As previously reported
Prior year adjustment

As restated

Deferred tax charged to the profit and
loss account during the year (note 10)

Gross deferred tax liabilities
at 31 December 2004 (restated)

28. 遞延稅項(續)

遞延稅項負債

2004
Accelerated tax depreciation
and revaluation of properties
加速稅項折舊及物業重估
HK\$'000
千港元

於2004年1月1日：
前期呈報
往年度調整

重列

年內於損益賬扣除之
遞延稅項(附註10)

於2004年12月31日之
遞延稅項負債總額(重列)

Deferred tax assets

Group
集團

At 1 January 2004

Deferred tax credited/(charged)
to the profit and loss account
during the year (note 10)
Exchange differences

Gross deferred tax assets
at 31 December 2004

Net deferred tax liabilities
at 31 December 2004

遞延稅項資產

2004
Losses available
for offset
against future
taxable profit
用作抵銷
未來應課稅
溢利之虧損
Total
合計
HK\$'000
千港元

於2004年1月1日

年內於損益賬撥回/
(扣除)之遞延稅項
(附註10)
匯兌差額

於2004年12月31日之
遞延稅項資產總額

於2004年12月31日之
遞延稅項負債淨值

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28. DEFERRED TAX (continued)

Deferred tax assets (continued)

The Group has tax losses arising in Hong Kong of HK\$5,694,000 (2004: HK\$8,682,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

At 31 December 2005, there was no significant unrecognised deferred tax liability (2004: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associates as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. SHARE CAPITAL

Authorised:

1,000,000,000 ordinary shares
of HK\$0.25 each

法定：

1,000,000,000股每股面值
0.25港元之普通股

Issued and fully paid:

601,920,000 (2004: 501,600,000)
ordinary shares of HK\$0.25 each

已發行及繳足：

601,920,000股每股面值
0.25港元之普通股
(2004年：501,600,000股)

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28. 遞延稅項(續)

遞延稅項資產(續)

本集團於香港產生之稅務虧損5,694,000港元(2004年：8,682,000港元)可以無限期用作抵銷該等產生虧損公司之未來應課稅溢利。由於此等虧損乃來自仍在虧損之附屬公司，故並未確認遞延稅項資產。

於2005年12月31日，就本集團若干附屬公司或聯營公司未匯出溢利之應付稅項，由於該等款額匯出時，本集團並無額外之稅項負債，故並無重大未確認之遞延稅項負債(2004年：無)。

本公司向其股東派發股息並沒有所得稅後果。

29. 股本

	2005	2004
	HK\$'000	HK\$'000
	千港元	千港元
Authorised:		
1,000,000,000 ordinary shares of HK\$0.25 each	250,000	250,000
Issued and fully paid:		
601,920,000 (2004: 501,600,000) ordinary shares of HK\$0.25 each	150,480	125,400

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29. SHARE CAPITAL (continued)

A summary of the transaction for the movement in the Company's issued ordinary share capital during the year is as follows:

		Number of shares in issue 已發行股份數目	Issued share capital 已發行股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2004, 31 December 2004 and 1 January 2005	於2004年1月1日、 2004年12月31日及 2005年1月1日	501,600,000	125,400	124,804	250,204
Bonus issue (Note)	發行紅股(附註)	100,320,000	25,080	(25,080)	—
At 31 December 2005	於2005年12月31日	601,920,000	150,480	99,724	250,204

Note: Pursuant to the approval obtained from the shareholders at the annual general meeting held on 31 May 2005, a bonus issue of one bonus share for every five shares held by members on the register of members on 18 June 2005 was made by applying HK\$25,080,000 charging to the Company's share premium in payment in full at par, resulting in the issue of 100,320,000 shares of HK\$0.25 each.

