

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

1. GENERAL

The Company is a public limited company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The address of the registered office and principal place of business of the Company are 8th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

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

The Company is an investment holding company. The principal activities of its subsidiaries and associates are set out in notes 46 and 23.

On 19th April, 2005, the Company announced a proposed group reorganization ("Group Reorganization") which, if approved and implemented, will result in, (i) the Company continuing to be a public listed company with its subsidiaries concentrating on its business of manufacturing and trading of battery products, investments in securities and property and investment in unlisted investment; (ii) all other subsidiaries of the Group carrying on property development and investment holding business, and all other associates of the Group carrying on manufacturing and marketing of tires and business of providing package tour, travel and other related services being grouped under the Group Dragon Investments Limited ("GDI") (a wholly-owned subsidiary of the Company) and its subsidiaries upon completion of the Group Reorganization; and (iii) the distribution in specie of shares in GDI to the then shareholders of the Company on a record date to be fixed, on the basis of one GDI shares for every share in the Company after consolidation under the capital reorganization ("Capital Reorganization") as described in note 33.

Details of the Group Reorganization and Capital Reorganization are set out in a circular of the Company dated 10th September, 2005. The Group Reorganization and Capital Reorganization have not yet been completed at the date of this report.

1. 一般事項

本公司為於香港註冊成立之公眾有限公司，其股份於香港聯合交易所有限公司（「香港聯交所」）上市。本公司之註冊辦事處及主要營業地點位於香港九龍觀塘鴻圖道51號保華企業中心8樓。

本財務報表乃以港元（即本公司之功能貨幣）呈列。

本公司為一間投資控股公司，其附屬公司及聯營公司之主要業務載於附註46及23。

二零零五年四月十九日，本公司宣佈集團重組建議（「集團重組」）。若集團重組獲批准及進行，將導致：(i)本公司繼續為公眾上市公司，其附屬公司集中從事電池產品製造及銷售、證券及物業投資，以及投資非上市投資項目；(ii)本集團經營物業發展及投資控股業務之所有其他附屬公司，以及本集團經營輪胎製造及銷售、提供旅行團、旅遊及其他相關服務之業務之所有其他聯營公司將於集團重組完成後收歸群龍投資有限公司（「群龍」，本公司之全資附屬公司）及其附屬公司旗下；及(iii)於記錄日期（日期待定）之本公司當時股東透過實物分派方式獲派群龍股份，基準為每持有一股本公司根據股本重組（「股本重組」），詳見附註33）而合併之股份收取一股群龍股份。

本集團重組及股本重組之詳情載於本公司在二零零五年九月十日刊發之通函。截至本報告日期，本集團重組與股本重組尚未完成。

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

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

Business combinations

In the current year, the Group has applied HKFRS 3 Business Combinations which is effective for business combinations for which the agreement date is on or after 1st January, 2005. The principal effects of the application of HKFRS 3 to the Group are summarised below:

Goodwill

In previous periods, goodwill arising on acquisitions prior to 1st January, 2001 was held in reserves, and goodwill arising on acquisitions after 1st January, 2001 was capitalised and amortised over its estimated useful life.

2. 應用香港財務報告準則／會計政策之變動

於本年度，本集團首次採納多項由香港會計師公會（「香港會計師公會」）所頒佈並對二零零五年一月一日或以後開始之會計期間生效之新香港財務報告準則、香港會計準則及詮釋（下文統稱為「新香港財務報告準則」）。採用該等新香港財務報告準則導致綜合收益表、綜合資產負債表及綜合權益變動表之呈列變更。特別是少數股東權益之呈列方式已予更改。有關呈列方式之變動已作追溯應用。採納新香港財務報告準則導致本集團之會計政策於以下方面出現變動，並對本期及前會計期間之業績編製及呈列產生影響：

業務合併

於本年度，本集團已採納香港財務報告準則第3號「業務合併」，適用於協議日期為二零零五年一月一日或以後之業務合併。應用香港財務報告準則第3號對本集團之主要影響概述如下：

商譽

於過往期間，於二零零一年一月一日前因收購而產生之商譽保留在儲備，而於二零零一年一月一日後因收購而產生之商譽則資本化，並按其估計可使用年期攤銷。

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

Business combinations (Cont'd)

Goodwill (Cont'd)

The Group has applied the relevant transitional provisions in HKFRS 3. Goodwill previously recognised in reserves of HK\$9,492,000 have been transferred to the Group's deficit on 1st January, 2005. With respect to goodwill previously capitalised on the balance sheet, the Group on 1st January, 2005 eliminated the carrying amount of the related accumulated amortisation of HK\$1,005,000 with a corresponding decrease in the cost of goodwill (see note 21). The Group has discontinued amortising such goodwill from 1st January, 2005 onwards and goodwill will be tested for impairment at least annually or in the financial year in which the acquisition takes place. Goodwill arising on acquisitions after 1st January, 2005 is measured at cost less accumulated impairment losses after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current period. Comparative figures for 2004 are not required to be restated.

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions prior to 1st January, 2001 was held in reserves, and negative goodwill arising on acquisitions after 1st January, 2001 was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted. In accordance with the relevant transitional provisions in HKFRS 3, the Group derecognised all negative goodwill on 1st January, 2005, of which negative goodwill of approximately HK\$71,739,000 was previously recorded in reserves and approximately HK\$47,058,000 was previously presented as a deduction from interests in associates, with a corresponding decrease to deficits as at 1st January, 2005.

2. 應用香港財務報告準則／會計政策之變動 (續)

業務合併 (續)

商譽 (續)

本集團已採用香港財務報告準則第3號之相關過渡規定。先前於儲備中確認之商譽9,492,000港元已於二零零五年一月一日轉撥至本集團之虧絀。就先前於資產負債表資本化之商譽而言，本集團由二零零五年一月一日起對銷相關累計攤銷之賬面值1,005,000港元，並於商譽成本(見附註21)作出相應減少。由二零零五年一月一日起本集團不再將有關商譽攤銷，而商譽將最少每年進行一次減值測試又或於進行收購之財政年度內進行減值測試。二零零五年一月一日後因收購而產生之商譽於首次確認後按成本值減累計減值虧損後入賬。此項會計政策之變動，致使本期間不再計算任何商譽攤銷。二零零四年之比較數字毋須重列。

本集團於被收購公司之可識別資產、負債及或然負債公平淨值中之權益超出成本之差額(前稱為「負商譽」)

根據香港財務報告準則第3號，本集團於被收購公司之可識別資產、負債及或然負債公平淨值中之權益超出收購成本之任何差額(「收購折讓」)乃於收購發生期間即時確認損益。於過往期間，於二零零一年一月一日前因收購而產生之負商譽保留在儲備，而於二零零一年一月一日後因收購產生之負商譽則根據得出結餘之情況分析，列為資產扣減並撥回收益。根據香港財務報告準則第3號之相關過渡規定，本集團不再確認於二零零五年一月一日之所有負商譽(其一約71,739,000港元負商譽原先記入儲備，及約47,058,000港元原先呈列作從聯營公司權益中扣減)以致二零零五年一月一日之虧絀出現相應數額之減少。

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

Business combinations (Cont'd)

Contingent liabilities of acquirees

In accordance with HKFRS 3, contingent liabilities of an acquiree are recognised at the date of the acquisition if the fair value of the contingent liabilities can be measured reliably. Previously, contingent liabilities of acquirees were not recognised separately from goodwill. As no material contingent liabilities of the acquirees were identified in relation to acquisitions that took place in the current year, this change in accounting policy has had no material effect on the goodwill calculation. In addition, because the revised accounting policy has been applied prospectively to acquisitions for which the agreement date is on or after 1st January, 2005, comparative figures for 2004 have not been restated.

Financial instruments

In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 Financial Instruments: Recognition and Measurement. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The adoption of HKAS 32 has had no material effect on the presentation of financial instruments in the financial statements of the Group. The principal effects on the Group as a result of implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

2. 應用香港財務報告準則／會計政策之變動(續)

業務合併(續)

被收購公司之或然負債

根據香港財務報告準則第3號，倘或然負債之公平值能可靠計量，被收購公司之或然負債乃於收購日期確認。以往，被收購公司之或然負債並非與商譽分開確認。由於並無發現與本期間進行之收購有關的重大被收購公司之或然負債，故此項會計政策之變動對計算商譽並無重大影響。此外，該項經修訂會計政策已前瞻性應用於協議日期為二零零五年一月一日或以後之收購，故並無重列二零零四年之比較數字。

金融工具

本年度，本集團已採納香港會計準則第32號「金融工具：披露及呈列」及香港會計準則第39號「金融工具：確認及計量」。香港會計準則第32號規定追溯應用。至於，於二零零五年一月一日或以後開始之年度期間生效之香港會計準則第39號，一般不允許按追溯基準確認、不予確認或計量金融資產及負債。採納香港會計準則第32號對於金融工具在本集團財務報表之呈列並無重大影響。落實香港會計準則第39號對本集團之主要影響概列如下：

金融資產及金融負債之分類及計量

本集團已採用香港會計準則第39號之相關過渡條文，內容是有關屬於香港會計準則第39號範疇內之金融資產及金融負債之分類及計量。

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

Financial instruments (Cont'd)

Classification and measurement of financial assets and financial liabilities (Cont'd)

On or before 31st December, 2004, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice No. 24 "Accounting for Investments in Securities" issued by the HKICPA ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities" or "other investments" as appropriate. "Investment securities" are carried at cost less impairment losses while "other investments" are measured at fair value, with unrealised holding gains or losses included in the profit or loss. From 1st January, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

From 1st January, 2005 onwards, the Group classified and measured its debt and equity securities in accordance with the requirements of HKAS 39. Other investments classified under non-current assets with carrying amounts of approximately of HK\$194,050,000 were reclassified to investments in securities at fair value through profit or loss, which are designated to be stated at fair value through profit or loss. Other investments classified under current assets with carrying amount of approximately of HK\$19,849,000 was also reclassified as investments in securities held for trading on 1st January, 2005.

2. 應用香港財務報告準則／會計政策之變動 (續)

金融工具 (續)

金融資產及金融負債之分類及計量 (續)

於二零零四年十二月三十一日或之前，本集團乃按照香港會計師公會頒佈之香港會計實務準則第24號「證券投資之會計」（「會計實務準則第24號」）之基準處理方法來分類及計量其債務及股本證券。根據會計實務準則第24號，本集團之債務或股本證券乃分類列作「投資證券」或「其他投資」（如適用）。「投資證券」按成本值減減值虧損列賬而「其他投資」則按公平值估量，並將未變現損益計入利潤或虧損。自二零零五年一月一日起，本集團根據香港會計準則第39號分類及計量其債務及股本證券。根據香港會計準則第39號，金融資產乃分類列作「按公平值列賬並在損益表內處理之金融資產」、「可供出售金融資產」、「貸款及應收款項」或「持至到期之金融資產」。上述分類視乎所購入資產之目的而定。「按公平值列賬並在損益表內處理之金融資產」及「可供出售金融資產」按公平值列賬，而有關公平值之變動則分別於損益及權益中確認。「貸款及應收款項」及「持至到期之金融資產」利用實際利息法按攤銷成本計量。

由二零零五年一月一日起，本集團根據香港會計準則第39號之規定將其債務及股本證券投資重新分類並按此計量。賬面值約194,050,000港元被分類為非流動資產之其他投資現重新分類為證券投資，並指定按公平值列賬並在利潤或虧損內陳述。同時，賬面值約19,849,000港元被分類為流動資產之其他投資亦重新分類為於二零零五年一月一日持作買賣之證券投資。

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

Financial instruments (Cont'd)

Classification and measurement of financial assets and financial liabilities (Cont'd)

Investments in securities of the Company classified under non-current assets with carrying amounts of approximately HK\$825,000 were reclassified to investments in securities at fair value through profit or loss, which are designated to be stated of fair value through profit or loss on 1st January, 2005.

Financial assets and financial liabilities other than debt and equity securities

From 1st January, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". "Financial liabilities at fair value through profit or loss" are measured at fair value, with changes in fair value being recognised in profit or loss directly. "Other financial liabilities" are carried at amortised cost using the effective interest method after initial recognition.

2. 應用香港財務報告準則／會計政策之變動 (續)

金融工具 (續)

金融資產及金融負債之分類及計量 (續)

賬面值約825,000港元被分類為非流動資產之本公司證券投資已重新分類為按公平值計入損益賬之證券投資，並指定按於二零零五年一月一日之公平值計入損益賬。

除債務及股本證券以外之金融資產及金融負債

由二零零五年一月一日起，本集團根據香港會計準則第39號之規定，對除債務及股本證券以外之金融資產及金融負債（以往不在會計實務準則第24號之範疇內）進行分類及計量。如上文所述，根據香港會計準則第39號，金融資產乃分類為「按公平值列賬並在損益表內處理之金融資產」、「可供出售金融資產」、「貸款及應收款項」或「持至到期之金融資產」。金融負債一般分類為「按公平值列賬並在損益表內處理之金融負債」或「其他金融負債」、「按公平值列賬並在損益表內處理之金融負債」，則按公平值計量，並將公平值之變動直接確認損益。「其他金融負債」則按初步確認後使用實際利率法計算之已攤銷成本列值。

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

Financial instruments (Cont'd)

Financial assets and financial liabilities other than debt and equity securities (Cont'd)

Prior to the application of HKAS 39, the Company has non-current interest-free amounts due from subsidiaries stated at the nominal amount. HKAS 39 requires all financial assets and financial liabilities to be measured at fair value on initial recognition. Such interest-free amounts due from subsidiaries are measured at amortised cost determined using the effective interest method at subsequent balance sheet dates. The Company has applied the relevant transitional provisions in HKAS 39. As a result of this change in the accounting policy, an adjustment on HK\$279,987,000 had been made on 1st January, 2005 to increase the Company's investments in subsidiaries and to reduce the balance of amounts due from subsidiaries by the same amount, which represents the deemed capital contribution to subsidiaries upon initial recognition of advances made to them. As the directors consider that this deemed capital contribution will not be recovered, a full impairments loss was made on this deemed capital contribution as at 1st January, 2005. Accordingly, there was no impact on the results of the Company upon application of HKAS 39.

Prior to the application of HKAS 39, an interest-free non-current loan from the subsidiaries was stated at the nominal amount. HKAS 39 requires all financial assets and financial liabilities to be measured at fair value on initial recognition. Such interest-free loan is measured at amortised cost determined using the effective interest method at subsequent balance sheet dates. The Company has applied the relevant transitional provisions in HKAS 39. As a result of this change in the accounting policy, the carrying amount of the loan as at 1st January, 2005 has been decreased by HK\$62,239,000 in order to state the loan at amortised cost in accordance with HKAS 39. The Company's deficits as at 1st January, 2005 has been increased by HK\$62,239,000.

2. 應用香港財務報告準則／會計政策之變動 (續)

金融工具 (續)

除債務及股本證券以外之金融資產及金融負債 (續)

於應用香港會計準則第39號前，本公司之應收附屬公司之非流動免息款項乃按賬面值列賬。香港會計準則第39號規定所有金融資產及金融負債於初步確認時按公平值計量。該等應收附屬公司之免息款項於其後之結算日乃按採用實際利率法而釐定之攤銷成本計量。本公司已採納香港會計準則第39號之有關過渡條文。由於會計政策之該項變動，於二零零五年一月一日已作出279,987,000港元之調整，以增加本公司於附屬公司之投資並將應收附屬公司款項之結餘按相同金額減少，有關金額反映於初步確認墊付附屬公司之款項時被視為向附屬公司作出之注資。由於董事認為此視作注資將不會追回，故於二零零五年一月一日就此視作注資作全數減值虧損。因此，應用香港會計準則第39號對本公司之業績並無影響。

於應用香港會計準則第39號前，一項應收附屬公司之免息非流動貸款乃按面值列賬。香港會計準則第39號規定所有金融資產及金融負債於初步確認時按公平值計量。該項免息貸款於其後之結算日乃按採用實際利率法而釐定之攤銷成本計量。本公司已採用香港會計準則第39號之有關過渡條文。由於會計政策之該項變動，該貸款於二零零五年一月一日之賬面值已減少62,239,000港元，以及根據香港會計準則第39號按攤銷成本呈列該貸款。於二零零五年一月一日，本公司之虧絀已增加62,239,000港元。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

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

Financial instruments (Cont'd)

Embedded derivatives

On or before 31st December, 2004, embedded derivatives of the conversion option of convertible note invested by the Group were not recorded on the balance sheet.

In accordance with HKAS 39 "Financial Instruments: Recognition and Measurement" issued by the HKICPA, the conversion option element of the convertible note represents an embedded derivative instrument which is accounted for separately from the convertible notes and, as such, to be measured at fair value when initially recorded and at subsequent reporting dates. The fair value of this conversion option, representing a discount on subscription of the convertible note, was estimated using the relevant option pricing model at the date of subscription of the convertible note, and as at subsequent reporting dates. From 1st January, 2005 onwards, the Group measured the fair value of the embedded derivatives in accordance with the requirements under HKAS 39 and recognised the changes in fair value of the conversion option of the unlisted convertible note as at 1st January, 2005 and the impact of taking into account of the portion of the conversion option exercised prior to 31st December, 2004, which increase the derivative instruments of approximately HK\$64,410,000 share of net assets of HK\$16,961,000 and decrease the carrying amount of unlisted convertible note of HK\$13,283,000 included in interests in associates and decrease the deficit of HK\$68,088,000 as at 1st January, 2005 accordingly. The impact of changes in fair value of this conversion option, taking into account the portion of the conversion option exercised during the year ended 31st December, 2005, was loss of HK\$39,743,000, which have been recognised in the consolidated income statement. Comparative figures for 2004 are not required to be restated.

2. 應用香港財務報告準則／會計政策之變動(續)

金融工具(續)

內在衍生工具

於二零零四年十二月三十一日或之前，本集團投資之可換股票據之換股權之內在衍生工具並無於資產負債表內記錄。

根據香港會計師公會頒佈之香港會計準則第39號「金融工具：確認及計量」，若可換股票據之換股權屬於內在衍生工具，則須與可換股票據分開確認，並於首次確認時以及於其後的報告日期按公平值計量。有關換股權之公平值代表認購可換股票據之折讓，乃使用有關期權定價模式於認購可換股票據當日以及其後的報告日期估計。由二零零五年一月一日起，本集團根據香港會計準則第39號之規定計量內在衍生工具的公平值，並確認非上市可換股票據換股權於二零零五年一月一日之公平值變動及計入於二零零四年十二月三十一日前行使換股權部份之影響，使計入聯營公司權益之衍生工具增加約64,410,000港元、應佔資產淨值增加16,961,000港元及非上市可換股票據賬面值減少13,283,000港元，而於二零零五年一月一日之虧絀亦相應減少68,088,000港元。計入截至二零零五年十二月三十一日止年度內已行使之換股權部份後，此換股權公平值變動產生39,743,000港元之虧損，並已於綜合收益表確認。二零零四年之比較數字毋須重列。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

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

Owner-occupied leasehold interest in land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and is stated at cost or valuation less depreciation and amortisation at the balance sheet date and any accumulated impairment losses. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to lease premium for land under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (See note 3 for the financial impact).

Hotel properties

HK Interpretation 2 ("HK-Int 2") "The Appropriate Accounting Policies for Hotel Properties" clarifies the accounting policy for owner-operated hotel properties. In previous periods, the self-operated hotel properties of the Group's associate were carried at cost less impairment amounts and were not subject to depreciation. HK-Int 2 requires owner-operated properties to be classified as property, plant and equipment in accordance with HKAS 16, "Property, Plant and Equipment" and therefore be accounted for either using the cost model or the revaluation model. The Group's associate has resolved to account for these hotel properties using the cost model. In the absence of any specific transitional provisions in HK-Int 2, the new accounting policy has been applied retrospectively. Comparative figures have been restated. An adjustment of HK\$3,192,000 has been made to decrease the share of net assets of associates and to increase the deficits at 31st December, 2004 after the application of HKAS 16 by the associates.