29. 股本(續)

有關本公司已發行普通股股本之變動之事項概要如下：

附註：根據於2005年5月31日舉行之股東週年大會上自股東取得之批准，已透過動用本公司股份溢價賬中25,080,000港元按面值全數支付紅股發行，基準為在2005年6月18日登記在股東名冊內之股東每持有五股股份可獲發一股紅股，致使按每股0.25港元發行100,320,000股股份。

30. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 40 to 41 of the financial statements.

The amount of goodwill arising on the acquisition of subsidiaries in prior years which remains eliminated against the consolidated retained profits amounted to HK\$4,832,000 (2004: HK\$4,832,000).

30. 儲備

(a) 集團

本集團之儲備額及年內及往年度之變動列載於財務報告第40頁至第41頁之綜合權益變動表內。

以往年度因收購附屬公司產生之商譽並仍於綜合保留溢利撇銷之數值達4,832,000港元(2004年：4,832,000港元)。

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30. RESERVES (continued)

(b) Company

		30. 儲備(續)			
		(b) 公司			
		Share premium	Contributed surplus	Retained profits	Total
		股份溢價	繳入盈餘	保留溢利	合計
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
附註		千港元	千港元	千港元	千港元
	At 1 January 2004				
	於2004年1月1日	124,804	975,582	371,356	1,471,742
	Profit for the year	—	—	122,183	122,183
	Interim 2004 dividend	—	—	(30,096)	(30,096)
	Special 2004 dividend	—	—	(15,048)	(15,048)
	Proposed final 2004 dividend	—	—	(70,224)	(70,224)
	At 31 December 2004 and 1 January 2005				
	於2004年12月31日及2005年1月1日	124,804	975,582	378,171	1,478,557
	Bonus issue	(25,080)	—	—	(25,080)
	Profit for the year	—	—	87,198	87,198
	Interim 2005 dividend	—	—	(30,096)	(30,096)
	Proposed final 2005 dividend	—	—	(72,230)	(72,230)
	At 31 December 2005				
	於2005年12月31日	<u>99,724</u>	<u>975,582</u>	<u>363,043</u>	<u>1,438,349</u>

The Company's contributed surplus arose in 1992 as a result of the Group's reorganisation and represents the difference between the nominal value of the Company's shares allocated under the reorganisation scheme and the then consolidated net asset value of the acquired subsidiaries.

Under the Bermuda Companies Act 1981, the contributed surplus is distributable to shareholders under certain circumstances.

本公司1992年產生之繳入盈餘來自集團重組，乃根據重組計劃配發之本公司股份面值與被收購附屬公司當時之綜合資產淨值之差額。

根據百慕達1981年公司法，在若干情況下，繳入盈餘可分派予股東。

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31. CONTINGENT LIABILITIES

- (a) The Company has provided guarantees to the extent of US\$53 million (approximately HK\$411 million) and HK\$25 million (2004: US\$46 million (approximately HK\$359 million) and HK\$2 million) in respect of gold trading facilities granted to subsidiaries. As at the balance sheet date, the amount drawn against the gold trading facilities was US\$16 million (approximately HK\$116 million) (2004: US\$1,444,000 (approximately HK\$11 million)).
- (b) The Company has provided corporate guarantees to the extent of HK\$505 million (2004: HK\$391 million) to secure the general banking facilities of certain subsidiaries. As at the balance sheet date, the amount drawn against the general banking facilities was HK\$78,625,000 (2004: HK\$49,780,000) (note 27).

32. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to four years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2005, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

Within one year	一年內
In the second to fifth years, inclusive	二至五年(包括首尾兩年)

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31. 或然負債

- (a) 本公司為其附屬公司所獲黃金買賣信貸提供53,000,000美元(約為411,000,000港元)及25,000,000港元(2004年: 46,000,000美元(約為359,000,000港元)及2,000,000港元)之擔保。於結算日, 已使用之黃金買賣信貸額為16,000,000美元(約為116,000,000港元)(2004年: 1,444,000美元(約為11,000,000港元))。
- (b) 本公司為若干附屬公司所獲一般銀行信貸作505,000,000港元(2004年: 391,000,000港元)之公司擔保。於結算日, 已使用之一般銀行信貸額為78,625,000港元(2004年: 49,780,000港元)(附註27)。

32. 經營租約承擔

(a) 出租人

本集團根據經營租約租出其投資物業(附註15), 經磋商訂定租期為一至四年。租約條款一般要求租客付保證按金及根據普遍市場環境作定期租金調整。

於2005年12月31日, 本集團就與租客訂定之不可撤銷之經營租約下, 於未來最低租賃應收款總額之到期日如下:

Group 集團	
2005 HK\$'000 千港元	2004 HK\$'000 千港元
5,540	4,747
2,750	2,053
8,290	6,800

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32. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

The Group leases certain of its office properties and retail shops under operating lease arrangements. Leases for properties and shops are negotiated for terms ranging from one to ten years.

At 31 December 2005, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Within one year	一年內
In the second to fifth years, inclusive	二至五年(包括首尾兩年)
After five years	五年後

33. COMMITMENTS

In addition to the operating lease commitments detailed in note 32(b) above, the Group had the following capital commitments in respect of property, plant and equipment at the balance sheet date:

Contracted, but not provided for	已簽訂，但未撥備
Authorised, but not contracted for	已批核，但未簽訂

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32. 經營租約承擔(續)

(b) 承租人

本集團按經營租約承租若干辦公室物業及零售店舖，物業及店舖租期經磋商訂定為期一至十年。

於2005年12月31日，本集團就不可撤銷之經營租約下，於未來最低租賃付款總額之到期日如下：

		Group 集團	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Within one year	一年內	115,447	104,346
In the second to fifth years, inclusive	二至五年(包括首尾兩年)	127,861	161,072
After five years	五年後	63,991	75,223
		<u>307,299</u>	<u>340,641</u>

33. 承擔

除上述附註32(b)詳載之經營租約承擔外，本集團於結算日有以下有關物業、機器及設備之資本承擔：

		Group 集團	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Contracted, but not provided for	已簽訂，但未撥備	—	9,174
Authorised, but not contracted for	已批核，但未簽訂	—	655
		<u>—</u>	<u>9,829</u>

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34. CONNECTED AND RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with connected and/or related parties during the year:

(a) Transactions with related parties

- (i) Chow Sang Sang Jewellery (Foshan) Co., Ltd. ("CSS Foshan"), a 95.1% owned subsidiary, has credit arrangements with certain banks (the "Banks") for providing loans to Foshan Shunde Jinpeng Jewelry Co., Ltd. ("Jinpeng"), a company controlled by a director of CSS Foshan and a 4.9% minority shareholder of CSS Foshan, through entering into trust lending or trust lending extension agreements between CSS Foshan, Jinpeng and the Banks. The loans to Jinpeng are to finance Jinpeng's operation for providing subcontracting services to the Group (see (ii) below).

As the above-mentioned loans will be made on a continuous basis, CSS Foshan entered into a facility agreement with Jinpeng on 14 May 2004 for granting a continuous credit facility to Jinpeng for a period up to 31 December 2005. All loans advanced under the facility agreement are unsecured, bear interest at a rate of 6% per annum and are repayable within one year. The total interest paid and payable by Jinpeng for the year was RMB188,000 (approximately HK\$178,000) (2004: RMB409,000 (approximately HK\$390,000)).