2. 應用香港財務報告準則／會計政策之變動(續)

業主自用租賃土地權益

於過往年度，業主自用租賃土地及樓宇乃計入物業、廠房及設備，並於結算日按成本值或估值減折舊及攤銷以及任何累計減值虧損列賬。於本年度，本集團採用香港會計準則第17號「租賃」。根據香港會計準則第17號，就租賃分類目的而言，租賃土地及樓宇中之土地及樓宇部份均被視作獨立部份，除非不能在土地及樓宇部份之間可靠地分配租約付款，在此情況下，整項租賃一般被視為融資租賃。若能在土地及樓宇部份之間可靠地分配租約付款，則於土地之租賃權益乃重新分類為經營租賃土地之租賃費用，以成本值入賬，並於租賃期內按直線基準攤銷。此項會計政策變動已追溯應用(財務影響見附註3)。

酒店物業

香港詮釋第2號「酒店物業之適當會計政策」澄清業主持作營運酒店物業之會計政策。於過往期間，本集團之聯營公司自行營運之酒店物業按成本值減減值金額入賬，並不作出折舊。香港詮釋第2號將業主持作營運之物業按香港會計準則第16號「物業、廠房及設備」分類為物業、廠房及設備，並用成本值模式或重估值模式作出入賬。本集團之聯營公司就其酒店物業採用成本模式作出入賬。在香港詮釋第2號未附任何具體過渡條文下，此項新會計政策已追溯應用。比較數字已予重列。聯營公司採用香港會計準則第16號後，已作出3,192,000港元之調整以減少於二零零四年十二月三十一日之應佔聯營公司資產淨值及增加於二零零四年十二月三十一日之虧絀。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

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

Discontinued operations

In accordance with the application of HKFRS 5 "Non-current assets held for sale and discontinued operations" issued by the HKICPA, certain income statement items for the year ended 31st December, 2004 have been regrouped under profit for the year from discontinued operations for the year ended as 31st December, 2004.

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in accounting policies described in note 2 on the results for the current and prior years are as follows:

(i) On results

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Non-amortisation of goodwill	不再攤銷之商譽	3,137	—
Increase in interest income on unlisted convertible note	非上市可換股票據之利息收入增加	72	—
Changes in fair value of conversion option of unlisted convertible note	非上市可換股票據之換股選擇權公平值之變動	(39,743)	—
Share of results of associates	分佔聯營公司業績		
— Decrease in release of negative goodwill to income	— 負商譽回撥	(4,952)	—
— Non-amortisation of goodwill	— 不再攤銷商譽	1,153	—
— Depreciation for hotel properties	— 酒店物業折舊	(8,252)	(3,192)
Increase in loss for the year	年度虧損增加	(48,585)	(3,192)

2. 應用香港財務報告準則／會計政策之變動(續)

已終止經營業務

根據香港會計師公會頒佈之香港會計準則第5號「持作出售之非流動資產及已終止經營業務」之應用，截至二零零四年十二月三十一日止年度之若干收益表項目已重組為截至二零零四年十二月三十一日止年度內已終止經營業務之年度溢利。

3. 會計政策變動之影響摘要

附註2所述之會計政策變動對本年度及過往年度業績之影響如下：

(i) 對業績

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Cont'd)

3. 會計政策變動之影響摘要 (續)

(ii) On income statement line items

(ii) 對收益表項目

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Decrease in administrative expenses	行政開支減少	3,137	—
Increase in other income	其他收入增加	72	—
Changes in fair value of conversion option of unlisted convertible note	非上市可換股票據之 換股選擇權之公平值 變動	(39,743)	—
Decrease in share of results of associates	分佔聯營公司業績減少	(12,051)	(3,192)
		(48,585)	(3,192)

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Cont'd)

(iii) On balance sheet items

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

THE GROUP 本集團		As at	Effect of			As at	Effect of		As at
		December,	HK(SIC) -	HKAS 17	HKAS 1	December,	HKFRS 3	HKAS 39	As at
		2004	INT 2	影響		2004	影響		1st
		於二零零四年 十二月 三十一日 (originally stated) (原先呈列)	香港(SIC) 詮釋第2號	香港會計 準則第17號	香港會計 準則第1號	於二零零四年 十二月 三十一日 (restated) (重列)	香港財務報告 準則第3號	香港財務報告 準則第39號	於二零零五年 一月一日 (restated) (重列)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	
Balance sheet items	資產負債表項目								
Interests in associates	於聯營公司之權益								
— Share of net assets	— 應佔資產淨值	337,212	(3,192)	—	—	334,020	—	16,961	350,981
— Goodwill	— 商譽	2,006	—	—	—	2,006	—	—	2,006
— Negative goodwill	— 負商譽	(47,058)	—	—	—	(47,058)	47,058	—	—
— Unlisted convertible note	— 非上市可換股票據	55,000	—	—	—	55,000	—	(13,283)	41,717
— Derivative instrument	— 衍生工具	—	—	—	—	—	—	64,410	64,410
— Loan receivable due from an associate	— 應收聯營公司貸款	81,840	—	—	—	81,840	—	—	81,840
		429,000	(3,192)	—	—	425,808	47,058	68,088	540,954
Property, plant and equipment	物業、廠房及設備	35,238	—	(20,267)	—	14,971	—	—	14,971
Prepaid lease payments — non-current	預支租約付款 — 非流動	—	—	19,820	—	19,820	—	—	19,820
Investments in securities — non-current	證券投資 — 非流動	194,050	—	—	—	194,050	—	(194,050)	—
Other investments — current	其他投資 — 流動	19,849	—	—	—	19,849	—	(19,849)	—
Investments in securities at fair value through profit or loss	按公平值計入損益賬之證券投資	—	—	—	—	—	—	194,050	194,050
Investments in securities held for trading	持作買賣證券投資	—	—	—	—	—	—	19,849	19,849
Prepaid lease payments — current	預支租約付款 — 流動	—	—	447	—	447	—	—	447
Total effects on assets	對資產之總影響	678,137	(3,192)	—	—	674,945	47,058	68,088	790,091
Goodwill on consolidation	綜合產生之商譽	(62,247)	—	—	—	(62,247)	62,247	—	—
Other non-distributable reserves	其他不可分派儲備	(18,598)	—	—	—	(18,598)	—	—	(18,598)
Deficit	虧絀	1,163,331	3,192	—	—	1,166,523	(109,305)	(46,146)	1,011,072
Minority interests	少數股東權益	—	—	—	(295,609)	(295,609)	—	(21,942)	(317,551)
Total effects on equity	對權益之總影響	1,082,486	3,192	—	(295,609)	790,069	(47,058)	(68,088)	674,923
Minority interests	少數股東權益	(295,609)	—	—	295,609	—	—	—	—

3. 會計政策變動之影響摘要 (續)

(iii) 對資產負債表項目

採用新香港財務報告準則對於二零零四年十二月三十一日及二零零五年一月一日之累積影響概述如下：

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Cont'd)

3. 會計政策變動之影響摘要 (續)

(iii) On balance sheet items (Cont'd)

(iii) 對資產負債表項目 (續)

THE COMPANY 本公司		31st	Effect of	Effect of	As at	Effect of	As at
		December, 2004 於二零零四年 十二月三十一日 (originally stated) (原先呈列) HK\$'000 港幣千元	HKAS 1 香港會計準則 第1號之影響 HK\$'000 港幣千元	HKAS 17 香港會計準則 第17號之影響 HK\$'000 港幣千元	December, 2004 於二零零四年 十二月三十一日 (restated) (重列) HK\$'000 港幣千元	HKAS 39 香港財務 報告準則 第39號之影響 (restated) (重列) HK\$'000 港幣千元	1st January, 2005 於二零零五年 一月一日 HK\$'000 港幣千元
Balance sheet items	資產負債表項目						
Investments in subsidiaries	於附屬公司之投資	1,980,613	(1,835,579)	—	145,034	—	145,034
Investment in securities	證券投資	825	—	—	825	(825)	—
Investments in securities at fair value through profit or loss	按公平值計入 損益賬之證券投資	—	—	—	—	825	825
Amounts due from subsidiaries	應收附屬公司之款項	—	1,835,579	—	1,835,579	—	1,835,579
Property, plant and equipment	物業、廠房及設備	6,382	—	(4,097)	2,285	—	2,285
Prepaid lease payments — non-current	預支租約付款 — 非流動	—	—	3,980	3,980	—	3,980
Prepaid lease payments — current	預支租約付款 — 流動	—	—	117	117	—	117
Amounts due to subsidiaries	應付附屬公司之款項	(840,225)	—	—	(840,225)	62,239	(777,986)
		1,147,595	—	—	1,147,595	62,239	1,209,834
Deficit	虧絀	(1,395,867)	—	—	(1,395,867)	62,239	1,333,628

The financial effects of the application of the new HKFRSs to the Group's equity on 1st January, 2004 are summarised as follows:

於二零零四年一月一日，應用新香港財務報告準則對本集團權益之影響概述如下：

		As originally stated 原先呈列 HK\$'000 港幣千元	Effect of HKAS 1 香港會計準則 第1號之影響 HK\$'000 港幣千元	As restated 重列 HK\$'000 港幣千元
Share capital and other reserves	股本及其他儲備	1,533,380	—	1,533,380
Minority interests	少數股東權益	—	250,160	250,160
Total effects on equity	對權益之總影響	1,533,380	250,160	1,783,540
Minority interests	少數股東權益	250,160	(250,160)	—

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Cont'd)

(iii) On balance sheet items (Cont'd)

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Group anticipate that the application of these standards or Interpretations will have no material impact on the financial statements of the Group except that HKAS 39 (Amendment)-The fair value option require the Group shall de-designate any financial asset or financial liability previously designated as at fair value through profit or loss only if it does not qualify for such designation in accordance with those new and amended paragraphs. When a financial asset or financial liability will be measured at amortised cost after de-designation, the date of de-designation is deemed to be its date of initial recognition.

HKAS 1 (Amendment)	Capital disclosures ¹
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures ²
HKAS 21 (Amendment)	The effects of change in foreign exchange rates — net investment in a foreign operation ²
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions ²
HKAS 39 (Amendment)	The fair value option ²
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts ²
HKFRS 6	Exploration for and evaluation of mineral resources ²
HKFRS 7	Financial instruments: Disclosures ¹

3. 會計政策變動之影響摘要 (續)

(iii) 對資產負債表項目 (續)

本集團並無提早採納以下已頒佈但仍未生效之新準則及詮釋。本集團董事預期應用此等準則或詮釋將不會對本集團之財務報表構成重大影響，惟香港會計準則第39號(修訂本) — 「公平值選擇」規定本集團須將任何過往指定為按公平值計入損益表之金融資產或金融負債解除指定，惟根據該等新訂及經修訂段落不合資格按此獲指定者除外。在一項金融資產或金融負債在解除指定後將按攤銷成本計量，而解除指定日期將視為其初步確認之日期。

香港會計準則 第1號(修訂本)	「資本披露」 ¹
香港會計準則 第19號(修訂本)	「精算盈虧、 集團計劃及 披露」 ²
香港會計準則 第21號 (修訂本)	「海外業務之 投資淨額 — 匯率變動 之影響」 ²
香港會計準則 第39號 (修訂本)	「預測集團內部 交易之現金流 量對沖會計 法」 ²
香港會計準則 第39號 (修訂本)	「公平值選擇」 ²
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」 ²
香港財務報告 準則第6號	「開採及評估礦 物資源」 ²
香港財務報告 準則第7號	「金融工具： 披露」 ¹

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Cont'd)

(iii) On balance sheet items (Cont'd)

HK(IFRIC) — INT 4	Determining whether an arrangement contains a lease ²
HK(IFRIC) — INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds ²
HK(IFRIC) — INT 6	Liabilities arising from participating in a specific market — waste electrical and electronic equipment ³
HK(IFRIC) — INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ⁴

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

3. 會計政策變動之影響摘要 (續)

(iii) 對資產負債表項目 (續)

香港(IFRIC) — 詮釋第4號	「釐定一項安排是否包含租賃」 ²
香港(IFRIC) — 詮釋第5號	「清拆、復修及環境重建基金產生之權益中之權利」 ²
香港(IFRIC) — 詮釋第6號	「因參與特定市場 — 廢料電力及電子設備產生之負債」 ³
香港(IFRIC) — 詮釋第7號	「應用香港會計準則第29號「嚴重通脹經濟之財務報告」之重列法」 ⁴

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

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values as explained in the accounting policies set out below. The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

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

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

All significant intra-group transactions and balances have been eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

4. 主要會計政策

綜合財務報表乃根據歷史成本慣例法編製，惟誠如下述會計政策所闡釋，金融工具乃按公平計量。綜合財務報表已遵照香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報告表已包括香港聯合交易所有限公司證券上市規則及香港公司條例所規定之適用披露。

綜合賬目基準

綜合財務報表包括本公司及其附屬公司每年結算至十二月三十一日止之財務報表。

於年內收購或出售之附屬公司業績分別由收購生效日期起或截至出售生效日期止（如適用）計入綜合收益表內。

所有集團內公司間之交易及結餘已於綜合賬內對銷。

於綜合附屬公司資產淨值之少數股東權益與本集團於其之權益分別呈列。於資產淨值之少數股東權益包括於原有業務合併日期之該等權益金額，以及自合併日期以來之少數股東所佔之權益變動。少數股東適用之虧損超出於附屬公司權益之少數股東權益之金額乃分配至本集團之權益，惟須以少數股東有約束力之責任並可作出額外投資以填補虧損之情況為限。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill

Goodwill arising on acquisitions prior to 1st January, 2005

Goodwill arising on acquisition of a subsidiary or an associate for which the agreement date is before 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary or associate at the date of acquisition.

As explained in note 2, goodwill arising on acquisition prior to 1st January, 2001 previously recognised in reserves, have been transferred to the Group's deficit on 1st January, 2005.

For previously capitalised goodwill arising on acquisition after 1st January, 2001, the Group has discontinued amortisation from 1st January, 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1st January, 2005

Goodwill arising on an acquisition of a subsidiary or an associate for which the agreement date is on or after 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or associate at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet. Capitalised goodwill arising on an acquisition of an associate (which is accounted for using the equity method) is included in the cost of the investment of the associate.

4. 主要會計政策 (續)

商譽

於二零零五年一月一日前收購產生之商譽

於二零零五年一月一日前之協議日期收購附屬公司或聯營公司產生之商譽，指收購成本高於本集團於收購附屬公司或聯營公司當日應佔有關公司可辨識資產與負債之公平值之數。

誠如附註2所闡釋，二零零一年一月一日前收購產生之商譽(過往於儲備確認)已轉撥至本集團於二零零五年一月一日之虧絀。

就二零零一年一月一日後產生之過往已撥充資本商譽而言，本集團已自二零零五年一月一日起已終止攤銷，而有關商譽乃每年或有顯示商譽有關之現金產生單位可能出現減值時，進行減值測試。

於二零零五年一月一日或以後收購產生之商譽

就收購附屬公司或聯營公司而訂立日期為二零零五年一月一日或以後之協議產生之商譽指收購成本超逾本集團於收購當日應佔有關附屬公司或聯營公司可識別資產、負債及或然負債公平值權益之數額。有關商譽按成本減任何累計減值虧損列賬。

收購附屬公司產生之撥充資本商譽於綜合資產負債表獨立呈列。收購聯營公司產生之撥充資本商譽(以權益會計法計算)計入有關聯營公司投資之成本。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill (Cont'd)

Goodwill arising on acquisitions on or after 1st January, 2005 (Cont'd)

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary or an associate, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Excess of an acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisitions", formerly known as negative goodwill)

A discount on acquisition arising on an acquisition of a subsidiary or an associate for which an agreement date is on or after 1st January, 2005 represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognised immediately in profit or loss. A discount on acquisition arising on an acquisition of an associate (which is accounted for using the equity method), is included as income in the determination of the investor's share of results of the associate in the period in which the investment is acquired.

4. 主要會計政策 (續)

商譽 (續)

於二零零五年一月一日或以後收購產生之商譽 (續)

就減值測試而言，收購產生之商譽會分配至預期可自收購之協同效益獲益之各相關現金產生單位或各組現金產生單位。經分配商譽之現金產生單位會每年或於有跡象顯示該單位可能出現減值時進行減值測試。就於一個財政年度進行收購所產生商譽而言，經分配商譽之現金產生單位會於該財政年度年結前進行減值測試。倘現金產生單位之可收回金額低於其賬面值，則減值虧損會先用作減低任何分配至該單位之商譽之賬面值，其後則按該單位內各項資產賬面值之比例分配至該單位之其他資產。商譽之任何減值虧損將直接於收益表確認。就商譽確認之減值虧損不會於往後期間撥回。

於其後出售附屬公司或聯營公司時，釐定出售損益時會計入撥充資本之商譽應佔金額。

收購者於被收購公司之可識別資產、負債及或然負債中應佔公平淨值之權益超出成本之差額 (「收購折讓」，前稱為「負商譽」)

就收購附屬公司或聯營公司而訂立日期為二零零五年一月一日或以後之協議產生之折讓指被收購公司之可識別資產、負債及或然負債公平淨值高出業務合併成本之數額。收購聯營公司產生之收購折讓(以權益會計法計算)乃於釐定於收購投資期間，投資者所佔聯營公司之業績時計入收入。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Excess of an acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisitions", formerly known as negative goodwill) (Cont'd)

As explained in note 2 above, all negative goodwill as at 1st January, 2005 has been derecognised with a corresponding adjustment to the Group's deficit.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Investments in associates

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transactions with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

4. 主要會計政策 (續)

收購者於被收購公司之可識別資產、負債及或然負債中應佔公平淨值之權益超出成本之差額(「收購折讓」, 前稱為「負商譽」)(續)

誠如上文附註2所闡釋, 於二零零五年一月一日之所有負商譽已解除確認並於本集團之虧絀作出相應調整。

於附屬公司之投資

於附屬公司之投資乃按成本值減任何已辨識之減值虧損在本公司之資產負債表列賬。

於聯營公司之投資

聯營公司之業績及資產與負債以權益會計法計入財務報表。根據權益法, 於聯營公司之投資乃按成本(就本集團所佔溢利或虧損之收購後變動及聯營公司權益之變動作出調整)減任何已識別減值虧損計入綜合資產負債表。倘本集團應佔聯營公司之虧損相等於或超出其於該聯營公司之權益(包括實質組成本集團於該聯營公司投資淨額之任何長期權益), 本集團將終止確認其應佔之進一步虧損。僅於本集團產生法定或推定責任或代表該聯營公司支付款項時, 始會作出額外應佔虧損撥備及確認負債。

當集團實體與本集團聯營公司進行交易時, 溢利及虧損會以本集團佔有關聯營公司之權益為限予以撇銷。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue recognition

Turnover represents the fair value of amounts received and receivable for goods sold by the Group less discount allowances, and goods returned.

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment (other than properties under development) are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than properties under development over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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

4. 主要會計政策 (續)

收入之確認

營業額指就本集團銷售貨品之已收及應收款項之公平值減折扣準備及退貨。

銷售貨品乃在貨品交付客戶及貨品擁有權已轉移時予以確認。

利息收入乃根據未償還之本金按時間比例及適用息率累計。

證券投資所得股息收入乃在股東收取股息之權利確定後予以確認。

物業、廠房及設備

物業、廠房及設備(發展中物業除外)乃按成本或公平值減累計折舊及累計減值虧損列賬。

各項物業、廠房及設備(發展中物業除外)之折舊以撇銷成本，經考慮其估計剩餘價值後，於其估計可使用年期按直線法計算。

物業、廠房及設備項目於出售後或當預期持續使用該資產將不會產生未來經濟利益時解除確認。解除確認資產產生之任何收益或虧損(按出售所得款項淨額與該項目賬面值之差額計算)會計入於該項目解除確認年度之損益表。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment (Cont'd)

Leasehold land and buildings under development for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Construction in progress

Construction in progress are stated at cost, which includes land cost and the related construction cost in accordance with the Group's accounting policies, less accumulated impairment losses. No depreciation or amortisation is provided on properties under construction and construction in progress until the construction is completed and the properties and assets are ready for use.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4. 主要會計政策 (續)

物業、廠房及設備 (續)

未來業主自用之發展中租賃土地及樓宇

當租賃土地及樓宇正在發展以作生產、租賃或管理用途時，租賃土地部份乃分類為預支租約付款及於租期內以直線法攤銷。於建築期間，就租賃土地撥備之攤銷費用乃計入在建樓宇成本之部份。在建樓宇乃按成本減任何可辨識減值虧損列賬。樓宇於可供使用時(即其已位於所須地點及狀況可以管理層擬定之方式進行營運時)開始進行折舊。

在建工程

在建工程按成本列賬，包括根據本集團之會計政策計算之土地成本及相關建築成本減去累計減值虧損。在建物業及在建工程均不予折舊或攤銷，直至有關物業或資產落成及投入使用為止。

租賃

凡根據租約條款，擁有權之絕大部份風險與回報轉歸承租人所有之租約，均列作融資租約。所有其他租約列為經營租約。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasing (Cont'd)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

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

4. 主要會計政策 (續)

租賃 (續)

本集團承租人

根據融資租約持有之資產乃按訂立租約當日之公平值或最低租金現值兩者之較低者，確認為本集團之資產。承租人之相應債務乃計入資產負債表作融資租約債務。租金乃分作財務費用及租約債務之減少，以就債務餘額以固定利率計算利息。財務費用乃直接計入損益表。

經營租約之應付租金以直線法按有關租期計入損益表。作為訂立經營租約之已收利益及應收款項以直線法按有關租期計算為租金開支之減少。

外幣

編製個別集團實體之財務報表時，以該實體功能貨幣以外貨幣(外幣)進行之交易乃按其功能貨幣(即實體主要經營之經濟環境之貨幣)於交易日期當時之匯率記錄。於各結算日，以外幣列值之貨幣項目以結算日之匯率重新換算。按公平值列賬且按外幣列值之非貨幣項目乃按釐定公平值當日匯率重新換算。以過往成本計算之外幣非貨幣項目不予重新換算。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currencies (Cont'd)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

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

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1st January, 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

4. 主要會計政策 (續)

外幣 (續)

清付貨幣項目及換算貨幣項目所產生之匯兌差額會於產生期間在損益反映，惟組成本集團海外業務投資淨額部份之貨幣項目所產生之匯兌差額除外，在此情況下，有關匯兌差額乃於綜合財務報表中確認為股本權益。重新換算按公平值列賬之非貨幣項目乃計入期內損益，惟重新換算收益及虧損有關之非現金項目所產生差額會直接於股本權益確認，在此情況下，有關匯兌差額會直接於股本權益確認。

就呈列綜合財務報表而言，本集團海外業務之資產及負債均按結算日之匯率換算為本公司之呈列貨幣（即港元），而其收入及開支項目乃按年內平均匯率換算，除非期內匯率出現重大波幅，於此情況下，將採用交易日期之匯率。所產生匯兌差額（如有）確認為股本權益之獨立部份（匯兌儲備）。有關匯兌差額於該項海外業務出售期間之損益確認。

於二零零五年一月一日或之後收購海外業務產生之所收購可識別資產之商譽及公平值調整，乃列作海外業務資產及負債，並按結算日當時之匯率換算。所產生之匯兌差額於匯兌儲備確認。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment (other than goodwill)

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

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

Other asset

Other asset are stated at the lower of cost and net realisable value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and Mandatory Provident Fund Scheme are charged as expense as they fall due.