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34. 關連人士交易

除已於本財務報告其他部分詳載之交易及結餘外，本集團於年內與關連人士進行以下重大交易：

(a) 與關連人士進行之交易

- (i) 本集團持有95.1%之附屬公司周生生珠寶(佛山)有限公司(「周生生珠寶(佛山)」)與若干銀行(「該等銀行」)訂立信託貸款安排，提供貸款予佛山市順德區金鵬珠寶首飾有限責任公司(「金鵬珠寶」)，此乃一間由周生生珠寶(佛山)一名董事操控及持有周生生珠寶(佛山)4.9%股權之少數股東，由周生生珠寶(佛山)、金鵬珠寶及該等銀行訂立信託貸款協議及信託貸款續期協議安排貸款。此等貸款乃給予金鵬珠寶為本集團提供分包服務之營運資金(見下文(ii)項)。

鑑於上述貸款將按持續基準進行，周生生珠寶(佛山)與金鵬珠寶於2004年5月14日訂立融資協議，給予金鵬珠寶一項可於2005年12月31日前動用之持續信貸融資。融資協議下所有貸款並無抵押，年利率6%及須於一年內償還。年內，金鵬珠寶已付及應付之利息總額為188,000人民幣(約178,000港元)(2004年：409,000人民幣(約390,000港元))。

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34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

There was no outstanding balance at 31 December 2005 (2004: RMB4,000,000 (approximately HK\$3,760,000)). The maximum amount outstanding during the year was RMB4,700,000 (approximately HK\$4,418,000).

(ii) Certain subsidiaries of the Company entered into an agreement with Jinpeng on 13 May 2004 whereby Jinpeng would provide sub-contracting services to these subsidiaries for a period up to 31 December 2005. The fees were charged according to the terms and conditions agreed between the Group and Jinpeng. The total processing fees paid to Jinpeng for the year amounted to HK\$7,213,000 (2004: HK\$5,270,000).

(iii) Certain subsidiaries of the Company entered into an agreement on 12 May 2004 with Qingdao Jing Hua Diamond and Jewellery Co., Ltd. ("Jing Hua"), a 24.86% shareholder of a 70% owned subsidiary of the Company, for the purchase of raw materials for a period up to 31 December 2005. The purchases were made according to prices and conditions similar to those offered by other unrelated suppliers to the Group. The total purchases from Jing Hua during the year amounted to HK\$7,105,000 (2004: HK\$7,432,000).

34. 關連人士交易 (續)

(a) 與關連人士進行之交易 (續)

於2005年12月31日並無結欠(2004年: 4,000,000人民幣(約3,760,000港元))。年內最高之結欠為4,700,000人民幣(約4,418,000港元)。

(ii) 本公司若干附屬公司與金鵬珠寶於2004年5月13日訂立一項協議，據此，金鵬珠寶於截至2005年12月31日止期間內為該等附屬公司提供分包服務。收費乃根據本集團及金鵬珠寶雙方協議之條款計算。年內向金鵬珠寶繳付之加工費用總額為7,213,000港元(2004年: 5,270,000港元)。

(iii) 本公司若干附屬公司與本公司一間持有70%之附屬公司的24.86%股東青島京華飾品有限公司(「京華」)於2004年5月12日訂立一項協議，就截至2005年12月31日止期間採購原材料。此等採購乃根據與其他非關連供應商給予本集團相若之價格及條款進行。年內向京華採購總額為7,105,000港元(2004年: 7,432,000港元)。

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34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

- (iv) A wholly-owned subsidiary of the Company entered into a tenancy agreement on 26 March 2003 with the respective spouse of Mr. CHOW Kwen Ling and Dr. CHOW Kwen Lim and the administrator of a late director of the Company, for the lease of the Group's retail shop for a period of two years commencing on 1 April 2003 with a monthly rental of HK\$113,000.

The above tenancy agreement was renewed on 30 March 2005 for a two-year period ending on 31 March 2007 with a monthly rental of HK\$163,000.

The lease rentals were determined with reference to open market rentals. The total rental paid by the Group for the year amounted to HK\$1,802,000 (2004: HK\$1,356,000).

- (v) A wholly-owned subsidiary of the Company has entered into leases with related companies in which certain directors and their respective spouse have interests, for the lease of the Company's directors' quarters with a total monthly rental of HK\$70,000. The lease rentals were determined with reference to open market rentals. The total rental paid by the Group for the year amounted to HK\$840,000 (2004: HK\$840,000).

- (vi) Certain subsidiaries of the Company have engaged Jing Hua to arrange for the importing of diamonds through the Shanghai Diamond Exchange. The related agency fee was charged at a fixed rate on the diamonds' importing price. The total agency fees paid to Jing Hua during the year amounted to HK\$214,000 (2004: HK\$225,000).

34. 關連人士交易 (續)

(a) 與關連人士進行之交易 (續)

- (iv) 本公司一間全資附屬公司與周君令先生及周君廉博士各自之配偶及本公司一名已故董事之遺產執行人於2003年3月26日訂立租約，租予本集團零售店舖，於2003年4月1日起生效，為期兩年，每月租金113,000港元。

上述租賃協議已於2005年3月30日續訂，租期至2007年3月31日止為期兩年，每月租金163,000港元。

該租金乃參考市值租金釐定。年內本集團繳付相關租金總額為1,802,000港元（2004年：1,356,000港元）。

- (v) 本公司一間全資附屬公司與若干董事及彼等之配偶持有權益之關連公司訂立租約，租予本集團董事宿舍，每月租金70,000港元。該租金乃參考市值租金釐定。年內本集團繳付相關租金總額為840,000港元（2004年：840,000港元）。

- (vi) 本公司若干附屬公司委聘京華就透過上海鑽石交易所安排進口鑽石。相關代理費以鑽石進口價格按固定比率計算。年內，繳付京華之代理費用總額為214,000港元（2004年：225,000港元）。

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34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

(vii) A wholly-owned subsidiary of the Company has engaged Jing Hua to provide rough diamonds polishing services. The fees were determined on the basis of the category, size and market price of the rough diamonds. The total processing fees paid to Jing Hua for the year amounted to HK\$904,000 (2004: Nil).

(viii) A wholly-owned subsidiary of the Company has sold rough diamonds and polished diamonds to Jing Hua. The selling prices were determined on the basis of the category, size and market price of the diamonds. The total sales to Jing Hua for the year amounted to HK\$979,000 (2004: Nil).

All of the above related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Year end balances with related parties:

Accounts receivable from / (Accounts payable to) Jing Hua	應收／(應付)京華 賬款
Accounts payable to Jinpeng	應付金鵬珠寶賬款

The accounts receivable from/accounts payable to related parties are unsecured, interest free and have no fixed terms of repayment.

34. 關連人士交易 (續)

(a) 與關連人士進行之交易 (續)

(vii) 本公司一間全資附屬公司委聘京華提供鑽石毛坯打磨服務。該費用乃根據鑽石毛坯之類別、大小及市價釐定。年內，繳付京華之加工費用總額為904,000港元(2004年：無)。

(viii) 本公司一間全資附屬公司向京華銷售鑽石毛坯及已打磨鑽石。售價乃根據鑽石之類別、大小及市價釐定。年內，此等售予京華之總額為979,000港元(2004年：無)。

上述所有關連交易，按上市規則第14A章定義，亦構成持續關連交易。

與關連人士之年終結餘：

Group 集團	
2005 HK\$'000 千港元	2004 HK\$'000 千港元
418	(1,063)
(247)	(475)

關連人士之應收賬款／應付賬款乃無抵押、免息及並無固定還款期。

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34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

(b) The Company and a wholly-owned subsidiary of the Company have provided joint and several corporate guarantees to banks for facilities granted to certain non wholly-owned subsidiaries. The utilised amount of such facilities, which also represent the financial exposure of the Group at the balance sheet date, amounted to approximately HK\$73,901,000 (2004: HK\$52,640,000). The total amount of such facilities amounted to approximately HK\$76,864,000 (2004: HK\$148,531,000).