Taxation

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

4. 主要會計政策 (續)

減值虧損 (商譽除外)

本集團於每個結算日審閱其資產之賬面值，以確認該等資產有否出現減值虧損跡象。倘估計資產之可收回金額低於其賬面值，則將該項資產之賬面值調減至其可收回金額。減值虧損即時確認為開支。

倘減值虧損其後出現逆轉，資產之賬面值將調高至經修訂之估計可收回金額，惟增加之賬面值不超過假設有關資產未有於過往年度並已確認減值虧損之賬面值。減值虧損之撥回即時確認為收益。

其他資產

其他資產乃按成本及可變現淨值兩者中之較低者列值。

存貨

存貨乃按成本及可變現淨值兩者中之較低值列值。成本乃按加權平均法計算。

退休福利成本

向強制性公積金計劃及中央公積金計劃所作供款於到期應付時支銷。

稅項

所得稅開支指現時應付稅項及遞延稅項。

Notes to the Financial Statements 財務報表附註

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4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**Taxation (Cont'd)**

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 asset to be recovered.

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

4. 主要會計政策 (續)**稅項 (續)**

現時應付稅項乃按本期間應課稅盈利計算。應課稅盈利與收入表中所報盈利淨額不同，乃由於前者不包括在其他期間應課稅或可扣稅收入及開支，並且不包括收入表內從未課稅及扣稅之項目。本集團本期稅項乃按現行稅率或結算日時實際確立之稅率計算。

遞延稅項為就財務報表資產及負債賬面值及計算應課稅盈利相應稅基差額而預期須支付或收回之稅項，並以資產負債表負債法處理。遞延稅項負債通常會就所有應課稅臨時差額確認，而遞延稅項資產乃按可能出現可利用臨時差額扣稅之應課稅盈利時提撥。若於一項交易中，因商譽(或負商譽)或因業務合併以外原因開始確認其他資產及負債而引致之臨時差額既不影響應課稅溢利、亦不影響會計盈利，則不會確認該等資產及負債。

遞延稅項負債乃按因於附屬公司及聯營公司之投資而引致之應課稅臨時差異而確認，惟若本集團可令臨時差額對沖及臨時差額有可能未必於可見將來對沖之情況除外。

遞延稅項資產之賬面值於每個結算日作檢討，並於沒可能會有足夠應課稅盈利恢復全部或部分資產價值時作調減。

遞延稅項乃按預期於負債清償或資產變現期間適用之稅率計算。遞延稅項於收入表中扣除或計入收入表。惟倘遞延稅項直接在股本權益中扣除或計入股本權益之情況(在此情況下遞延稅項亦會於股本權益中處理)除外。

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4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The Group's major financial assets are category of loans and receivables and finance assets at fair value through profit or loss and the accounting policies adopted for loans and receivables and financial assets at fair value through profit or loss are set out below.

4. 主要會計政策 (續)

金融工具

金融資產及金融負債於集團實體成為工具合約條文之訂約方時於資產負債表確認。金融資產及金融負債初步按公平值計量。購入或發行金融資產及金融負債(按公平值計入損益之金融資產及金融負債除外)直接歸於應佔之交易成本於初步確認時加入金融資產或金融負債之公平值或自金融資產或金融負債之公平值扣除(按適用情況而定)。購入按公平值計入損益之金融資產或金融負債直接應佔之交易成本即時於溢利或虧損反映。

金融資產

本集團之金融資產分類為下列四個類別，包括按公平值計入損益之金融資產、貸款及應收款項、持至到期投資及可供出售之金融資產。所有定期購買或出售之金融資產乃按交易日基準確認及解除確認。定期購買或出售須按市場規則或慣例設定之時限內交付資產之金融資產購買或出售。就本集團之主要金融資產為貸款及應收款項及按公平值計入損益之金融資產所採納之會計政策載於下文。

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4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Loans and receivables

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

4. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

貸款及應收款項

貸款及應收款項乃並無活躍市場報價之定額或待付之非衍生金融工具。於初步確認後每個結算日，貸款及應收款項(包括貸款及應收利息、應收聯營公司欠款、應收貿易賬款、其他應收款及按金及附屬公司欠款)以實際利率法按攤銷成本減任何已識別減值虧損入賬。減值虧損當有客觀證據顯示資產減值時於損益確認，並按資產賬面值與按原訂實際利率折算之估計未來現金流量之現值間的差額計量。倘資產之可收回金額增加客觀地與於確認減值後發生之事件有關，則減值虧損會於隨後會計期間撥回，惟該資產於減值撥回之該日之賬面值不得超過並無確認減值之攤銷成本。

按公平值計入損益之金融資產

按公平值計入損益之金融資產分為兩分類，包括於初步確認時指定為持作買賣及按公平值計入損益之金融資產。於初步確認後各個結算日，按公平值計入損益之金融資產乃按公平值計量，而公平值變動在其產生期間即時直接在損益反映。

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Group's major financial liabilities are other financial liabilities and the accounting policies adopted are set out below.

Other financial liabilities

Other financial liabilities including trade payables, other payables and accrued charges, payables, amounts due to associates, amounts due to related companies and bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Embedded derivatives

The conversion option element of the convertible note represents an embedded derivative instrument which is accounted for separately from the convertible note and, as such, to be measured at fair value when initially recorded and at subsequent reporting dates. The fair value of this conversion option is estimated using a relevant option pricing model at the date of subscription of the convertible note, and as at subsequent reporting dates. Changes in fair value of the conversion option of the unlisted convertible note are recognized directly in profit and loss.

4. 主要會計政策 (續)

金融工具 (續)

金融負債及股本

集團實體發行之金融負債及股本工具乃按所訂立合約安排之性質與金融負債及股本工具之定義分類。

股本工具為有證據顯示本集團於資產中扣減所有負債後有剩餘資產權益之任何合約。本集團之金融負債一般分類為按公平值計入損益之金融負債及其他金融負債。就本集團之主要金融負債為其他金融負債及採納之會計政策載於下文。

其他金融負債

其他金融負債包括應付貿易賬款、其他應付款項及應計費用、應付款項、應付聯營公司款項、應付關連公司款項及銀行及其他借貸，乃其後以實際利率法按攤銷成本計量。

內在衍生工具

若可換股票據之換股權屬於內在衍生工具，則須與可換股票據分開確認，並於首次確認時以及於其後之報告日期按公平值計算。有關換股權之公平值乃使用有關期權定價模式於認購可換股票據當日以及其後之報告日期估計。非上市可換股票據之換股權公平值之變動乃直接計入損益表。

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4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Company

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

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates based on past experiences, expectations of the future and other information. The key sources of estimation uncertainty that may significantly affect the amounts recognised in the financial statements are disclosed below:

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the year ended 31st December, 2005, management of the Group determined that there were no impairment on goodwill. Details of the impairment testing on goodwill are disclosed in note 21.

4. 主要會計政策 (續)

以股份支付之支出交易

以股本結算之股份付款交易

授予本公司僱員之購股權

購股權所獲服務之公平值乃參考購股權授出日期之公平值釐定，並於購股權授出時即時歸屬情況下於授出日期全數確認為開支，並於權益(購股權儲備)作出相應增加。

於購股權獲行使時，先前於股份付款儲備確認之金額將轉撥至股份溢價。倘喪失購股權或於屆滿日仍未獲行使，先前於股份付款儲備確認之金額將轉撥至累計虧絀。

5. 主要不確定估計來源

於應用本集團之會計政策時，管理層根據過往經驗、未來預期及其他資料作出若干估計。可能對已於財務報表確認之金額構成重大影響之主要不確定估計來源披露如下：

商譽減值估算

就釐定商譽有否出現減值而言，須估計經分配商譽之現金產生單位之使用價值。計算使用價值時，本集團須估計預期來自該現金產生單位之日後現金流量，並訂出適用折現率以計算現值。倘實際未來現金流量少於預期，則可能產生重大減值虧損。於二零零五年十二月三十一日，本集團管理層釐定商譽並無減值。商譽減值測試詳情載於附註21。

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Estimated impairment on loans and interests receivable

Management regularly reviews the recoverability of loans and interests receivables. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

In determining whether impairment for bad and doubtful debts is required, the Group takes into consideration the aged status and likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognised based the estimation of the future cash flow expected to receive and a suitable discounted rate in order to calculate the present value. During the year, allowance for loans and interest receivables of HK\$37,445,000 has been made.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include loans and interest receivables, amounts due from associate, trade receivables, other receivables and deposits, investments in securities at fair value through profit and loss and investment in securities held for trading, trade payable, payables, amounts due to associates, amounts due to related companies and bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

5. 主要不確定估計來源 (續)

應收貸款及利息減值估算

管理層定期檢討應收貸款及應收利息之可追回性。估計不可追回金額於出現客觀證據指資產已減值時在損益表作出適當減值。

在釐定呆壞賬是否需作出減值時，本集團會考慮賬齡狀況及收回之可能性。特別撥備僅會於應收款項不大可能收回時作出，並根據預期將收取之未來現金流量及適當折讓率予以確認，以計算現值。於年內，已作出應收貸款及應收利息撥備為37,445,000港元。

6. 財務風險管理目標及政策

本集團之主要金融工具包括應收貸款及應收利息、應收聯營公司款項、應收貿易款項、其他應收款項及訂金、按公平值計入損益賬之證券投資及持作買賣證券投資、應付貿易款項、應付款項、應付聯營公司款項、應付關連公司款項，以及銀行及其他借款。該等金融工具之相關風險及減低該等風險之政策載於下文。該等金融工具之詳情分別載於附註。管理層管理及監控有關風險，以確保能適時有效地採取適當措施。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st December, 2005 is in relation to is the carrying amount of loans and interests receivables, and trade receivables as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other price risk

The Group's investments in securities at fair value through profit or loss and investments in securities held for trading are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity security price risk. Management manages this exposure by maintaining a portfolio of investments with different risk profiles.

7. TURNOVER

Sales of goods, net of returns
and sales taxes

貨品銷售，扣除退貨
及銷售稅

The Group carries out its activities primarily in The People's Republic of China ("PRC") including Hong Kong, details of the analysis of the Group's turnover and contribution to results from operations by principal business segment and geographical market are set out in note 8.

6. 財務風險管理目標及政策 (續)

信貸風險

本集團就倘交易對手未能履行其於二零零五年十二月三十一日之契約所面對最大信貸風險為綜合資產負債表所呈列應收貸款及應收利息及應收貿易款項之賬面值。為減低信貸風險，本集團之管理層已委派隊伍負責釐定信貸限額、信貸批核及其他監管程序，以確保能採取善後工作收回逾期債務。此外，本集團於每個結算日審閱各項個別貿易債務之可收回金額，以確保就無法收回之款項作出足夠減值虧損。就此，本公司之董事認為，本集團之信貸風險已大大減少。

其他價格風險

本集團投資於按公平值計入損益賬之證券投資及持作買賣證券投資乃按於各個結算日之公平值計量。因此，本集團承受股本證券價格風險。管理層透過持有具有不同風險狀況之投資組合管理有關風險。

7. 營業額

	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
	38,459	27,141

本集團主要在中華人民共和國(「中國」)及香港經營業務，本集團按主要業務分部及地區市場劃分之營業額及經營業績貢獻之分析詳情載於附註8。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

8. SEGMENT INFORMATION

Business segments

During the year, the Group acquired 88% and 100% of the issued capital of 東莞市江海貿易有限公司(東莞市江海) and 廣州耀陽實業有限公司(廣州耀陽) respectively for an aggregate cash consideration of HK\$50 million. The two newly acquired subsidiaries are engaged in the business of sand mining. The segment of sand mining is regarded as a new business segment of the Group upon completion of the acquisition.

For management purposes, the Group is currently organised into the following four major divisions — battery products, investment in securities and advance, sand mining and others. These divisions are the basis on which the Group reports its primary segment information.

Battery products	—	Manufacturing and trading of battery products and related accessories
Investments in securities and advance	—	Investments in securities holding and advance of receivables
Sand mining	—	Sand mining activities
Others	—	Corporate and investment holding

8. 分部資料

業務分部

於本年度，本集團以50,000,000港元之現金總代價分別收購東莞市江海貿易有限公司(東莞市江海)已發行股本之88%權益及廣州耀陽實業有限公司(廣州耀陽)已發行本公司股本之全部權益。該兩間新收購附屬公司從事採砂業務。於收購事項完成後，採砂分部將被視作本集團之新業務分部。

就管理而言，本集團現時之部門架構為下列四個主要分部 — 電池產品、證券投資與墊款、採砂及其他。該等部門乃本集團呈報其首要分部資料之基準。

電池產品	—	製造及銷售電池產品及相關配件
證券投資與墊款	—	證券投資及墊付應收款項
採砂	—	採砂業務
其他	—	公司及投資控股

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

8. SEGMENT INFORMATION (Cont'd)

Business segments (Cont'd)

An analysis of the Group's turnover and contribution to operating results and segment assets and liabilities by business segments is as follows:

8. 分部資料 (續)

業務分部 (續)

本集團按業務分部劃分之營業額及經營業績貢獻分析如下：

		Investments in securities and advance 證券投資 與墊款 HK\$'000 港幣千元	Battery products 電池產品 HK\$'000 港幣千元	Sand mining 採砂 HK\$'000 港幣千元	Others 其他 HK\$'000 港幣千元	Elimination 對銷 HK\$'000 港幣千元	Consolidated 綜合 HK\$'000 港幣千元
For the year ended 31st December, 2005	截至二零零五年 十二月三十一日 止年度						
REVENUE	收益						
(i) Turnover	營業額						
— External	— 對外	—	33,161	5,298	—	—	38,459
— Inter-segment	— 分部間	473	—	—	1,200	(1,673)	—
		473	33,161	5,298	1,200	(1,673)	38,459
(ii) Other income	其他收入						
— Interest income	— 利息收入	52,423	33	—	5,628	—	58,084
— Gain on disposal of investments in securities at fair value through profit or loss	— 出售按公平值 計入損益賬 之證券投資 收益	10,575	—	—	—	—	10,575
— Dividend income from listed investment	— 上市投資之 股息收入	8,402	—	—	—	—	8,402
— Others	— 其他	2,888	179	2,059	1,436	—	6,562
		74,288	212	2,059	7,064	—	83,623
RESULT	業績						
Segment result	分部業績	12,754	(5,907)	1,576	(64,497)	(1,673)	(57,747)
Unallocated corporate expenses	未分攤企業支出						(20,563)
Change in fair value of conversion option of unlisted convertible notes	非上市可換股票據之換股 選擇權公平值之變動						(39,743)
Finance costs	融資成本						(17,630)
Loss on liquidation/disposal of interests in associates	清盤/出售聯營公司 權益之虧損	—	—	—	(2,814)	—	(2,814)
Share of results of associates	所佔聯營公司之業績	—	(239)	—	43,103	—	42,864
Loss before taxation	稅前虧損						(95,633)
Taxation	稅項						(4,247)
Loss for the year	年度虧損						(99,880)

Inter-segment sales are charged at terms determined and agreed between the group companies.

分部間收益乃按集團公司所決定及協定之條款收取。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

8. SEGMENT INFORMATION (Cont'd)

Business segments (Cont'd)

		Investments in securities and advance 證券投資與墊款 HK\$'000 港幣千元	Battery products 電池產品 HK\$'000 港幣千元	Sand mining 採砂 HK\$'000 港幣千元	Others 其他 HK\$'000 港幣千元	Consolidated 綜合 HK\$'000 港幣千元
Assets and liabilities at 31st December, 2005	於二零零五年十二月 三十一日之資產與負債					
ASSETS	資產					
Segment assets	分部資產	592,978	67,314	110,716	364,905	1,135,913
Interests in associates	於聯營公司之權益	—	—	—	558,738	558,738
Unallocated total assets	未分攤總資產					264,218
Consolidated total assets	綜合總資產					1,958,869
LIABILITIES	負債					
Segment liabilities	分部負債	(33,660)	(27,769)	(736)	(18,834)	(80,999)
Unallocated corporate liabilities	未分攤企業負債					(222,301)
Consolidated total liabilities	綜合總負債					(303,300)
Other information for the year ended 31st December, 2005	截至二零零五年 十二月三十一日 止年度之其他資料					
Capital expenditure	資本支出					
— Property, plant and equipment	— 物業、廠房及設備	332	2,835	113,184	598	116,949
— Deposit paid for acquisition of interest in properties	— 收購物業權益支付之按金	—	—	—	8,704	8,704
— Goodwill arising from acquisition of subsidiaries	— 收購附屬公司產生之商譽	—	—	9,123	—	9,123
— Goodwill arising from acquisition of associates	— 收購聯營公司產生之商譽	—	—	—	10,181	10,181
Depreciation and amortisation	折舊及攤銷	—	2,132	5,811	678	8,621
Impairment loss on investments in securities at fair value through profit or loss	按公平值計入損益賬之 證券投資減值虧損	34,652	—	—	—	34,652
Allowances for loan and interest receivables	應收貸款及利息撥備	36,933	—	—	512	37,445
Change in fair value of investment in securities held for trading	持作買賣證券投資 公平值之變動	9,429	—	—	—	9,429
Allowance for bad and doubtful debts	呆壞賬撥備	7,823	—	—	10,752	18,575

8. 分部資料 (續)

業務分部 (續)

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

8. SEGMENT INFORMATION (Cont'd)

8. 分部資料 (續)

Business segments (Cont'd)

業務分部 (續)

		Continuing operations 持續經營業務				Sub-total 小計	Discontinued operation Phar- maceutical products 已終止 經營業務	Consolidated 綜合 總計
		Investments in securities and advance 證券投資 與墊款 HK\$'000 港幣千元	Battery products 電池產品 HK\$'000 港幣千元	Others 其他 HK\$'000 港幣千元	Elimination 對銷 HK\$'000 港幣千元		(Note a) (附註a)	
For the year ended 31st December, 2004	截至二零零四年 十二月三十一日 止年度							
REVENUE	收益							
(i) Turnover	營業額							
— External	— 對外	—	27,141	—	—	27,141	96,262	123,403
— Inter-segment	— 分部間	—	—	2,184	(2,184)	—	—	—
		—	27,141	2,184	(2,184)	27,141	96,262	123,403
(ii) Other income	其他收入							
— Interest income	— 利息收入	48,539	—	6,018	—	54,557	17	54,574
— Gain on disposal of investments in securities at fair value through profit or loss	— 出售按公平值 計入損益賬 之證券投資 收益	—	—	—	—	—	—	—
— Dividend income from listed investment	— 上市投資之 股息收入	1,542	—	—	—	1,542	—	1,542
— Others	— 其他	—	150	3,050	—	3,200	446	3,646
		50,081	150	9,068	—	59,299	463	59,762
RESULT	業績							
Segment result	分部業績	(110,631)	(2,004)	(10,818)	(2,184)	(125,637)	6,777	(118,860)
Unallocated corporate expenses	未分攤企業支出							(27,260)
Finance costs	融資成本							(17,434)
Loss on disposal/dilution of interests in subsidiaries	出售/攤薄附屬 公司權益之虧損	—	—	—	—	—	(5,266)	(5,266)
Gain on disposal/liquidation of interests in associates	出售/清盤聯營 公司權益之收益	—	—	81,631	—	81,631	—	81,631
Share of results of associates	所佔聯營公司之業績	—	(147)	(40,420)	—	(40,567)	—	(40,567)
Profit (loss) before taxation	稅前溢利(虧損)						1,511	(127,756)
Taxation	稅項						—	(6,464)
Profit (loss) for the year	年度溢利(虧損)						1,511	(134,220)

Inter-segment sales are charged at terms determined and agreed between the group companies.

分部間收益乃按集團公司所決定及協定之條款收取。

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

8. SEGMENT INFORMATION (Cont'd)

Business segments (Cont'd)

		Continuing operations 持續經營業務			Discontinued operation Pharmaceutical products 已終止經營業務 藥品		Consolidated 綜合
		Investments in securities and advance 證券投資 與墊款 HK\$'000 港幣千元	Battery products 電池產品 HK\$'000 港幣千元	Others 其他 HK\$'000 港幣千元	Sub-total 小計 HK\$'000 港幣千元	(Note a) (附註a)	
Assets and liabilities at 31st December, 2004	於二零零四年十二月 三十一日之資產與負債						
ASSETS	資產						
Segment assets	分部資產	1,095,673	79,226	62,187	1,237,086	—	1,237,086
Interests in associates	於聯營公司之權益	—	—	425,808	425,808	—	425,808
Unallocated total assets	未分攤總資產						236,462
Consolidated total assets	綜合總資產						<u>1,899,356</u>
LIABILITIES	負債						
Segment liabilities	分部負債	(4,258)	(10,738)	(34,816)	(49,812)	—	(49,812)
Unallocated corporate liabilities	未分攤企業負債						(245,390)
Consolidated total liabilities	綜合總負債						<u>(295,202)</u>
Other information for the year ended 31st December, 2004	截至二零零四年十二月三十一日 止年度之其他資料						
Capital expenditure	資本支出						
— Property, plant and equipment	— 物業、廠房及設備	—	13,674	251	13,925	1,370	15,295
— Deposit paid for acquisition of interest in properties	— 收購物業權益支付 之按金	—	—	47,012	47,012	—	47,012
— Goodwill arising on acquisition of interests in subsidiaries	— 收購附屬公司權益 產生之商譽	—	26,812	—	26,812	—	26,812
— Goodwill arising on acquisition of interest in associates	— 收購聯營公司權益 產生之商譽	3,931	—	—	3,931	—	3,931
Depreciation and amortisation	折舊及攤銷	—	61	1,892	1,953	1,845	3,798
Amortisation of prepaid lease payment	預支租約付款攤銷	—	447	—	447	—	447
Amortisation of goodwill	商譽攤銷	—	1,005	—	1,005	155	1,160
Loss on disposal of investments in securities	出售證券投資之虧損	5,478	—	—	5,478	—	5,478
Loss on disposal of interests in subsidiaries	出售附屬公司權益之虧損	—	—	—	—	5,266	5,266
Allowances for loans and interest receivables	應收貸款及利息撥備	140,889	—	—	140,889	—	140,889
Change in fair value investment in securities held for trading	持作買賣證券投資公平值之變動	12,549	—	—	12,549	—	12,549
Allowance for bad and doubtful debts	呆壞賬撥備	—	—	17,286	17,286	—	17,286
Allowance for amounts due from associates	應收聯營公司款項撥備	—	—	4,989	4,989	—	4,989

8. 分部資料 (續)

業務分部 (續)

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

8. SEGMENT INFORMATION (Cont'd)

Business segments (Cont'd)

Note:

- (a) Following the disposal of Tung Fong Hung Investment Limited and its subsidiaries which are engaged in the manufacturing and trading of pharmaceutical products in May 2004, the business segment of manufacturing and trading of pharmaceutical products was regarded as discontinued operations during the year ended 31st December, 2004.

Geographical segments

The following provides an analysis of the Group's turnover by geographic market, irrespective of the origin of the goods/services:

8. 分部資料 (續)

業務分部 (續)

附註：

- (a) 於二零零四年五月出售從事製造及銷售藥品業務之 Tung Fong Hung Investment Limited 及其附屬公司後，製造及銷售藥品業務分部被視為於截至二零零四年十二月三十一日止年度之已終止經營業務。

地區分部

本集團按地區市場劃分之營業額分析如下(當中並無計及貨品/服務之來源地)：

		Turnover 營業額	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Continuing operations:	持續經營業務：		
PRC, other than Hong Kong	中國，不包括香港	36,519	27,141
Hong Kong	香港	1,940	—
		38,459	27,141
Discontinued operations:	已終止經營業務：		
PRC, other than Hong Kong	中國，不包括香港	—	—
Hong Kong	香港	—	96,262
		—	96,262

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

8. SEGMENT INFORMATION (Cont'd)

Geographical segments (Cont'd)

The following is an analysis of the carrying amount of segment assets and capital additions analysed by the geographical area in which the assets are located:

		Carrying amount of segment assets 分部資產之賬面值 At 31st December, 於十二月三十一日		Capital additions 資本添置 For the year ended 31st December, 截至十二月三十一日止年度	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
PRC	中國	212,960	29,012	135,323	91,429
Hong Kong	香港	1,021,515	1,278,734	9,634	1,621
Overseas	海外	165,656	165,802	—	—
		1,400,131	1,473,548	144,957	93,050

8. 分部資料 (續)

地區分部 (續)

本集團分部資產之賬面值與資本添置按資產所在地區分析如下：

9. OTHER INCOME

9. 其他收入

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Interest income from loans and interest receivable	應收貸款及利息之利息收入	52,423	47,119
Interest income from banks	銀行利息收入	640	3,461
Interest income from unlisted convertible bonds	非上市可換股債券利息收入	5,021	3,994
Net exchange gain	匯兌收益淨額	—	3,151
Gain on disposal of investments in securities at fair value through profit or loss	出售按公平值計入損益賬證券投資之收益	10,575	—
Dividend income from listed investments	上市投資之股息收入	8,402	1,542
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	—	17
Others	其他	6,562	478
		83,623	59,762

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

10. (a) OTHER EXPENSES

10. (a) 其他支出

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Changes in fair value on investment in securities at fair value through profit and loss	按公平值計入損益賬證券投資公平值之變動	34,652	—
Allowances for bad and doubtful debts	呆壞賬撥備	18,575	17,286
Changes in fair value of investments in securities held for trading	持作買賣證券投資公平值之變動	9,429	12,549
Loss on disposal of investment in securities at fair value through profit or loss	出售按公平值計入損益賬證券投資之虧損	—	5,478
Allowances for amounts due from associates	應收聯營公司款項撥備	—	4,989
Net exchange loss	匯兌虧損淨損	3,709	—
Others	其他	724	23
		67,089	40,325

(b) ALLOWANCES FOR LOANS AND INTEREST RECEIVABLE

(b) 貸款及應收利息撥備

During the year, the directors have reviewed the carrying value of the Group's loans and interest receivables and determined that the recoverable amount of certain loans and interest receivables is below their carrying value with reference to present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Accordingly, an impairment loss at the amount of approximately HK\$37,445,000 had been charged to the income statement.

於本年內，董事檢討本集團之貸款及應收利息之賬面值，並於經參考估計未來現金流量按初步確認之實際利率折讓計算後，釐定若干貸款及應收利息之可追回金額低於其賬面值。因此，已於收益表扣除為數約37,445,000港元之減值虧損。

11. FINANCE COSTS

11. 融資成本

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Interest on borrowings wholly repayable within five years:	須於五年內悉數償還之借貸利息：		
Bank borrowings	銀行借貸	613	943
Other borrowings and payables	其他借貸及應付款項	17,014	16,488
Obligations under finance leases	融資租約債項	3	3
		17,630	17,434

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12. TAXATION

12. 稅項

		Continuing operations		Discontinued operations		Consolidated	
		持續經營業務		已終止經營業務		綜合	
		2005	2004	2005	2004	2005	2004
		二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
The charge comprises:	稅項支出包括：						
Taxation in other jurisdictions	其他司法權區之稅項						
— Current year	— 本年度	1,010	1,340	—	—	1,010	1,340
— Overprovision in prior years	— 過往年度撥備過剩	(663)	—	—	—	(663)	—
Hong Kong Profits Tax	香港利得稅						
— Current year	— 本年度	1,300	5,124	—	—	1,300	5,124
— Underprovision in prior years	— 過往年度撥備不足	2,600	—	—	—	2,600	—
Taxation attributable to the Company and its subsidiaries	本公司及其附屬公司應估稅項	4,247	6,464	—	—	4,247	6,464

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

香港利得稅乃按年內估計應課稅溢利17.5% (二零零四年：17.5%) 計算。

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Company are exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years.

其他司法權區之稅項乃按個別司法權區之適用稅率計算。根據有關中國法律及法規，若干本集團中國附屬公司由首個獲利年度起獲豁免中國所得稅兩年，其後三年則獲稅項減半。

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12. TAXATION (Cont'd)

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

12. 稅項 (續)

本年度稅項支出可與綜合收益表內所列之稅前虧損反映如下：

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Loss before taxation	稅前虧損		
— Continuing operations	— 持續經營業務	(95,633)	(136,044)
— Discontinued operations	— 已終止經營業務	—	6,777
Loss before taxation	稅前虧損	(95,633)	(129,267)
Tax at the average income tax rate of 18.8% (2004: 17.7%) (note a)	按平均所得稅率18.8%計算之稅款 (二零零四年：17.7%) (附註a)	(17,953)	(22,921)
Tax effect of share of results of associates	分佔聯營公司業績之稅務影響	10,182	6,006
Tax effect of income not taxable in determining taxable profit	釐定應課稅溢利時不可課稅收入之稅務影響	(37,430)	(34,334)
Tax effect of expenses not deductible for tax purpose	計稅用不可扣減開支之稅務影響	37,003	25,679
Tax effect of deductible temporary differences not recognised	未確認可扣減暫時性差異之稅務影響	10,504	23,849
Tax effect of tax losses not recognised	未確認稅務虧損之稅務影響	4	6,280
Underprovision in respect of prior year	去年撥備不足	1,937	—
Effect of tax exemption granted to PRC subsidiaries	授予中國附屬公司稅務減免之影響	—	(485)
Effect of different tax rates of subsidiaries operating in other jurisdictions	在不同司法權區經營之附屬公司稅率各異之影響	—	2,139
Others	其他	—	251
Tax expense for the year	本年度內稅務支出	4,247	6,464

Notes:

- (a) The average income tax rate for both years represents the weighted average income tax rate of the operations in different jurisdictions on the basis of the relative amounts of net profits before taxation and the related statutory rates.

附註：

- (a) 兩個年度內平均所得稅率即不同司法權區營運之加權平均所得稅率，計算基準為稅前純利及相關法定稅率之有關款額。

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12. TAXATION (Cont'd)

Notes: (Cont'd)

- (b) As at 31st December, 2005, the Group had unused tax loss of approximately HK\$29,704,000 (2004: HK\$29,682,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profits streams.
- (c) As at 31st December, 2005, the Group had deductible temporary differences in respect of allowances on doubtful debts of approximately HK\$364,786,000 (2004: HK\$308,765,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

12. 稅項 (續)

附註：(續)

- (b) 於二零零五年十二月三十一日，本集團有未使用稅務虧損約29,704,000港元(二零零四年：29,682,000港元)可用以抵銷未來溢利。鑒於未來溢利來源之不明朗性，故未有就未使用稅務虧損確認遞延稅項資產。
- (c) 於二零零五年十二月三十一日，本集團就呆賬撥備有約364,786,000港元(二零零四年：308,765,000港元)之可扣減暫時性差異。由於並未能確定是否有應課稅溢利可供扣減暫時性差異抵銷，因此並無就該可扣減暫時性差異確認遞延稅項資產。

13. LOSS FOR THE YEAR

13. 年度虧損

		Continuing operations		Discontinued operations		Consolidated	
		持續經營業務		已終止經營業務		綜合	
		2005	2004	2005	2004	2005	2004
		二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Loss for the year has been arrived at after charging:	年度虧損已扣除下列各項：						
Staff costs	員工成本						
— directors remuneration (note 14(a))	— 董事酬金 (附註14(a))	2,092	3,413	—	—	2,092	3,413
— other staff costs (note 14(b))	— 其他員工成本 (附註14(b))	14,724	10,799	—	11,619	14,724	22,418
— retirement benefits scheme contributions, excluding directors	— 退休福利計劃供款 (不包括董事)	405	382	—	469	405	851
Total staff costs	總員工成本	17,221	14,594	—	12,088	17,221	26,682
Auditors' remuneration	核數師酬金						
Current year	本年度	6,622	4,327	—	427	6,622	4,754
Underprovision in prior years	過往年度撥備不足	—	—	—	392	—	392
Depreciation and amortisation of property, plant and equipment	物業、廠房及設備之折舊及攤銷	8,102	1,953	—	1,845	8,102	3,798
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	128	—	—	—	128	—
Amortisation of prepaid lease payments	預支租約付款之攤銷	519	447	—	—	519	447
Amortisation of goodwill included in administrative expenses	計算入行政支出之商譽攤銷	—	1,005	—	155	—	1,160

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14. DIRECTORS' AND EMPLOYEE REMUNERATION

14. 董事及僱員酬金

(a) Directors' remuneration

(a) 董事酬金

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Fees	袍金		
Executive directors	執行董事	—	—
Independent non-executive directors	獨立非執行董事		
— Mr. David Edwin Bussman	— 卜思問先生	257	217
— Mr. Wong King lam, Joseph	— 黃景霖先生	50	—
— Mr. Sin Chi Fai	— 冼志輝先生	47	—
— Ms. Fung Wan Yiu, Agnes	— 馮蘊瑤女士	—	100
		354	317
Other emoluments	其他酬金		
Executive directors	執行董事		
(i) Salaries and other benefits	(i) 薪酬及其他福利		
— Dr. Chan Kwok Keung, Charles	— 陳國強博士	—	104
— Dr. Yap, Allan	— Yap, Allan博士	229	117
— Ms. Chau Mei Wah, Rosanna	— 周美華女士	—	—
— Ms. Chan Ling, Eva	— 陳玲女士	1,497	1,261
— Mr. Li Bo	— 李波先生	—	—
— Mr. Chan Kwok Hung	— 陳國鴻先生	—	—
— Mr. Lui Siu Tsuen, Richard	— 呂兆泉先生	—	—
— Mr. Li Wa Kin	— 李華健先生	—	1,589
		1,726	3,071
(ii) Retirement benefits scheme contributions	(ii) 退休福利計劃供款		
— Dr. Chan Kwok Keung, Charles	— 陳國強博士	—	—
— Dr. Yap, Allan	— Yap, Allan博士	—	—
— Ms. Chau Mei Wah, Rosanna	— 周美華女士	—	—
— Ms. Chan Ling, Eva	— 陳玲女士	12	12
— Mr. Li Bo	— 李波先生	—	—
— Mr. Chan Kwok Hung	— 陳國鴻先生	—	—
— Mr. Lui Siu Tsuen, Richard	— 呂兆泉先生	—	—
— Mr. Li Wa Kin	— 李華健先生	—	13
		12	25
Independent non-executive directors	獨立非執行董事	—	—
		1,738	3,096
Total director's emoluments	董事酬金總額	2,092	3,413

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14. DIRECTORS' AND EMPLOYEE REMUNERATION (Cont'd)

(a) Directors' remuneration (Cont'd)

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

(b) Employees' remuneration

The five highest paid individuals in the Group included one (2004: two) director(s) of the Company, details of whose salaries and other benefits are set out above. The aggregate remuneration of the remaining highest paid individuals, who are employees of the Group, is as follows:

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Salaries and other benefits	薪酬及其他福利	1,950	1,482
Retirement benefit scheme	退休福利計劃	48	36
		1,998	1,518
		2005 二零零五年 Number of employees 僱員人數	2004 二零零四年 Number of employees 僱員人數
Nil to HK\$1,000,000	零至1,000,000港元	4	3

14. 董事及僱員酬金 (續)

(a) 董事酬金 (續)

本年度內，本集團並無向任何董事支付酬金作為鼓勵加入本集團或加入本集團後之獎勵或作為離職補償。

(b) 僱員酬金

本集團五名最高薪人士包括一名(二零零四年：兩名)本公司董事，其薪酬及其他福利詳情載述如上文。餘下最高薪人士(為本集團之僱員)之酬金總額如下：

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15. DISCONTINUED OPERATIONS

In May 2004, the Group disposed of the 100% interests in Tung Fung Hung Investment Limited and its subsidiaries which are engaged in the manufacturing and trading of pharmaceutical products, was regarded as discontinued operation during the year ended 31st December, 2004.

The profit for the year ended 31st December, 2004 from the discontinued operations was analysed as follows:

		2004 二零零四年 HK\$'000 港幣千元
Profit of pharmaceutical products segment for the year	年內藥品分部之溢利	6,777
Loss on disposal of pharmaceutical products segment	出售藥品分部之虧損	(5,266)
		1,511

The profit of pharmaceutical products segment for the period from 1st January, 2004 to 30th April, 2004, which have been included in the consolidated income statements and analysed as follows:

		1st January, 2004 to 30th April, 2004 二零零四年一月一日至 二零零四年四月三十日 HK\$'000 港幣千元
Turnover	營業額	96,262
Cost of sales	銷售成本	(60,381)
Other income	其他收入	419
Distribution costs	分派成本	(21,056)
Administrative expenses	行政支出	(8,467)
		6,777
Profit before tax	稅前溢利	6,777
Taxation	稅項	—
		6,777

The carrying amounts of the assets and liabilities of Tung Fong Hung Investment Limited and its subsidiaries at the date of disposal are disclosed in note 36.

15. 已終止經營業務

於二零零四年五月，本集團出售其於從事藥品產銷之 Tung Fung Hung Investment Limited 及其附屬公司之全部權益，於截至二零零四年十二月三十一日止年度內被視為已終止經營業務。

截至二零零四年十二月三十一日止年度，來自已終止經營業務之溢利分析如下：

		2004 二零零四年 HK\$'000 港幣千元
Profit of pharmaceutical products segment for the year	年內藥品分部之溢利	6,777
Loss on disposal of pharmaceutical products segment	出售藥品分部之虧損	(5,266)
		1,511

於二零零四年一月一日至二零零四年四月三十日之間，來自已終止經營業務之溢利已計入綜合收益表，分析如下：

		1st January, 2004 to 30th April, 2004 二零零四年一月一日至 二零零四年四月三十日 HK\$'000 港幣千元
Turnover	營業額	96,262
Cost of sales	銷售成本	(60,381)
Other income	其他收入	419
Distribution costs	分派成本	(21,056)
Administrative expenses	行政支出	(8,467)
		6,777
Profit before tax	稅前溢利	6,777
Taxation	稅項	—
		6,777

Tung Fong Hung Investment Limited 及其附屬公司於出售日期之資產及負債賬面值披露於附註36。

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16. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic loss per share attributable to the equity holders of the parent for the year is based on the following data:

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Loss for the year attributable to the equity holders of the parent for the purposes of basic loss per share	就計算每股基本虧損之年度母公司權益持有人應佔虧損	(95,200)	(179,244)

		Number of share 股份數目	
		2005 二零零五年	2004 二零零四年
Weighted average number of ordinary shares for the purposes of basic loss per share	就計算每股基本虧損之普通股加權平均數	881,595,087	877,471,799

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to equity holders of the parent for the year is based on the following data:

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Loss for the year attributable to equity holders of the parent	年度母公司權益持有人應佔虧損	(95,200)	(179,244)
Add: Net profit for the year from discontinued operations	加：已終止經營業務之年度溢利淨額	—	(1,511)
Loss for the year for the purpose of basic loss per share from continuing operations	就計算來自持續經營業務之每股基本虧損之年度虧損	(95,200)	(180,755)

16. 每股虧損

來自持續經營及已終止經營業務

年度母公司股權持有人應佔每股基本虧損乃根據以下數據計算：

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Loss for the year attributable to the equity holders of the parent for the purposes of basic loss per share	就計算每股基本虧損之年度母公司權益持有人應佔虧損	(95,200)	(179,244)

		Number of share 股份數目	
		2005 二零零五年	2004 二零零四年
Weighted average number of ordinary shares for the purposes of basic loss per share	就計算每股基本虧損之普通股加權平均數	881,595,087	877,471,799

來自持續經營業務

年內，來自持續經營業務之母公司股權持有人應佔每股基本虧損乃根據以下數據計算：

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Loss for the year attributable to equity holders of the parent	年度母公司權益持有人應佔虧損	(95,200)	(179,244)
Add: Net profit for the year from discontinued operations	加：已終止經營業務之年度溢利淨額	—	(1,511)
Loss for the year for the purpose of basic loss per share from continuing operations	就計算來自持續經營業務之每股基本虧損之年度虧損	(95,200)	(180,755)

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16. LOSS PER SHARE (Cont'd)

From continuing operations (Cont'd)

		Number of shares 股份數目	
		2005 二零零五年	2004 二零零四年
Weighted average number of ordinary shares for the purposes of basic loss per share	就計算每股基本虧損之普通股加權平均數	881,595,087	877,471,799

The calculation of the basic earnings per share for the year ended 31st December, 2005 and 2004 have been adjusted as a result of the application of new HKFRSs and details are shown below:

		2005 二零零五年 Basic earnings per share 每股基本 盈利 HK\$ 港元	2004 二零零四年 Basic earnings per share 每股基本 盈利 HK\$ 港元
Reported figures before adjustments	調整前呈報數字	(0.06)	(0.20)
Adjustment arising from application of new HKFRSs	因應用新香港財務報告準則而產生調整	(0.05)	(0.01)
Restated	重列	(0.11)	(0.21)

For the year ended 31st December, 2005, no diluted loss per share has been presented as there were no dilutive potential ordinary shares in issue.