(c) Remuneration of key management personnel of the Group

The aggregate amount of remuneration paid to key management personnel during the year, including amounts paid to the Company's executive directors, is as follows:

Fees	袍金
Salaries and allowances	薪金及津貼
Discretionary bonuses paid and payable	已付及應付酌情花紅
Pension scheme contributions	退休金計劃供款

Further details of directors' remuneration are included in note 8 to the financial statements.

34. 關連人士交易 (續)

(b) 本公司及本公司一間全資附屬公司已就授予若干非全資附屬公司之銀行借貸共同及分別向銀行提供公司擔保。該等借貸之已動用金額，亦即本集團於結算日之財務風險，約為73,901,000港元（2004年：52,640,000港元）。該信貸總額約為76,864,000港元（2004年：148,531,000港元）。

(c) 本集團主要管理人員酬金

年內，已付主要管理人員之酬金總額，包括已付本公司執行董事之金額，詳列如下：

		Group 集團	
		2005 HK\$'000 千港元	2004 HK\$'000 千港元
		391	300
		12,296	9,823
		2,365	2,428
		508	385
		<u>15,560</u>	<u>12,936</u>

董事酬金之進一步詳情載於財務報告附註8。

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and overdrafts, and cash and bank deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risk arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risks, foreign exchange risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risks

The Group is exposed to interest rate risks due to changes in interest rates of interest-bearing financial assets and liabilities. Interest-bearing financial assets are mainly deposits with banks which are mostly short term in nature whereas interest-bearing financing liabilities are primarily short term bank borrowings with primarily floating interest rates. The Group is therefore exposed to both fair value and cash flow interest rate risks. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Foreign exchange risk

The Group has transactional currency exposures mainly arising from sales and purchases by operating units in currencies other than the units' functional currency. The Group uses forward contracts to manage its foreign currency exposures on significant and recurring future commercial transactions mainly relating to its US dollar-denominated purchases. The forward currency contracts must be in the same currency as the hedged item. Hedging is only considered for firm commitments.

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35. 財務風險管理目標及政策

本集團之主要財務工具包括銀行貸款及透支、現金及銀行存款。此等財務工具之主要用途乃為本集團之業務籌集融資。本集團有若干其他財務資產及負債，如直接自其業務產生之應收賬款及應付賬款。

本集團亦訂立衍生交易，主要包括遠期外幣合約，其用途為管理本集團由業務及其融資產生之外匯風險。

本集團財務工具所產生之主要風險為利率風險、外匯風險、信貸風險及流動資金風險。董事會檢核並同意下文所概述管理各項此等風險之政策。

利率風險

本集團由於計息財務資產及負債之利率變動而承受利率風險。計息財務資產主要為銀行存款，大部份屬短期性質，而計息財務負債主要為短期銀行貸款，主要按浮動利率計息。本集團因此承受公平價值及現金流量利率兩方面之風險。本集團之政策乃在不會增加其外匯風險之情況下爭取最有利之利率。

外匯風險

本集團之交易外幣風險主要來自業務單位以其功能貨幣以外之貨幣進行之買賣。本集團利用遠期合約管理其重大及經常性未來商業交易之外幣風險，該等交易主要以美元為單位之交易。遠期外幣合約必須用作對沖相同貨幣項目。本集團僅就確定承擔進行對沖。

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The accounts and other receivables represent the Group's major exposure to the credit risk arising from the default of the counterparties, with a maximum exposure equal to the carrying amount of these financial assets in the consolidated balance sheet. The Group has no significant concentration of credit risk with respect to jewellery retail as it has a large number of diversified customers. With respect to accounts receivable arising from the wholesale of diamonds and precious metals, the Group trades only with recognised and creditworthy third parties and bullion banks. The Group's margin clients receivables arising from the ordinary course of business of dealing in securities are secured by the underlying pledged securities. The Group seeks to maintain strict control over its outstanding receivables and has a credit control development to minimise credit risk. In addition, all receivable balances are monitored on an ongoing basis and overdue balances are followed up by senior management. Accordingly, the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents and investments in unlisted debt securities, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The Group's treasury department's responsibility is maintaining a balance between continuity of funding and flexibility through the use of bank facilities in order to meet its liquidity requirements both in the short and long terms. All debts of the Group would mature in less than one year as at 31 December 2005.