For the year ended 31st December, 2004, no disclosure of diluted loss per share has been shown as the exercise of the share option would result in a decrease in loss per share.

16. 每股虧損 (續)

來自持續經營業務 (續)

計算截至二零零五年及二零零四年十二月三十一日止年度之每股基本盈利已由於應用新香港財務報告準則而調整，有關詳情如下：

於截至二零零五年十二月三十一日止年度，由於概無已發行攤薄潛在普通股，故此並無呈列每股攤薄虧損。

於截至二零零四年十二月三十一日止年度，由於行使購股權會導致每股虧損減少，故此並無披露該個年度之每股攤薄虧損。

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17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

		Buildings	Furniture and fixtures	Machinery and equipment	Sand vessels	Motor vehicles	Construction in progress	Buildings under development	Total
		樓宇	傢私及裝置	機器及設備	採砂船	汽車	在建工程	發展中樓宇	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
THE GROUP	本集團								
COST	成本值								
At 1st January, 2004	於二零零四年一月一日	63,245	33,096	158,767	—	3,605	760	—	259,473
Exchange adjustments	匯兌調整	—	8	—	—	—	—	—	8
Reclassification	重新分類	—	205	—	—	—	(205)	—	—
Arising from acquisition of subsidiaries	收購附屬公司產生	—	614	9,800	—	551	—	—	10,965
Additions	添置	—	1,011	2,206	—	596	187	330	4,330
Disposals	出售	—	(1,263)	(26)	—	—	—	—	(1,289)
Disposal of subsidiaries	出售附屬公司	(61,120)	(31,389)	(1,526)	—	(3,191)	(742)	—	(97,968)
At 1st January, 2005	於二零零五年一月一日	2,125	2,282	169,221	—	1,561	—	330	175,519
Exchange adjustments	匯兌調整	—	19	217	2,062	7	—	—	2,305
Reclassification	重新分類	—	—	—	—	—	—	—	—
Arising from acquisition of subsidiaries	收購附屬公司產生	—	—	165	113,019	—	—	—	113,184
Additions	添置	—	3	827	—	942	1,663	330	3,765
Disposals	出售	—	—	(171)	—	(13)	—	—	(184)
At 31st December, 2005	於二零零五年十二月三十一日	2,125	2,304	170,259	115,081	2,497	1,663	660	294,589
DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSS	折舊、攤銷及減值虧損								
At 1st January, 2004	於二零零四年一月一日	57,126	3,615	157,533	—	2,257	—	—	220,531
Provided for the year	年內撥備	78	2,257	1,100	—	363	—	—	3,798
Eliminated on disposals	出售後撇除	—	(732)	(5)	—	—	—	—	(737)
Eliminated on disposals of subsidiaries	出售附屬公司後撇除	(56,932)	(4,061)	(483)	—	(1,568)	—	—	(63,044)
At 1st January, 2005	於二零零五年一月一日	272	1,079	158,145	—	1,052	—	—	160,548
Exchange adjustments	匯兌調整	—	6	31	—	1	—	—	38
Provided for the year	年內撥備	53	506	1,483	5,754	306	—	—	8,102
Eliminated on disposals	出售後撇除	—	—	(47)	—	(9)	—	—	(56)
At 31st December, 2005	於二零零五年十二月三十一日	325	1,591	159,612	5,754	1,350	—	—	168,632
NET BOOK VALUES	賬面淨值								
At 31st December, 2005	於二零零五年十二月三十一日	1,800	713	10,647	109,327	1,147	1,663	660	125,957
At 31st December, 2004	於二零零四年十二月三十一日	1,853	1,203	11,076	—	509	—	330	14,971

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17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

17. 物業、廠房及設備 (續)

		Buildings 樓宇	Furniture and fixtures 傢俬及裝置	Machinery and equipment 機器及設備	Sand vessels 採砂船	Motor vehicles 汽車	Construction in progress 在建工程	Buildings under development 發展中樓宇	Total 總額
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
THE COMPANY	本公司								
COST	成本值								
At 1st January, 2004 and 31st December, 2004	於二零零四年一月一日 及二零零四年十二月 三十一日	2,125	1,488	1,338	—	541	—	—	5,492
Additions	添置	—	—	—	—	599	—	—	599
At 31st December, 2005	於二零零五年 十二月三十一日	2,125	1,488	1,338	—	1,140	—	—	6,091
DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSS	折舊、攤銷及減值虧損								
At 1st January, 2004	於二零零四年一月一日	219	888	1,181	—	338	—	—	2,626
Provided for the year	年內撥備	53	285	109	—	134	—	—	581
At 1st January, 2005	於二零零五年一月一日	272	1,173	1,290	—	472	—	—	3,207
Provided for the year	年內撥備	53	262	37	—	106	—	—	458
At 31st December, 2005	於二零零五年 十二月三十一日	325	1,435	1,327	—	578	—	—	3,665
NET BOOK VALUES	賬面淨值								
At 31st December, 2005	於二零零五年 十二月三十一日	1,800	53	11	—	562	—	—	2,426
At 31st December, 2004	於二零零四年 十二月三十一日	1,853	315	48	—	69	—	—	2,285

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

Buildings	2% or the term of the lease or land use rights, if shorter.
Furniture and fixtures	10% — 25%
Machinery and equipment	10% — 20%
Sand vessels	10%
Motor vehicles	12.5% — 25%

上述物業、廠房及設備項目乃用直線基準法按以下每年折舊率計算：

樓宇	2%或按租約或土地使用權之年期(以較短者為準)
傢俬及裝置	10% — 25%
機器及設備	10% — 20%
採砂船	10%
汽車	12.5% — 25%

At the balance sheet dates, the buildings of the Group are held under medium-term land use rights in the PRC.

於結算日，本集團之樓宇乃以中期土地使用權在中國持有。

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17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

As at 31st December, 2005, no property, plant and equipment were held under finance leases. The net book value of furniture and fixtures as at 31st December, 2004 included an amount of approximately HK\$3,000 in respect of assets held under finance leases.

18. PREPAID LEASE PAYMENTS

		THE GROUP 本集團 HK\$'000 港幣千元	THE COMPANY 本公司 HK\$'000 港幣千元
COST			
At 1st January, 2004	於二零零四年一月一日	4,699	4,699
Arising from acquisition of subsidiaries	收購附屬公司所產生	16,500	—
At 1st January, 2005	於二零零五年一月一日	21,199	4,699
Additions	添置	8,635	—
At 31st December, 2005	於二零零五年十二月三十一日	29,834	4,699
AMORTISATION			
At 1st January, 2004	於二零零四年一月一日	485	485
Provided for the year	年內撥備	447	117
At 1st January, 2005	於二零零五年一月一日	932	602
Provided for the year	年內撥備	519	118
At 31st December, 2005	於二零零五年十二月三十一日	1,451	720
NET BOOK VALUES			
At 31st December, 2005	於二零零五年十二月三十一日	28,383	3,979
At 31st December, 2004	於二零零四年十二月三十一日	20,267	4,097

The Group

The carrying value of prepaid lease payment as at 31st December, 2005 which amounted to HK\$15,840,000 (2004: HK\$16,170,000) represented the amount paid to acquire a land use right with medium lease term relating to land located in the Zhuhai, the PRC for a consideration of HK\$16,500,000 for the construction of a factory. The land use right has not yet been obtained by the Group as at 31st December, 2005. The directors are of the opinion that the land use right will be obtained in due course.

17. 物業、廠房及設備 (續)

於二零零五年十二月三十一日，概無物業、廠房及設備以融資租約持有。於二零零四年十二月三十一日，傢俬及裝置之賬面淨值包括有關根據融資租約持有之資產約3,000港元之款項。

18. 預支租約款項

於二零零五年十二月三十一日，預支租約款項之賬面值為15,840,000港元（二零零四年：16,170,000港元），代表為興建廠房而按代價16,500,000港元收購位於中國珠海之中期租約土地之土地使用權所支付款項。於二零零五年十二月三十一日，本集團仍未取得該土地使用權。董事認為土地使用權將可於適當時候取得。

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18. PREPAID LEASE PAYMENTS (Cont'd)

The Company

The prepaid lease payments are leasehold lands under medium-term lease located in PRC.

18. 預支租約款項 (續)

本公司

預支租約款項為位於中國之中期租約租賃土地。

		THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Analysed for reporting purpose as: 就呈報而言:					
Current assets	流動資產	620	447	117	117
Non-current asset	非流動資產	27,763	19,820	3,862	3,980
		28,383	20,267	3,979	4,097

19. DEPOSIT PAID FOR ACQUISITION OF INTEREST IN PROPERTIES

During the year ended 31st December, 2004, the Group entered into a conditional agreement with a third party ("Vendor") to acquire the properties interest in a parcel of land situated in Shanghai, the PRC (the "Land") and the 24-storey building being erected upon the land together with 2 levels of underground car parks (the "Building") (collectively referred to as to the "Properties") for a consideration of RMB450,000,000 (approximately HK\$424,528,000). A deposit of RMB50,000,000 (HK\$47,012,000) was paid upon the entering into the conditional agreement.

19. 就收購物業權益支付之按金

截至二零零四年十二月三十一日止年度，本集團與第三方(「賣方」)訂立一項有條件協議，以收購一塊位於中國上海市之土地(「土地」)及一幢建於土地上樓高24層之樓宇，連同兩層地庫停車場(「樓宇」)(統稱「該等物業」)之物業權益，代價為人民幣450,000,000元(約424,528,000港元)。於訂立有條件協議時已支付人民幣50,000,000元(47,012,000港元)之按金。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

19. DEPOSIT PAID FOR ACQUISITION OF INTEREST IN PROPERTIES (Cont'd)

According to the conditional agreement, prior to the completion of acquisition, the Vendor should (i) obtain the certificate in respect of the land use rights of the Land and the ownership of the Building; (ii) obtain an approval from 上海市計劃委員會 that the use of the Properties be changed from office to both commercial and residential and that all relevant fee and charges arising from the sale of the Land payable to the relevant authorities including 上海市國土局 having been settled in full; (iii) agree with the Group on the specification of installation, fixtures and furniture and other internal decoration of the Properties; (iv) procure all the contractors engaged in the development/construction of the Properties to enter into agreements with the Group to bind these contractors with obligations to the Group to rectify all defects of the Properties which may arise after the completion of the development/construction; and (v) procure the granting of a loan ("Loan") to be granted by PRC banks to the Group to finance the remaining consideration.

The remaining consideration will be settled upon the grant of the Loan and the transfer of the ownership of the Land and Buildings to the Group.

It is one of the conditions for completion of the acquisition that the Vendor should obtain approval for the change of use of the Properties from office to both commercial and residential. Should the Vendor fail to obtain such approval within 150 days from the date of the agreement, the Group is entitled to either (i) to proceed with the agreement in accordance with the existing terms and conditions; or (ii) to acquire the 1st to 7th floors and the 23rd floor of the Properties together with the two levels underground car parks for a consideration of RMB70,000,000 (HK\$65,817,000).

19. 就收購物業權益支付之按金(續)

根據有條件協議，於收購事項完成前，賣方須(i)取得土地之土地使用權及樓宇之擁有權證明；(ii)取得上海市計劃委員會之批文，當中訂明該等物業之用途由辦公室改為商住用途，及一切就出售土地所產生而應付有關機構(包括上海市國土局)之有關費用已悉數繳付；(iii)與本集團議定該等物業之安裝、裝置及傢俬之規格及其他內部裝修事宜；(iv)促使所有於有關發展／工程中受聘之承建商與本集團訂立協議，約束各承建商有責任為本集團補救該等物業於完成有關發展／工程後可能出現之一切缺陷；及(v)促使國內銀行向本集團授出貸款(「貸款」)，以支付餘下之代價。

餘下之代價將於貸款授出及土地及樓宇之擁有權轉讓至本集團後支付。

完成收購事項之其中一項條件為賣方應取得將該等物業之用途由辦公室更改為商住用途之批文。倘賣方未能於協議訂立日期後150日內取得有關批文，本集團有權(i)按照現有之條款及條件履行協議；或(ii)以代價人民幣70,000,000元(約65,817,000港元)收購該等物業之第1至第7層、第23層，以及兩層地下停車場。

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19. DEPOSIT PAID FOR ACQUISITION OF INTEREST IN PROPERTIES (Cont'd)

Provided that if the conditions are not fulfilled on or before 1st June, 2005, the Group shall agree to a further extension of not less than 60 days without imposing any fine on the Vendor. If the conditions are not fulfilled within the extended period, the Group shall be entitled to terminate the agreement and the Vendor shall refund the deposit to the Group together with interests accrued during the period from the date of the agreement to the date the deposit is refunded and calculated on the relevant prevailing market interest rate.

However, the conditions stated above for the change of the use of the Properties has not yet been fulfilled within the said period and accordingly the Vendor and the Group had entered into another agreement dated 3rd February, 2005 pursuant to which, among other things, (i) the Group will pay, on behalf of the Vendor, RMB22,000,000 (approximately HK\$20,663,000) to the main contractor of the Properties (the "Main Contractor"); and (ii) the amount paid by the Group in (i) will be deducted from the sales consideration.

Further, the Group had made an additional RMB8,000,000 deposit (approximately HK\$7,512,000) to the Vendor pursuant to this additional agreement and the aggregate sum paid by the Group to the Vendor amounted to RMB58,000,000 (approximately HK\$55,716,000) as of 31st December, 2005.

In June 2005, the Group had commenced legal proceedings against the Vendor, among other things, to demand the Vendor to fulfill its obligations under the above two agreements and applied to a PRC court an injunction order on the Properties to stop the Properties from being transferred (the "Injunction Orders"). It had also come to the attention of the Group that one of the three secured creditors of the Vendor and the Main Contractor had already applied to and being granted the Injunction Orders and they, together with the other two secured creditors, had priority over the Group on the Properties.

As a condition precedent to the application of the Injunction Order, the Group had issued a counter guarantee of RMB402,000,000 (approximately HK\$377,500,000) to an institution in the PRC which provided a guarantee of the same amount to the PRC court on behalf of the Group.

19. 就收購物業權益支付之按金 (續)

倘上述條件未能於二零零五年六月一日或之前達成，本集團須同意給予不少於六十日之順延期而不得向賣方加收罰款。若上述條件於順延期內仍未達成，本集團有權終止協議，而賣方須向本集團退還按金，連同由訂立協議日期起至退還按金當日止期間之應計利息。利息乃按有關之當前市場息率計算。

然而，上述更改該等物業用途之條件並無於上述期間達成，因此，賣方及本集團已另行於二零零五年二月三日訂立另一份協議，據此，(其中包括)(i)本集團將代表賣方向物業之主要承辦商(「主要承辦商」)支付人民幣22,000,000元(約20,663,000港元)；及(ii)本集團根據(i)支付之款項將自該等物業之銷售代價中減免。

此外，本集團根據此額外協議已提供多人民幣8,000,000元(約7,512,000港元)予賣方，而截至二零零五年十二月三十一日，本集團支付賣方之總額達人民幣58,000,000元(約55,716,000港元)。

於二零零五年六月，本集團開始對賣方展開法律行動，其中包括要求賣方履行其根據上述兩項協議之責任及向中國法院申請就物業頒佈禁制令以禁止該等物業之轉讓(「禁制令」)。本集團亦注意到賣方三名有抵押債權人之其中一名及主要承辦商已申請及獲批禁制令，而彼等連同其他兩名有抵押債權人就該等物業較本集團有優先權。

作為申請禁制令之先決條件，本集團已向一間中國機構發出反擔保人民幣402,000,000元(約377,500,000港元)予某曾代表本集團提供相同擔保額予中國法院之中國機構。

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19. DEPOSIT PAID FOR ACQUISITION OF INTEREST IN PROPERTIES (Cont'd)

At the same time, the directors of the Group are also in discussion with the Vendor for settlement of the above matters; however, there can be no assurance that such matters can be resolved and settled with the Vendor eventually. Despite the above developments, the directors of the Group have consulted its legal counsel and decided to proceed with the acquisition of the Properties in consideration of the following:

- (a) the transaction can be continued with the payment of outstanding consideration of RMB392 million (approximately to HK\$376 million) and the legal title of the Properties can be transferred to the Group when the debts of the Vendor owed to the three secured creditors and the Main Contractor are settled by the Group;
- (b) the usage of the Properties can be changed to both commercial and residential when the Group obtains the legal title to the Properties and makes the application to the relevant authority;
- (c) the acquisition of the Properties, on a completion basis, is expected to bring economic benefits to the Group taking into account of the estimated market value of the Properties as of 31st December, 2005; and the ability of the Group to meet the cash flow requirements to finance the acquisition and completion of the Properties, given the current financial position of the Group and financial resources available to the Group from internally generated funds, advances from its holding companies and/or financial institutions.

The directors of the Company are of the view that the carrying amount of deposit is not less than its recoverable amount at the balance sheet dates.

19. 就收購物業權益支付之按金 (續)

與此同時，本集團董事亦與賣方商討解決上述事宜，惟概不保證有關事宜最終可得到解決並與賣方達成和解。雖有上述發展，本集團董事已徵詢律師並決定繼續收購該等物業，此乃經考慮下述情況：

- (a) 本集團結清賣方結欠三名有抵押債權人及主承建商之債項時，交易可以透過支付未支付代價人民幣392,000,000 (約376,000,000港元) 繼續進行而該等物業之業權可轉予本集團；
- (b) 本集團取得該等物之業權及向有關當局申請後，該等物業之用途可變為商住；
- (c) 收購該等物業以完成基準計算，經考慮二零零五年十二月三十一日該等物業之預計市值後，預計將為本集團帶來經濟利益；及鑑於本集團目前之財政狀況及本集團可自內部產生之資金、向其控股公司及／或財務機構墊款而取得之財務資源，本集團符合支付收購及落成該等物業之現金流量要求之能力。

本公司董事認為，按金於報告日期之賬面值不少於其可收回金額。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

20. PAYMENT FOR ACQUISITION OF SUBSIDIARIES

During the year ended 31st December, 2004, the Group entered into conditional agreements with third parties ("Vendor Parties") to acquire the entire interest in 廣州耀陽實業有限公司 ("廣州耀陽") and 88% interest in 東莞市江海貿易有限公司 ("東莞市江海") for an aggregate consideration of approximately HK\$50,000,000. 廣州耀陽 and 東莞市江海 are companies incorporated in the PRC and engaged in the business of sand mining. According to the conditional agreements, the Vendor Parties should procure the Group to obtain all necessary approval from relevant government authorities for the proper transfer of ownership in 廣州耀陽 and 東莞市江海. A deposit of HK\$40,000,000 was paid upon entering into the conditional agreements. During the year, the conditions have been fulfilled and the acquisition was completed.

20. 收購附屬公司付款

截至二零零四年十二月三十一日止年度，本集團與第三方（「賣方」）訂立多項有條件協議，以收購廣州耀陽實業有限公司（「廣州耀陽」）之全部權益及東莞市江海貿易有限公司（「東莞市江海」）之88%權益，總代價約為50,000,000港元。廣州耀陽及東莞市江海均為於中國註冊成立之公司，主要從事採沙業務。根據有條件協議，賣方應促使本集團向有關政府當局取得一切必要之批文，以按適當程序轉讓廣州耀陽及東莞市江海之所有權。為數40,000,000港元之按金已於有條件協議訂立時支付。年內，有關條件已獲達成，而收購經已完成。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

21. GOODWILL

21. 商譽

HK\$'000
港幣千元

COST		
At 1st January, 2004	於二零零四年一月一日	33,469
Arising from acquisition of subsidiaries	收購附屬公司所產生	26,812
Eliminated on disposal of subsidiaries	出售附屬公司時對銷	(33,469)
At 31st December, 2004	於二零零四年十二月三十一日	26,812
Elimination of accumulation amortisation upon the application of HKFRS 3	因應用香港財務報告準則第3號對銷累計攤銷	(1,005)
At 1st January, 2005	於二零零五年一月一日	25,807
Arising from acquisition of subsidiaries	收購附屬公司所產生	9,123
At 31st December, 2005	於二零零五年十二月三十一日	34,930
AMORTISATION AND IMPAIRMENT		
At 1st January, 2004	於二零零四年一月一日	24,144
Provided for the year	年內撥備	1,160
Eliminated on disposal of subsidiaries	出售附屬公司時對銷	(24,299)
At 31st December, 2004	於二零零四年十二月三十一日	1,005
Elimination of accumulation amortisation upon the application of HKFRS 3	因應用香港財務報告準則第3號對銷累計攤銷	(1,005)
At 31st December, 2005	於二零零五年十二月三十一日	—
CARRYING VALUE		
At 31st December, 2005	於二零零五年十二月三十一日	34,930
At 31st December, 2004	於二零零四年十二月三十一日	25,807

Prior to 31st December, 2004, goodwill was amortised over its estimated life of 10 years.

於二零零四年十二月三十一日前，商譽乃按10年之估計年期攤銷。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

21. GOODWILL (Cont'd)

Particulars regarding impairment testing on goodwill are disclosed below:

The carrying value of goodwill as at 31st December, 2005 is attributable to the acquisition of Talent Cosmos Limited of HK\$25,807,000 and acquisition of 廣州耀陽 and 東莞市江海 of HK\$9,123,000 respectively. Talent Cosmos Limited and its subsidiaries are engaged in the business of manufacturing and trading of battery products ("Cash Generating Unit of Battery Products). 廣州耀陽 and 東莞市江海 are engaged in the business segment of sand mining activities ("Cash Generating Unit of Sand Mining).

During the year ended 31st December, 2005, management of the Group determines that there is no impairments of goodwill of the Group to these two cash generating units.

The basis of the recoverable amounts of these cash generating units and their major underlying assumptions are summarised below:

Cash Generating Unit of Battery Products

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 20-year period, and discount rate of 8%. This cash generating unit's cash flow within the first 5-year period are extrapolated using a steady 10% growth rate and no growth rate for the remaining years of the cash flows. Another key assumption for the value in use calculations is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of this cash generating unit to exceed the aggregate recoverable amount of this cash generating unit.

21. 商譽 (續)

有關商譽進行減值測試之詳情披露如下：

於二零零五年十二月三十一日之商譽賬面值乃分別歸因於收購Talent Cosmos Limited之25,807,000港元及收購廣州耀陽及東莞市江海之9,123,000港元。Talent Cosmos Limited及其附屬公司從事電池製造及買賣之業務(「電池之現金產生單位」)。廣州耀陽及東莞市江海從事採砂活動之業務分部(「採砂之現金產生單位」)。

於截至二零零五年十二月三十一日止年度，本集團管理層釐定本集團之商譽並無就該兩個現金產生單位出現減值。

該等現金產生單位之可追回金額之基準及有關主要相關假設概述如下：

電池之現金產生單位

該單位之可追回金額乃根據使用值計算而釐定。有關計算乃利用基於涵蓋20年、並由管理層批准之財務預算之現金流量預測以及8%之折讓率計算。該現金產生單位於首5年期間之現金流量乃使用固定增長率10%推斷，而其餘年度之現金流量則並無增長率。計算使用值之另一重大假設為預算毛利率，此乃基於單位之過往業績及管理層對市場發展之預期而釐定。管理層相信該等假設之任何合理可能變動將不會導致此現金產生單位之賬面總值高出此現金產生單位之可追回總額。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

21. GOODWILL (Cont'd)

Cash Generating Unit of Sand mining

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 10-year period, and discount rate of 8%. This cash generating unit's cash flow within the first 5-year period are extrapolated using a steady 10% growth rate and no growth rate for the remaining years of the cash flows. Another key assumption for the value in use calculations is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of this cash generating unit to exceed the aggregate recoverable amount of this cash generating unit.

22. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES

21. 商譽 (續)

採砂之現金產生單位

該單位之可追回金額乃根據使用值計算而釐定。有關計算乃利用基於涵蓋10年、並由管理層批准之財務預算之現金流量預測以及8%之折讓率計算。該現金產生單位於首5年期間之現金流量乃使用固定增長率10%推斷，而其餘年度之現金流量則並無增長率。計算使用值之另一重大假設為預算毛利率，此乃基於單位之過往業績及管理層對市場發展之預期而釐定。管理層相信該等假設之任何合理可能變動將不會導致此現金產生單位之賬面總值高出此現金產生單位之可追回總額。

22. 於附屬公司之投資／應收附屬公司款項／應付附屬公司款項

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Investments in subsidiaries	於附屬公司之投資		
Shares listed overseas, at cost	海外上市股份，按成本值	139,703	139,703
Unlisted shares, at cost	非上市股份，按成本值	85,037	85,037
Deemed capital contribution	視作資本出資	1,858,032	—
Accumulated impairment losses	累計減值虧損	(1,937,738)	(79,706)
		145,034	145,034
Market value of listed shares	上市股份之市值	15,122	37,344
Amounts due from subsidiaries	應收附屬公司款項		
Amounts due from subsidiaries	應收附屬公司款項	2,008,674	3,779,832
Less: Allowances	減：撥備	(70,991)	(1,944,253)
		1,937,683	1,835,579
Amounts due to subsidiaries	應付附屬公司款項		
Amounts due to subsidiaries	應付附屬公司款項		
— shown under current liabilities	— 於流動負債下列示	737,054	—
Amounts due to subsidiaries	應付附屬公司款項		
— shown under non-current liabilities	— 於非流動負債列示	—	840,225

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

22. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES (Cont'd)

The amounts due from subsidiaries as at 31st December, 2005 are unsecured and repayable in nine years and the amounts have been classified as non-current. Of the amounts, approximately HK\$346,720,000 (2004: HK\$228,449,000) bears interest at prevailing market rate and the remaining balance is non-interest bearing.

The fair values of the amounts due from subsidiaries at 31st December, 2005, determined based on the present value of the estimated future cash flows discounted using the effective interest rate of 8% at the balance sheet date, approximate to the corresponding carrying amount.

As at 31st December, 2004, the amounts due to subsidiaries were unsecured, non-interest bearing and had no fixed repayment terms. In the opinion of the directors, the amounts due to subsidiaries will not be repayable in the next twelve months accordingly, the amounts have been classified as non-current as at 31st December, 2004. As at 31st December, 2005, the amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand, the carrying value of the amounts due to subsidiaries as at 31st December, 2005 approximated to its fair value.

The principal activities of the subsidiaries are set out in note 46.

22. 於附屬公司之投資／應收附屬公司款項／應付附屬公司款項(續)

於二零零五年十二月三十一日之應收附屬公司款項為無抵押且須於九年內償還，而該款項已列作非流動。其中約346,720,000港元(二零零四年：228,449,000港元)按現行市場利率計息，而餘額則為免息。

於二零零五年十二月三十一日，應收附屬公司款項之公平值乃根據按結算日之實際利率8%折讓之估計未來現金流量現值釐定，與相關賬面值相若。

於二零零四年十二月三十一日，應付附屬公司款項為無抵押、免息及無固定還款期。董事認為，應收附屬公司款項將不會於未來十二個月內償還，因此，有關款項於二零零四年十二月三十一日乃列作非流動。於二零零五年十二月三十一日，應付附屬公司款項為無抵押、免息及須於要求時償還，而於二零零五年十二月三十一日之應付附屬公司款項之賬面值與其公平值相若。

附屬公司之主要業務載於附註46。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

23. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES/AMOUNTS DUE TO ASSOCIATES

(a) Interests in associates

		THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
	Notes 附註				
Share of net assets	所佔資產淨值	546,551	334,020	—	—
Goodwill	商譽 (i)	12,187	2,006	—	—
Negative goodwill	負商譽 (ii)	—	(47,058)	—	—
Unlisted convertible notes due from an associate	應收聯營公司之非上市可換股票據 (iii)	—	55,000	—	—
Embedded derivative — conversion option	內在衍生工具 — 換股權 (iv)	—	—	—	—
Loans and interest receivables due from associates	應收聯營公司之應收貸款及利息 (v)	—	81,840	—	—
		558,738	425,808	—	—
Unlisted shares, at cost	非上市股份，按成本值	—	—	2	2
Market value of listed shares in associates	聯營公司之上市股份之市值	317,752	311,480	N/A	N/A

23. 於聯營公司之權益／應收聯營公司款項／應付聯營公司款項

(a) 於聯營公司之權益

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

23. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES/AMOUNTS DUE TO ASSOCIATES (Cont'd)**(a) Interests in associates (Cont'd)**

Notes:

- (i) The amount represented the goodwill arising on acquisitions of associates in prior years. The movement of goodwill is set out below.

		HK\$'000 港幣千元
COST		
At 1st January, 2004	於二零零四年一月一日	91,785
Arising on acquisitions of associates	收購聯營公司所產生	3,931
Realised upon disposal/dilution of interests in associates	出售／攤薄聯營公司權益時變現	(93,710)
<hr/>		
At 31st December, 2004	於二零零四年十二月三十一日	2,006
Arising on acquisitions of associates	收購聯營公司所產生	10,181
<hr/>		
At 31st December, 2005	於二零零五年十二月三十一日	12,187
<hr/>		
AMORTISATION		
At 1st January, 2004	於二零零四年一月一日	10,326
Charge for the year	年內支出	3,059
Realised upon disposal/dilution of interests in associates	出售／攤薄聯營公司權益時解除	(13,385)
<hr/>		
At 31st December, 2004 and 31st December, 2005	於二零零四年十二月三十一日及 二零零五年十二月三十一日	—
<hr/>		
CARRYING VALUES		
At 31st December, 2005	於二零零五年十二月三十一日	12,187
<hr/>		
At 31st December, 2004	於二零零四年十二月三十一日	2,006
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Prior to 31st December, 2004, goodwill had been amortised over 10 years.

- (ii) During the year, a discount on acquisition of HK\$6,601,000 arising on acquisition of additional interests in Wing On has been included as income in the determination of the Group's share of results of associates.

23. 於聯營公司之權益／應收聯營公司款項／應付聯營公司款項 (續)**(a) 於聯營公司之權益 (續)**

附註：

- (i) 該金額指於過往年度收購聯營公司所產生商譽。商譽之變動載列如下：

HK\$'000
港幣千元

		HK\$'000 港幣千元
成本值		
於二零零四年一月一日		91,785
收購聯營公司所產生		3,931
出售／攤薄聯營公司權益時變現		(93,710)
<hr/>		
於二零零四年十二月三十一日		2,006
收購聯營公司所產生		10,181
<hr/>		
於二零零五年十二月三十一日		12,187
<hr/>		
攤銷		
於二零零四年一月一日		10,326
年內支出		3,059
出售／攤薄聯營公司權益時解除		(13,385)
<hr/>		
於二零零四年十二月三十一日及 二零零五年十二月三十一日		—
<hr/>		
賬面值		
於二零零五年十二月三十一日		12,187
<hr/>		
於二零零四年十二月三十一日		2,006
<hr/>		

於二零零四年十二月三十一日前，商譽乃按10年攤銷。

- (ii) 年內，收購於永安之額外權益所產生折讓6,601,000港元已於釐定本集團所佔聯營公司之業績時計入收益表。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

23. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES/AMOUNTS DUE TO ASSOCIATES (Cont'd)

(a) Interests in associates (Cont'd)

Notes: (Cont'd)

(ii) (Cont'd)

Negative goodwill with carrying amount of HK\$47,058,000 as at 31st December, 2004 (1st January, 2004: HK\$111,041,000) was presented as a deduction from the cost of investments in associates. In prior years, negative goodwill was released to income on a straight-line basis of 10 years, representing the remaining weighted average useful life of the depreciable assets acquired. The amount of negative goodwill released to the income statement for the year ended 31st December, 2004 was HK\$10,598,000. All negative goodwill was derecognised on 1st January, 2005 upon the application of HKFRS 3 (see note 2).

Prior to 31st December, 2004, negative goodwill is released to income over a period of 10 years.

(iii) The carrying value of the unlisted convertible notes at 31st December, 2004 represented investments in convertible note issued by Wing On Travel (Holdings) Limited ("Wing On") ("Wing On Note"). The Wing On Note bore interest at 2% per annum and is due for redemption on 14th June, 2007 at HK\$55,000,000. It also entitled the holders at any time after the date of the issuance of the Wing On Note and up to 14th June, 2007 to convert the Wing On Note into shares of Wing On at an initial conversion price of HK\$0.02 per share (subject to adjustment).

The Group subscribed 8,740,000 new ordinary shares of HK\$0.01 each in January and February 2005 and the Group's interest was increased to approximately 21.1%. In April, 2005, the Group further acquired 6,967,700 ordinary shares of HK\$0.01 each in Wing On and converted HK\$55,000,000 convertible notes of Wing On into ordinary share of HK\$1.00 each (being the par value of each share after share consolidation carried that by Wing On) in Wing On at the conversion price of HK\$0.02 per share and the interest in Wing On held by the Group was increased to 27.74%. No Wing On Note were held by the Group as at 31st December, 2005.

23. 於聯營公司之權益／應收聯營公司款項／應付聯營公司款項 (續)

(a) 於聯營公司之權益 (續)

附註：(續)

(ii) (續)

於二零零四年十二月三十一日，賬面值47,058,000港元（二零零四年一月一日：111,041,000港元）之負商譽乃呈列為於聯營公司之投資成本之扣減。於過往年度，負商譽乃以直線法按10年（即所收購可折舊資產之餘下加權平均可使用年期）回撥至收益。於截至二零零四年十二月三十一日止年度之收益表解除之負商譽金額為10,598,000港元。所有負商譽已於二零零五年一月一日應用香港財務報告準則第3號時解除確認（見附註2）。

於二零零四年十二月三十一日前，負商譽乃按10年回撥至收益。

(iii) 非上市可換股票據於二零零四年十二月三十一日之賬面值即於永安所發行可換股票據（「永安票據」）之投資。永安票據按年息二厘計息，並須於二零零七年六月十四日以55,000,000港元連息贖回。永安票據亦賦予其持有人權利，可於永安票據發行日期起至二零零七年六月十四日隨時按每股初步換股價0.02港元（可予調整）將永安票據轉換為永安股份。

本集團分別於二零零五年一月及二月認購8,740,000股每股面值0.01港元之新普通股，而本集團之權益亦增至約21.1%。於二零零五年四月，本集團再購入多6,967,700股每股面值0.01港元之永安普通股，並按每股0.02港元之換股價將55,000,000港元之永安可換股票據轉換成每股1.00港元（即永安進行股份合併後之每股面值）之永安普通股，本集團持有之永安權益因此增至27.74%。本集團於二零零五年十二月三十一日並無持有永安票據。

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23. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES/AMOUNTS DUE TO ASSOCIATES (Cont'd)**(a) Interests in associates (Cont'd)**

Notes: (Cont'd)

- (iv) In accordance with HKAS 39 "Financial Instruments: Recognition and Measurement" issued by the HKICPA, the conversion option element of the Wing On Note represents an embedded derivative instrument which is accounted for separately from the unlisted convertible notes and, as such, to be measured at fair value when initially recorded and at subsequent reporting dates. The fair value of this conversion option, representing a discount on subscription of the Wing On Note, was estimated using the Black-Scholes option pricing model at the date of subscription of the Wing On Note, and as at 31st December, 2004. Comparative figures for 2004 are not required to be restated. From 1st January, 2005 onwards, the Group measured the fair value of the embedded derivatives in accordance with the requirements under HKAS 39 and recognised the fair value of the conversion option of the unlisted convertible note as at 1st January, 2005 of approximately HK\$64,410,000, which increase the derivative instruments included in interests in associates and decrease the deficit as at 1st January, 2005 accordingly. The impact of changes in fair value of this conversion option, taking into account the portion of the conversion option exercised during the year ended 31st December, 2005, was loss of HK\$39,743,000, which have been recognised in the consolidated income statement.
- (v) Loans and interests receivable due from associates are unsecured, carries interest at prevailing market rate and repayable within one year. The fair value of the Group's loans and interest receivables due from associates at 31st December, 2005 approximates to the corresponding carrying amount.

23. 於聯營公司之權益／應收聯營公司款項／應付聯營公司款項 (續)**(a) 於聯營公司之權益 (續)**

附註：(續)

- (iv) 根據香港會計師公會頒佈之香港會計準則第39號「金融工具：確認及計量」，永安票據之換股權成份屬於內在衍生工具，則須與非上市可換股票據分開確認，並於首次確認時以及於其後的報告日期按公平值計量。此換股權之公平值代表認購永安票據之折讓，乃於認購永安票據日期及二零零四年十二月三十一日使用畢蘇期權定價模式估計。二零零四年之比較數字毋須重列。由二零零五年一月一日起，本集團按香港會計準則第39號之規定計量內在衍生工具之公平值，並確認非上市可換股票據換股權於二零零五年一月一日之公平值變動約64,410,000港元，使到計入聯營公司權益之衍生工具增加，而於二零零五年一月一日之虧絀亦相應減少。計及截至二零零五年十二月三十一日止年度內已行使之換股權部份後，此換股權公平值變動產生39,743,000港元之虧損並已於綜合收益表確認。
- (v) 應收聯營公司之應收貸款及利息為無抵押、按現行市場利率計息及須於一年內償還。於二零零五年十二月三十一日，本集團應收聯營公司之應收貸款及利息之公平值與相關賬面值相若。

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23. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES/AMOUNTS DUE TO ASSOCIATES (Cont'd)

(b) Amounts due from associates

		THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Amounts due from associates	應收聯營公司款項	159,214	57,163	2,989	563

The amounts due from associate are unsecured and repayable on demand. Except for amount due from associate of approximately HK\$151,648,000 (2004: HK\$54,247,000) are interest bearing at prevailing market rate, all remaining amount due from associates are non-interest bearing. The fair value of the Group's amount due from associates at 31st December, 2005 approximates to the corresponding carrying amount.

(c) Amounts due to associates

		THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Amounts due to associates	應付聯營公司款項	286	3,737	—	—

The amounts due to associates are unsecured, non-interest bearing and repayable on demand. The fair value of the Group's amounts due to associates at 31st December, 2005 approximated to the corresponding carrying amount.

23. 於聯營公司之權益／應收聯營公司款項／應付聯營公司款項 (續)

(b) 應收聯營公司款項

應收聯營公司款項為無抵押及須於要求時償還。除約151,648,000港元(二零零四年：54,247,000港元)之應收聯營公司款項為按現行市場利率計息外，其餘所有應收聯營公司款項均為免息。於二零零五年十二月三十一日，本集團應收聯營公司款項之公平值與相關賬面值相若。

(c) 應付聯營公司款項

應付聯營公司款項為無抵押及須於要求時償還。於二零零五年十二月三十一日，本集團應付聯營公司款項之公平值與相關賬面值相若。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

23. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES/AMOUNTS DUE TO ASSOCIATES (Cont'd)

(c) Amounts due to associates (Cont'd)

Particulars of the principal associates at 31st December, 2005 are as follows:

Name of associate 本公司間接 聯營公司名稱	Place of the incorporation/ registration/ establishment 註冊成立/ 註冊/ 成立地點	Place of operation 經營業務 之地點	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company 本公司間接 持有已發行 股本/註冊資本 面值之比例 %	Principal activities 主要業務
China Velocity Group Limited ("China Velocity") (notes a and b) 中國高速(集團)有限公司 〔中國高速〕(附註a及b)	Bermuda 百慕達	Hong Kong and PRC 香港及中國	22.65	Property investment and development in the PRC 中國之物業投資及發展
Wing On (notes a and b) 永安(附註a及b)	Bermuda 百慕達	Hong Kong 香港	27.74	Business of providing package tours, travel and other related services 提供旅遊團、旅遊、及 其他相關服務之業務
Hangzhou Zhongce Rubber Company Limited ("HZ Rubber") (note c) 杭州中策橡膠有限公司 〔杭州橡膠〕(附註c)	PRC 中國	PRC 中國	26	Manufacturing of tires 輪胎製造

Notes:

- (a) The shares of China Velocity and Wing On are listed on the Hong Kong Stock Exchange.
- (b) These companies are a limited liability company incorporated in the respective jurisdiction.
- (c) This is a PRC sino-foreign equity joint venture.