Fair value

The carrying amounts of the Group's financial assets and liabilities approximated to their fair values at the balance sheet date.

35. 財務風險管理目標及政策(續)

信貸風險

應收賬款及其他應收款乃本集團由於交易對手不履約而產生之主要信貸風險，最高風險相等於綜合資產負債表中該等財務資產之賬面值。由於珠寶零售業務擁有大量分散客戶，本集團就珠寶零售方面並無重大集中之信貸風險。鑽石及貴金屬批發產生之應收賬款方面，本集團僅與獲確認及有信譽之第三者及金商進行交易。本集團自日常業務中證券買賣產生之應收孖展客戶賬款以其證券作抵押。本集團就其未清償應收賬款維持嚴格控制，並設有信貸控制部門以減低信貸風險。此外，所有結餘均會持續監察，過期結餘由高級管理人員跟進。因此，本集團之壞賬風險並不重大。

本集團其他財務資產，主要包括現金及等同現金及非上市債務證券投資，其信貸風險產生自交易對手不履約，而最高風險相等於此等工具之賬面值。

流動資金風險

在管理流動資金風險方面，本集團監控並維持現金及等同現金於管理人員認為足夠水平，為本集團運作提供資金及緩和現金流量波動之影響。本集團財政部門之責任為透過使用銀行信貸在資金之持續性及靈活性之間取得平衡，以配合其短期及長期流動資金需求。於2005年12月31日，本集團所有債項到期日均少於一年。

公平價值

本集團財務資產及負債之賬面值與其於結算日之公平價值相若。

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36. COMPARATIVE AMOUNTS

As further explained in notes 2.2 and 2.4 to the financial statements, due to the adoption of new HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year and opening balance adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

In addition, during the current year, the Group considered it more appropriate to reclassify certain balances of turnover and segment information in order to better reflect the underlying nature and allow a more appropriate presentation of the Group's results. The principal changes consist of the split of turnover into revenue derived from "Jewellery retail" and "Other business"; the reclassifications of interest income earned from securities clients from corporate interest income to the "Other business (including securities broking)" segment; dividend income earned from listed equity investments held for trading purpose from corporate dividend income to the "Other business (including securities broking)" segment; and gain on disposal of listed equity investments held for non-trading purpose from "Other business (including securities broking)" segment to corporate gain on disposal of available-for-sale investments. Accordingly, the relevant comparative amounts of turnover and segment information have been restated to conform with the current year's presentation.

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2006.

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36. 比較數字

如財務報告附註2.2及2.4所詳述，由於年內採納相關新香港財務報告準則，賬目內若干項目之會計處理及列報已因應新規定而修訂。因此，已作出若干以往年度及年初結餘調整，而若干比較數字已重新分類及重列，以符合本年度之呈報方式及會計處理。

此外，本集團於本年度認為將若干營業額及分部資料重新分類更為適當，以更能反映其基本性質及更適當地列報本集團之業績。主要改變包括將營業額重新分類為來自「珠寶零售」及「其他業務」所得收益；將來自證券客戶利息收入由公司利息收入重新分類至「其他業務（包括證券經紀）」分部；將來自持作買賣用途之上市股份投資之股息收入由公司股息收入重新分類至「其他業務（包括證券經紀）」分部；及將出售持作非買賣用途之上市股份投資收益由「其他業務（包括證券經紀）」分部重新分類至公司出售可供出售投資收益。因此，有關營業額及分部資料之比較數字已重列以符合本年度之呈報方式。

37. 財務報告之批核

本財務報告於2006年3月29日經董事會批核。