附註:

- (a) 中國高速及永安之股份於香港聯交所上市。
- (b) 此為於所屬司法權區註冊成立之有限公司。
- (c) 此乃中外合資合營公司。

23. 於聯營公司之權益/應收聯營公司款項/應付聯營公司款項(續)

(c) 應付聯營公司款項(續)

於二零零五年十二月三十一日，各主要聯營公司之詳情如下：

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23. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES/AMOUNTS DUE TO ASSOCIATES (Cont'd)

(c) Amounts due to associates (Cont'd)

The above table lists the associates of the Group which, in the opinion of the directors, constituted a substantial portion of the share of results or of net assets of the associates. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The summarised financial information in respect of the Group's major associates is set out below:

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Turnover	營業額	8,382,622	6,519,685
Profit (loss) for the year	年度溢利(虧損)	133,498	(102,198)
Profit (loss) for the year attributable to the Group	本集團應佔年度溢利(虧損)	36,639	(17,266)
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Total assets	總資產	7,431,386	5,875,595
Total liabilities	總負債	(5,037,199)	(4,049,781)
Net assets	資產淨值	2,394,187	1,825,814
Share of net assets by the Group:	本集團所佔資產淨值：		
As at 31st December	於十二月三十一日	520,772	333,708
Market value of interest held by the Group	本集團所持權益市值	317,752	311,480

23. 於聯營公司之權益／應收聯營公司款項／應付聯營公司款項(續)

(c) 應付聯營公司款項(續)

上表列出董事認為可構成聯營公司所佔業績或資產淨值主要部份之本集團聯營公司。董事認為提供其他聯營公司之詳情會令篇幅過份冗長。

有關本集團之主要聯營公司之概要財務資料載列如下：

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24. LOANS AND INTEREST RECEIVABLES

24. 應收貸款及應收利息

		THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Loans and interest receivables	應收貸款及應收利息				
— secured (note a)	— 有抵押 (附註a)	302,061	230,105	—	—
— unsecured (note b)	— 無抵押 (附註b)	492,967	666,513	35,223	35,223
Promissory note and its interest receivables (note b)	承付票及其利息 (附註b)	9,292	6,735	9,292	6,735
		804,320	903,353	44,515	41,958
Less: Allowances	減：撥備	(340,088)	(302,643)	(35,223)	(35,223)
		464,232	600,710	9,292	6,735
Less: Amounts due within one year and repayable on demand	減：一年內到期並須於要求時償還之款項	(464,232)	(563,666)	(9,292)	(6,735)
Amounts due after one year	一年後到期之款項	—	37,044	—	—

Notes:

(a) Included in secured loans and interests receivables were amounts of approximately HK\$99,616,000 (2004: HK\$109,286,000) and approximately HK\$165,422,000 (2004: HK\$120,819,000) due from Danwei Limited ("Danwei") and Lucklong Venture Limited ("Lucklong") respectively. Allowances made in the loans receivables due from Danwei and Lucklong as at 31st December, 2005 were approximately HK\$180,838,000 (2004: HK\$143,905,000) with reference to the market value of the collateral secured to the Group. Shares in certain property holding companies held by Danwei and Lucklong were pledged to the Group as securities to the loans receivables.

The loan receivables carry interest at the prevailing market rate ranging from 8% to 12% and repayable on demand.

(b) The amount are unsecured, carries interest at prevailing market rate ranging from 8% to 12%. Included in unsecured loan and interest receivables were amounts of approximately HK\$80,308,000 (2004: HK\$80,021,000) due from subsidiaries of investees.

The fair value of the Group's loan and interest receivables as at balance sheet date approximate to the carrying amount of the receivables.

附註：

(a) 有抵押貸款及應收利息中包括分別應收Danwei Ltd. (「Danwei」) 及Lucklong Venture Ltd. (「Lucklong」) 約99,616,000港元(二零零四年：109,286,000港元)及約165,422,000港元(二零零四年：120,819,000港元)之款項。於二零零五年十二月三十一日，就應收Danwei及Lucklong之貸款作出之撥備約為180,838,000港元(二零零四年：143,905,000港元)，此乃參考提供予本集團之抵押品之市值而釐訂。若干公司之股份已予抵押，作為本集團向Danwei及Lucklong提供貸款之抵押品。

此應收貸款均按8%至12%不等之現行市場利率計息。

(b) 該款項為無抵押並按8%至12%不等之現行市場利率計息。應收無抵押貸款及利息包括應收所投資公司之附屬公司約80,308,000港元(二零零四年：80,021,000港元)之款項。

於結算日，本集團之應收貸款及利息之公平值與應收款項之賬面值相若。

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25. INVESTMENTS IN SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS/INVESTMENTS IN SECURITIES HELD FOR TRADING

25. 按公平值計入損益表之證券投資／持作買賣證券投資

		THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Equity securities:	股本證券：				
Listed	上市	38,467	91,081	—	—
Unlisted	非上市	61,748	76,909	—	—
		100,215	167,990	—	—
Debt securities:	債務證券：				
Unlisted	非上市	24,431	45,084	—	—
Club debentures	會所債券	825	825	825	825
Total	總計	125,471	213,899	825	825
Total and reported as:	總計及列作：				
Listed	上市				
Hong Kong	香港	38,467	80,415	—	—
Elsewhere	其他地方	—	10,666	—	—
Unlisted	非上市	38,467	91,081	—	—
		87,004	122,818	825	825
		125,471	213,899	825	825
Classified under	分類為				
Investments in securities held for trading included in current assets	計入流動資產之持作買賣證券投資	7,552	19,849	—	—
Investments in securities at fair value through profit or loss included in non-current asset	計入非流動資產之按公平值計入損益表之證券投資	117,919	194,050	825	825
		125,471	213,899	825	825
Market value of listed securities	上市證券之市值	38,467	91,081	—	—

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25. INVESTMENTS IN SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS/INVESTMENTS IN SECURITIES HELD FOR TRADING (Cont'd)

The carrying value of unlisted equity securities in Hong Kong at 31st December, 2005 included an amount of HK\$43,498,000 (2004: HK\$43,498,000), representing 9.76% (2004: 9.76%) interest in Apex Quality Group Limited ("Apex"). Apex is incorporated in the British Virgin Islands and engaged in hotel and leisure related business. The fair value of the unlisted equity securities are determined based on the present value of the estimated future cash flow discounted using the effective interest rate at the balance sheet date, approximates to the corresponding carrying amount.

The carrying value of unlisted debt securities at 31st December, 2005 represented a convertible note issued by a company incorporated in Australia which is engaged in the business of fruit trading. The convertible note bears interest at 8% per annum and will be matured on 29th March, 2008. The fair value of the unlisted debt securities are determined based on the present value of the estimated future cash flow discounted using the effective interest rate at the balance sheet date, approximates to the corresponding carrying amount.

The fair value of the Group's investments in securities at fair value through profit or loss and investments in securities held for trading at 31st December, 2005 approximates to the corresponding carrying amount.

The carrying value of investments in securities as at 31st December, 2004 (which previously were classified and measured under benchmark treatment in accordance with SSAP 24 issued by the HKICPA) were reclassified to appropriate categories upon application of HKAS 39 on 1st January, 2005.

25. 按公平值計入損益表之證券投資／持作買賣證券投資(續)

於二零零五年十二月三十一日，香港非上市證券之賬面值包括43,498,000港元（二零零四年：43,498,000港元）之金額，佔Apex Quality Group Limited（「Apex」）9.76%（二零零四年：9.76%）之權益。Apex於英屬處女群島註冊成立，從事酒店及消閒相關業務。非上市股本證券之公平值乃根據按結算日之實際利率折讓之估計未來現金流量現值釐定，與相關賬面值相若。

於二零零五年十二月三十一日之非上市債務證券賬面值指一間於澳洲註冊成立並從事水果買賣之公司所發行可換股票據。該可換股票據按年率8%計息，並將於二零零八年三月二十九日到期。非上市債務證券之公平值乃根據按結算日之實際利率折讓之估計未來現金流量現值釐定，與相關賬面值相若。

於二零零五年十二月三十一日，本集團之按公平值計入損益表之證券投資之公平值與相關賬面值相若。

於二零零四年十二月三十一日之證券投資之賬面值（過往根據香港會計師公會頒佈之會計實務準則第24號以基準處理進行分類及計量）已於二零零五年一月一日應用香港會計準則第39號時重新分類至適當範疇。

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26. OTHER ASSET

The amount represents cost incurred in connection with a land development project in the PRC. The project is a land development of 珠海市龍山智業產業園 located in Long Shan Development Area, Doumen District, Zhuhai City and is to be jointly developed with 珠海市龍山工業區管理委員會. The Group is entitled to the exclusive development right to the project and also the right to obtain the land for the development ("Other Asset"). The Group is also entitled to sell the Other Asset to investors at consideration to be agreed among themselves.

The amount of approximately HK\$229,288,000 (2004: approximately HK\$227,167,000) was paid by the Group for obtaining the exclusive development right to the project and in obtaining certain parts of the right for land development.

As the directors are of the opinion that the Other Asset is held for sale, the cost incurred for the Other Asset is included in current asset accordingly.

The directors has assessed the carrying value of the Other Asset with reference to the valuation performed by Norton Appraisal Limited, an independent valuer, on open market value basis and no impairment loss is identified.

26. 其他資產

此數額指國內土地發展項目產生之成本。該項目為珠海市龍山智業產業園之土地發展項目，位於珠海市斗門區龍山發展區，將由集團與珠海市龍山工業區管理委員會共同發展。本集團享有項目之獨家發展權及享有權利取得土地以再發展（「其他資產」）。本集團亦有權按協定代價將其他資產售予投資者。

本集團已就取得項目之獨家發展權及部份項目土地發展權支付約229,288,000港元（二零零四年：約227,167,000港元）。

由於董事視其他資產為持作發售，故其他資產所產生之成本乃列作流動資產。

董事已參考獨立估值師普頓國際評估有限公司按公開市值基準所作估值評估其他資產之賬面值，並無發覺有減值虧損。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

27. INVENTORIES

27. 存貨

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
As cost less provision:	成本值減撥備		
Raw materials	原料	5,358	8,004
Finished goods	製成品	7,051	5,704
		12,409	13,708

Included in above are raw materials of HK\$5,358,000 and finished goods of HK\$7,051,000 which are carried at net realisable value (2004: Finished goods of HK\$5,704,000).

上述包括按可變現淨值列賬之原料及製成品分別5,358,000港元及7,051,000港元(二零零四年:製成品5,704,000港元)。

The cost of inventories recognised as an expense during the year was approximately HK\$26,780,000 (2004: HK\$76,066,000).

於年內確認為開支之存貨成本約為26,780,000港元(二零零四年:76,066,000港元)。

28. TRADE RECEIVABLES

28. 應收貿易賬款

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Trade receivables	應收貿易賬款	5,737	7,441
Less: accumulated impairment	減: 累計減值	(964)	(461)
		4,773	6,980

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28. TRADE RECEIVABLES (Cont'd)

The Group allows its trade customers with credit period normally ranging from 90 days to 180 days. The aged analysis of the trade debtors at the balance sheet date is as follows:

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
0 — 90 days	0至90日	4,408	6,832
91 — 180 days	91至180日	365	114
Over 180 days	180日以上	—	34
		4,773	6,980

The carrying amount of the Group's trade receivables at 31st December, 2005 approximates to the corresponding fair value.

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

Included in trade payables, other payables and accrued charges are trade payables of HK\$5,336,000 (2004: HK\$4,964,000) with the following aged analysis:

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
0 — 90 days	0至90日	2,980	1,613
91 — 180 days	91至180日	929	2,838
Over 180 days	180日以上	1,427	513
		5,336	4,964

The carrying amount of the Group's trade payables at 31st December, 2005 approximates to the corresponding fair value.

28. 應收貿易賬款 (續)

本集團一般給予貿易客戶為期90至180日之賒賬期。於結算日之應收貿易賬款之賬齡分析如下：

於二零零五年十二月三十一日，本集團之貿易應收賬款之賬面值與相關公平值相若。

29. 應付貿易賬款、其他應付款項及應計費用

應付貿易賬款、其他應付款項及應計費用包括應付貿易賬款5,336,000港元(二零零四年：4,964,000港元)，其賬齡分析如下：

於二零零五年十二月三十一日，本集團之貿易應付賬款之賬面值與相關公平值相若。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

30. AMOUNTS DUE TO RELATED COMPANIES

Details of the amounts due to related companies are as follows:

		THE GROUP 本集團		THE COMPANY 本公司		
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	
		Notes 附註				
Nation Cheer Investment Limited	志恒投資有限公司	(i)	199,126	184,943	199,126	184,943
Cycle Company Limited and Gunnell Properties Limited	旋高有限公司及Gunnell Properties Limited	(i)	556	417	—	—
ITC Management Limited	德祥企業管理有限公司	(ii)	605	275	605	275
			200,287	185,635	199,731	185,218
Less: Amounts shown under current liabilities	減：於非流動負債列示之款項		(200,287)	(692)	(199,731)	(275)
			—	184,943	—	184,943

Notes:

- (i) The companies are wholly-owned subsidiaries of substantial shareholders of the Company.
- (ii) ITC Management Limited is a wholly-owned subsidiary of ITC Corporation Limited, a shareholder of the Company's substantial shareholder.

At 31st December, 2005, all amounts are repayable on demand. At 31st December, 2004, other than HK\$184,943,000 which was repayable after one year from 31st December, 2004, all remaining balances were repayable on demand.

All amounts are unsecured, carry interest at prevailing market rate ranging from 8% to 10%. The fair value of the Group's amounts due to related companies at 31st December, 2005 approximates to the corresponding carrying amount.

31. PAYABLES

The amounts are unsecured, carry interest at prevailing market rate ranging from 8% to 10% per annum and are repayable on demand. The fair value of the Group's payables at 31st December, 2005 approximates to the corresponding carrying amount.

30. 應付關連公司款項

應付關連公司款項之詳情如下：

		THE GROUP 本集團		THE COMPANY 本公司		
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	
		Notes 附註				
Nation Cheer Investment Limited	志恒投資有限公司	(i)	199,126	184,943	199,126	184,943
Cycle Company Limited and Gunnell Properties Limited	旋高有限公司及Gunnell Properties Limited	(i)	556	417	—	—
ITC Management Limited	德祥企業管理有限公司	(ii)	605	275	605	275
			200,287	185,635	199,731	185,218
Less: Amounts shown under current liabilities	減：於非流動負債列示之款項		(200,287)	(692)	(199,731)	(275)
			—	184,943	—	184,943

附註：

- (i) 該等公司為本公司主要股東之全資附屬公司。
- (ii) 德祥企業管理有限公司為德祥企業集團有限公司之全資附屬公司，德祥企業集團有限公司為本公司主要股東之股東。

於二零零五年十二月三十一日，所有款項均須於要求時償還。於二零零四年十二月三十一日，除卻184,943,000港元之應付款項為於二零零四年十二月三十一日起計一年後償還外，其餘款項均須於要求時償還。

所有款項均為無抵押並按8%至10%不等之現行市場利率計息。於二零零五年十二月三十一日，本集團應付關連公司款項之公平值與相關賬面相若。

31. 應付款項

所有款項均為無抵押並按8%至10%不等之現行市場利率計息。於二零零五年十二月三十一日，本集團應付款項之公平值與相關賬面相若。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

32. BANK LOANS AND OTHER BORROWINGS

32. 銀行貸款及其他借貸

		THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Bank loans	銀行貸款	1,412	2,245	—	—
Obligations under finance leases (note a)	融資租約債項 (附註a)	3	13	3	13
Bank overdrafts	銀行透支	7,212	6,800	—	—
Other borrowings (note b)	其他借貸 (附註b)	—	33,567	—	—
		8,627	42,625	3	13
Secured	有抵押	8,627	42,098	3	13
Unsecured	無抵押	—	527	—	—
		8,627	42,625	3	13
Carrying amount repayable:	須於以下年期償還 賬面值：				
On demand or within one year	於要求時或一年內	8,627	42,622	3	10
More than one year, but not exceeding two years	一年後但不超過 兩年	—	3	—	3
		8,627	42,625	3	13
Less: Amount due within one year shown under current liabilities	減：一年內到期並 列作流動負債 之款項	(8,627)	(42,622)	(3)	(10)
		—	3	—	3

Bank overdrafts are repayable on demand. The bank loans carries interest at prevailing market rate ranging from 8% to 10% and were secured by the Group's bank deposits and investment in securities. These were no undrawn facilities as at 31st December, 2005 and 2004.

The Group's bank and other borrowings are denominated in Hong Kong Dollars.

The fair value of the Group's bank and other borrowings at 31st December, 2005 approximates to the corresponding carrying amount.

銀行透支須於要求時償還。銀行貸款按8%至10%不等之現行市場利率計息，並以本集團之銀行存款及證券投資作擔保。於二零零五年及二零零四年十二月三十一日，並無未動用信貸。

本集團之銀行及其他借貸以港元為單位。

於二零零五年十二月三十一日，本集團之銀行及其他借貸之公平值與相關賬面值相若。

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

32. BANK LOANS AND OTHER BORROWINGS (Cont'd)

Notes:

(a)

		Minimum lease payments 最低租約付款				Present value of minimum lease payments 最低租約付款之現值			
		THE GROUP 本集團		THE COMPANY 本公司		THE GROUP 本集團		THE COMPANY 本公司	
		2005	2004	2005	2004	2005	2004	2005	2004
		二零零五年 HK\$'000 港幣千元	二零零四年 HK\$'000 港幣千元	二零零五年 HK\$'000 港幣千元	二零零四年 HK\$'000 港幣千元	二零零五年 HK\$'000 港幣千元	二零零四年 HK\$'000 港幣千元	二零零五年 HK\$'000 港幣千元	二零零四年 HK\$'000 港幣千元
Amounts payable under finance leases:	根據融資租約 應付金額：								
Within one year	一年內	4	14	4	14	3	10	3	10
In the second to fifth years inclusive	第二至第五年 (包括首尾 兩年)	—	4	—	4	—	3	—	3
		4	18	4	18	3	13	3	13
Less: Future finance charges	減：未來融資 費用	(1)	(5)	(1)	(5)	—	—	—	—
Present value of lease obligations	租約債項現值	3	13	3	13	3	13	3	13
Less: Amount due within one year	減：一年內到 期之金額					(3)	(10)	(3)	(10)
Amount due after one year	一年後到期之金額					—	3	—	3

The average lease term is one (2004: two) year. For the year ended 31st December, 2005, the average effective borrowing rate was 3.2% (2004: 9.4%). Interest rate is fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases contract are secured by the lessor's charge on the hired assets.

- (b) As at 31st December, 2004, the amount was secured, carried interest at prevailing market rates ranged from 8% to 12% per annum and was fully repaid during the year.

32. 銀行貸款及其他借貸(續)

附註：

(a)

租約平均為期一年(二零零四年：兩年)。截至二零零五年十二月三十一日止年度，平均實質借貸利率為3.2厘(二零零四年：9.4厘)。息率於訂立合同日期釐定。所有租約按固定還款年期訂立，且並無訂立有關或然租賃付款之安排。

本集團之債項以出租人在租賃資產設立之押記作抵押。

- (b) 於二零零四年十二月三十一日，該款項為有抵押，按每年8%至12%不等之現行市場利率計息，並已於年內全數償還。

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

33. SHARE CAPITAL

33. 股本

		Number of shares 股份數目	Value 價值 HK\$'000 港幣千元
<i>Authorised:</i> 法定：			
Ordinary shares of HK\$0.10 each at 31st December, 2004 and 2005	每股面值0.10港元之普通股 於二零零四年及二零零五年 十二月三十一日	8,000,000,000	800,000
<i>Issued and fully paid:</i> 已發行及繳足：			
Ordinary shares of HK\$0.10 each at 1st January, 2004	每股面值0.10港元之普通股 於二零零四年一月一日	856,595,087	85,660
Issue of shares	發行股份	25,000,000	2,500
Ordinary shares of HK\$0.10 each at 31st December, 2004 and 2005	每股面值0.10港元之普通股 於二零零四年及二零零五年 十二月三十一日	881,595,087	88,160

As explained in note 1, the Company proposed to carry out the Capital Reorganization which involve, inter alia, the followings:

誠如附註1所述，本公司建議進行股本重組，當中涉及(其中包括)下列各項：

- | | |
|--|--|
| (i) cancellation of the paid-up capital of HK\$0.05 on each issued share of the Company and reduction in the nominal value of each issued share from HK\$0.10 to HK\$0.05 ("Capital Reduction") and the cancellation of the entire share premium account of the Company; | (i) 註銷每股本公司已發行股份之繳足股本0.05港元，將每股已發行股份之面值由0.10港元削減至0.05港元(「削減股本」)，以及註銷本公司之全部股份溢價賬； |
| (ii) subdivision of each authorized but unissued share of the Company into two reduced shares of HK\$0.05 each ("Subdivision"); | (ii) 將每股法定但未發行之股份拆細成為兩股每股面值0.05港元之削減股份(「拆細」)； |
| (iii) every two reduced shares of the Company of HK\$0.05 each arising from the Capital Reduction and Subdivision will then be consolidated into one ordinary share of HK\$0.10; and | (iii) 削減股本及拆細後，每兩股每股面值0.05港元之本公司經削減股份將合併成為一股面值0.10港元之普通股；及 |
| (iv) the credits of approximately HK\$44,079,000 and HK\$1,900,916,000 resulting from the Capital Reduction and the cancellation of the share premium account, respectively to the special capital reserve account of the Company. | (iv) 將分別因削減股本及註銷股份溢價賬分別所產生之進賬款項約44,079,000港元及1,900,916,000港元，計入本公司之特別資本儲備中。 |

The Capital Reorganisation was not yet completed at the date of this report.

截至本報告日期，股本重組仍未完成。

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34. SHARE OPTIONS

The Company

The 2002 Scheme

On 4th June, 2002, the Company adopted a share option scheme ("2002 Scheme") which is effective for a period of ten years for the primary purpose of providing incentives to directors and eligible employees. Under the 2002 Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company for a consideration of HK\$1. Options granted must be taken up within 30 days of the date of grant, upon payment of HK\$1 per grant. Options granted are exercisable not later than ten years after the date the options are granted. The exercise price, subject to adjustment, is determined by the Board of Directors of the Company and will not be less than the highest of (i) the closing price of the Company's share on the date of options granted; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The total number of shares in respect of which options may be granted under the 2002 Scheme is not permitted to exceed 46,097,894 shares, representing 10% of the issued share capital of the Company as at the date of adoption of 2002 Scheme. Subject to the issue of a circular and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") from time to time, the Board may refresh the limit at any time to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meeting. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the aggregate number of shares of the Company in issue and issuable under 2002 Scheme at any point in time, without prior approval from the Company's shareholders.

There were no options granted during the year ended 31st December, 2005 under the 2002 Scheme.

34. 購股權

本公司

二零零二年計劃

於二零零二年六月四日，本公司採納新購股權計劃（「二零零二年計劃」），該計劃有效期為十年，主要為董事及合資格僱員提供原動力。根據二零零二年計劃，本公司董事會可向合資格僱員（包括本公司及其附屬公司之執行董事）授予購股權以認購本公司股份，並就此收取1港元之代價。已授出之購股權須於授出日期起計三十日內接納，並於接納之時支付每份1港元之費用。已授出之購股權可於購股權授出日期起計十年內行使。行使價（可予調整）由本公司董事會釐定，且不會少於以下三者之最高者：(i)本公司股份於授予購股權當日之收市價；(ii)本公司股份在緊接購股權授出日期前五個營業日之平均收市價；及(iii)本公司股份之面值。

根據二零零二年計劃可授出之購股權涉及之股份總數不得超逾46,097,894股股份，即本公司於採納二零零二年計劃日期時本公司已發行股本之10%。在刊發一份通函及獲本公司股東於股東大會批准之前提下，及／或遵守香港聯交所證券上市規則不時訂出之其他規定下，董事會可隨時更新該限額至本公司股東於股東大會批准當日之已發行股份總數之10%。向任何人士授予之購股權所涉及之股份數目不得超逾二零零二年計劃項下不時已發行及可予發行之本公司股份總數之1%，惟取得本公司股東事先批准者則不在此限。

於截至二零零五年十二月三十一日止年度內並無根據二零零二年計劃授出任何購股權。

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34. SHARE OPTIONS (Cont'd)

The Company (Cont'd)

The 2002 Scheme (Cont'd)

A summary of the movements of share options under the 2002 Scheme during the year ended 31st December, 2004 were as follows:

Employees

Date of grant 授出日期	Exercisable period 行使期	Exercise price 行使價 HK\$ 港元	Number of shares under option 購股權涉及之股份數目			
			Outstanding at 1.1.2004 於二零零四年 一月一日 尚未行使	Granted during the year 年內授出	Exercised during the year 年內獲行使	Outstanding at 31.12.2004 於二零零四年 十二月三十一日 尚未行使
8.1.2004 二零零四年一月八日	8.1.2004 to 7.1.2009 二零零四年一月八日 至二零零九年一月七日	0.1776	—	25,000,000	(25,000,000)	—

Subsidiary

China Enterprises Limited

Pursuant to the Executive Share Option Scheme adopted on 7th June, 1994 and effective for a period of ten years after the date of the adoption of the scheme, China Enterprises Limited granted options to officers and employees, and directors who are also employees, of China Enterprises Limited and its subsidiaries to subscribe for common stock in China Enterprises Limited for a consideration of HK\$1 for the primary purpose of providing incentives to officers, directors and eligible employees, subject to a maximum of 910,000 shares. The Executive Share Option Scheme was expired on 6th June, 2004. Shares of common stock to be issued upon the exercise of options will be authorised and unissued shares. An independent committee (the "Committee") of China Enterprises Limited board of directors was formed to monitor and consider the granting of options under the scheme. The subscription price will be determined by the Committee, and will not be less than 80% of the average closing price of shares of common stock over the five trading days immediately preceding the date of offer of the option.

34. 購股權 (續)

本公司 (續)

二零零二年計劃 (續)

二零零二年計劃項目下之購股權於截至二零零四年十二月三十一日止年度之變動概要如下：

僱員

Date of grant 授出日期	Exercisable period 行使期	Exercise price 行使價 HK\$ 港元	Number of shares under option 購股權涉及之股份數目			
			Outstanding at 1.1.2004 於二零零四年 一月一日 尚未行使	Granted during the year 年內授出	Exercised during the year 年內獲行使	Outstanding at 31.12.2004 於二零零四年 十二月三十一日 尚未行使
8.1.2004 二零零四年一月八日	8.1.2004 to 7.1.2009 二零零四年一月八日 至二零零九年一月七日	0.1776	—	25,000,000	(25,000,000)	—

附屬公司

China Enterprises

China Enterprises於一九九四年六月七日採納行政人員購股權計劃，該計劃由採納日期起十年內有效。根據計劃之條款，China Enterprises向China Enterprises及其附屬公司之高級人員及僱員(董事亦屬僱員)授予購股權以認購China Enterprises之普通股，上限為910,000股股份，並就此收取1港元之代價。設立計劃之主要目的是為高級人員、董事及合資格僱員提供原動力。行使購股權所發行之普通股股份將為法定及未發行股份。China Enterprises之董事會成立獨立委員會(「委員會」)，監管及考慮根據計劃授出購股權。認購價由委員會釐定，惟不會低於普通股股份在授予購股權建議日期前五個交易日之平均收市價之80%。

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

34. SHARE OPTIONS (Cont'd)

Subsidiary (Cont'd)

China Enterprises Limited (Cont'd)

At 31st December, 2004 and 31st December, 2005, there was no shares issuable under the above scheme. The total number of shares in respect of which options may be granted under the schemes is not permitted to exceed 910,000 of the shares of China Enterprises Limited in issue at any point in time, without prior approval from China Enterprises Limited shareholders. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 25% of the shares of China Enterprises in issue at any point in time, without prior approval from China Enterprises Limited shareholders.

35. RESERVES

		Share premium 股份溢價 HK\$'000 港幣千元	Special capital reserve 特別資本儲備 HK\$'000 港幣千元	Capital redemption reserve 資本贖回儲備 HK\$'000 港幣千元	Deficit 虧絀 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
THE COMPANY	本公司					
At 1st January, 2004	於二零零四年一月一日	1,898,976	414,881	233	(1,251,814)	1,062,276
Exercise of share options	行使購股權	1,940	—	—	—	1,940
Loss for the year	年度虧損	—	—	—	(144,053)	(144,053)
At 31st December, 2004	於二零零四年十二月三十一日	1,900,916	414,881	233	(1,395,867)	920,163
Effect of changes in accounting policies (note 3)	會計政策變動之影響 (附註3)	—	—	—	62,239	62,239
At 1st January, 2005 (as restated)	於二零零五年一月一日 (重列)	1,900,916	414,881	233	(1,333,628)	982,402
Profit for the year	本年度溢利	—	—	—	103,180	103,180
At 31st December, 2005	於二零零五年十二月三十一日	1,900,916	414,881	233	(1,230,448)	1,085,582

The special capital reserve of the Company represents the amount arising from the capital reduction carried out by the Company during the year ended 31st December, 2001.

34. 購股權 (續)

附屬公司 (續)

China Enterprises (續)

於二零零四年十二月三十一日及二零零五年十二月三十一日，並無股份可根據上述計劃而發行。根據該計劃可授出之購股權涉及之股份總數不得超逾China Enterprises不時已發行股份數目之910,000股，惟取得China Enterprises股東事先批准者則不在此限。向任何人士授予之購股權所涉及之股份數目不得超逾China Enterprises不時已發行股份之25%，惟取得China Enterprises股東事先批准者則不在此限。

35. 儲備

本公司之特別資本儲備代表本公司於截至二零零一年十二月三十一日止年度進行削減股本所產生之金額。

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

36. DISPOSAL OF INTERESTS IN SUBSIDIARIES

During the year ended 31st December, 2004, the Group disposed of its 100% interest in Tung Fong Hong Investment Limited ("TFHI"). Details of the assets and liabilities of the subsidiaries disposed of were as follows:

36. 出售附屬公司權益

於截至二零零四年十二月三十一日止年度內，本集團出售其於Tung Fong Hong Investment Limited(「TFHI」)之全部權益。出售之附屬公司之資產與負債詳情如下：

		2004 二零零四年 HK\$'000 港幣千元
Net assets disposed of:	已出售資產淨值：	
Property, plant and equipment	物業、廠房及設備	34,924
Interests in associates	於聯營公司之權益	14,808
Inventories	存貨	49,319
Trade debtors	應收貿易賬款	12,112
Other receivables, deposits and prepayments	其他應收款項、按金及預付款項	8,436
Bank balances and cash	銀行結餘及現金	22,176
Trade creditors, other payables and accrued charges	應付貿易賬款、其他應付款項及應計費用	(43,316)
Income and other taxes payable	應繳所得稅及其他應繳稅項	(30)
Bank loans and other borrowings	銀行貸款及其他借貸	(60,197)
Obligations under finance leases	融資租約債項	(149)
		38,083
Goodwill realised	已變現商譽	9,170
Exchange reserve realised	已變現匯兌儲備	13
		47,266
Loss on disposal/dilution	出售／攤薄之虧損	(5,266)
		42,000
Satisfied by:	支付方式：	
Cash	現金	35,500
Promissory note included in loans receivable	計入應收貸款之承付票	6,500
		42,000
Analysis of the net inflow of cash and cash equivalents in connection with the disposal/dilution of subsidiaries:	有關出售／攤薄附屬公司之現金及現金等額流入淨額分析：	
Cash consideration received	已收取之現金代價	35,500
Bank balances and cash disposed of	已出售之銀行結餘及現金	(22,176)
Net inflow of cash and cash equivalents	現金及現金等額流入淨額	13,324

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

37. ACQUISITION OF SUBSIDIARIES

- (a) On 30th June, 2005, the Group acquired 88% and 100% of the issued share capital of 東莞市江海 and 廣州耀陽, respectively, for an aggregate cash consideration of HK\$50 million. The two newly acquired subsidiaries are incorporated in the PRC and engaged in the business of sand mining. These transactions have been accounted for using the purchase method of accounting. The directors are of the view that it is impracticable to disclose the revenue and the results for the six months ended 30th June, 2005 as if the acquisition had been effected on 1st January, 2005 since such information was not provided by the vendor.

The assets acquired in the transaction, and the goodwill arising, are as follow:

37. 收購附屬公司

- (a) 於二零零五年六月三十日，本集團分別收購東莞市江海及廣州耀陽已發行股本之88%及100%，總現金代價為50,000,000港元。此兩家新收購附屬公司乃於中國註冊成立，從事採砂業務。該等交易以會計購買方法入賬。董事認為，假設收購於二零零五年一月一日已經生效而披露截至二零零五年六月三十日止六個月之收入及業績並不可行，蓋因賣方並無提供有關資料。

透過交易所收購之資產以及由此產生之商譽如下：

		2005 二零零五年		
		Acquiree's carrying amount before combination 被收購公司於合併 前之賬面值 HK\$'000 港幣千元	Fair value adjustments 公平值調整 HK\$'000 港幣千元	Fair value 公平值 HK\$'000 港幣千元
Net assets acquired:	所收購資產淨值：			
Property, plant and equipment	物業、廠房及設備	50,165	63,019	113,184
Inventories	存貨	6	—	6
Trade receivables	應收貿易賬款	75	—	75
Other receivables, deposits and prepayments	其他應收款項、按金及預付款項	647	—	647
Bank balances and cash	銀行結餘及現金	349	—	349
Creditors, other payables and accrued charges	應付賬款、其他應付款項及應計費用	(244)	—	(244)
Amounts due to former shareholders	應付前股東款項	(49,770)	—	(49,770)
Deferred tax liabilities	遞延稅項負債	—	(20,796)	(20,796)
		1,228	42,223	43,451
Minority interests	少數股東權益	(48)	(2,526)	(2,574)
		1,180	39,697	40,877
Goodwill on acquisition	收購產生之商譽			9,123
				50,000
Satisfied by:	支付方式：			
— Cash	— 現金			10,000
— Deposit paid for acquisition of subsidiaries	— 收購附屬公司之已付按金			40,000
				50,000
Net cash outflow arising on acquisition:	收購產生之現金流出淨額：			
Cash consideration paid	已付現金代價			(10,000)
Cash and cash equivalents acquired	所收購現金及現金等額			349
				(9,651)

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

37. ACQUISITION OF SUBSIDIARIES (Cont'd)

(a) (Cont'd)

The goodwill arising on the acquisition is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

東莞市江海 and 廣州耀陽 contributed HK\$5,298,000 to the Group's turnover and loss of HK\$3,735,000 to the Group's loss before taxation for the period between the date of acquisition and the balance sheet date.

- (b) During the year ended 31st December, 2004, the Group acquired a 80% interest in Talent Cosmos Limited for a consideration of HK\$30 million. The effect of the acquisition is summarised as follows:

37. 收購附屬公司

(a) (續)

收購產生之商譽於在有關海域經營之採砂業務的預期盈利能力以及預期合併可創造的營運協同效益。

東莞市江海及廣州耀陽於收購日期至結算日期間，為本集團之營業額帶來5,298,000港元之貢獻，並為本集團之稅前虧損帶來3,735,000港元之虧損。

- (b) 於截至二零零四年十二月三十一日止年度，本集團以30,000,000港元之代價收購才宇有限公司之80%權益。收購之影響概述如下：

		2004 二零零四年 HK\$'000 港幣千元
Net assets acquired:	已購入資產淨值：	
Property, plant and equipment	物業、廠房及設備	27,465
Investment in securities	證券投資	4,160
Interests in associates	於聯營公司之權益	386
Inventories	存貨	10,079
Trade debtors	應收貿易賬款	8,760
Bank balances and cash	銀行結餘及現金	3,256
Creditors, other payables and accrued charges	應付賬款、其他應付款項及應計費用	(37,086)
Payables due to associates	應付聯營公司款項	(2,198)
Bank loans	銀行貸款	(10,453)
Minority interests	少數股東權益	(1,181)
		3,188
Goodwill arising on acquisition	收購產生之商譽	26,812
		30,000
Satisfied by:	支付方式：	
Cash	現金	30,000

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

37. ACQUISITION OF SUBSIDIARIES (Cont'd)

(b) (Cont'd)

Analysis of the net cash outflow of cash and cash equivalent in connection with acquisition of subsidiaries:

		2004 二零零四年 HK\$'000 港幣千元
Cash consideration paid	已付現金代價	(30,000)
Bank balances and cash acquired	已購入之銀行結餘及現金	3,256
Net cash outflow of cash and cash equivalent in connection with acquisition of subsidiaries	有關購入附屬公司之現金及現金等額之現金外流淨額	(26,744)

The subsidiaries acquired during the year ended 31st December, 2004 contributed approximately HK\$27,141,000 to the Group's turnover and loss of HK\$2,005,000 to the Group's loss before taxation between the date of acquisition and the balance sheet date.

有關購入附屬公司之現金及現金等額之現金外流淨額之分析：

於收購日期至結算日期間，於截至二零零四年十二月三十一日止年度內收購之附屬公司為本集團營業額帶來約27,141,000港元之貢獻，另為本集團之稅前虧損帶來約2,005,000港元之虧損。

38. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities provided by the Group and movements thereon during the current and prior reporting periods:

38. 遞延稅項負債

本集團於本報告期間及過往報告期間作出之主要遞延稅項撥備及有關變動如下：

		Revaluation of property, plant and equipment 物業、廠房及 設備重估 HK\$'000 港幣千元
At 1st January, 2004, and 31st December, 2004	於二零零四年一月一日 及二零零四年 十二月三十一日	—
Arising on acquisition of subsidiaries	收購附屬公司所產生	20,796
Exchange difference	匯兌差額	379
At 31st December, 2005	於二零零五年十二月三十一日	21,175

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

39. MAJOR NON-CASH TRANSACTIONS

During the year ended 31st December, 2005, the major non-cash transactions were as follows:

- (a) Amount due to former shareholders of HK\$50,000,000 were settled by the assignment of loan and interest receivable from outsiders.
- (b) Additions to investment in securities of approximately HK\$3,256,000 were settled by repayment of loans and interests receivables.

During the year ended 31st December, 2004, the major non-cash transaction are as follows:

- (a) Increase in receivables of approximately HK\$34,979,000 before allowances of HK\$10,686,000 were resulted from reclassification from loans receivables due from associates included in interests in associates upon the completion of dilution of interest in associates.
- (b) Addition to deposit paid for acquisition of interest in properties of approximately HK\$46,686,000 were repayments of loans receivables due from associates.
- (c) Addition to investment in securities of approximately HK\$43,588,000 were as result of disposal/dilution of interests in associates.
- (d) Loan receivables due from associates of HK\$70,200,000 were settled by the issuance of convertible notes by the associates included in interests in associates.
- (e) Additions to payment for acquisition of subsidiaries of HK\$40,000,000 were repayments from receivables.
- (f) Additions to other receivables of approximately HK\$10,722,000 were proceeds from disposal of interests in associates.

39. 主要非現金交易

於截至二零零五年十二月三十一日止年度，主要非現金交易如下：

- (a) 應付前股東之款項50,000,000港元已透過指讓應收外部人士之貸款及利息而償還。
- (b) 增加證券投資約3,256,000港元已透過償還應收貸款及利息而支付。

於截至二零零四年十二月三十一日止年度內，主要非現金交易如下：

- (a) 因攤薄於聯營公司之權益完成後，將應收聯營公司貸款重新分類至計入於聯營公司之權益中，導致應收款項增加約34,979,000港元（未計10,686,000港元之撥備前）。
- (b) 就收購物業權益支付之按金增加約46,686,000港元，此乃應收聯營公司貸款之還款。
- (c) 因出售／攤薄於聯營公司之權益，導致證券投資增加約43,588,000港元。
- (d) 應收聯營公司貸款70,200,000港元已按聯營公司發行可換股票據之方式償還，並已計入於聯營公司之權益中。
- (e) 就收購附屬公司支付之款項增加40,000,000港元，此乃應收款項之還款。
- (f) 其他應收款項增加約10,722,000港元，此乃應出售於聯營公司權益之所得款項。

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For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

40. COMMITMENTS

At the balance sheet date, the Group had the following commitments:

40. 承擔

於結算日，本集團之資本承擔如下：

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Contracted for but not provided in the financial statements in respect of:	已訂約惟未在財務報表中就下列事項作出撥備：		
(i) Acquisition of interest in properties (Note)	(i) 收購物業權益 (附註)	—	377,516
(ii) Other assets	(ii) 其他資產	93,301	91,981
(iii) Acquisition of subsidiaries	(iii) 收購附屬公司	—	10,000
		93,301	479,497

Note:

In respect of the conditional agreement entered into by the Group in 2004 to acquire properties interest of 香樟花園 located in Shanghai, PRC at a consideration of RMB450 million (of which deposit of RMB58 million was paid by the Group as at 31st December, 2005 set out in note 19), the Group has commenced legal proceedings to demand the vendor of the properties to fulfil its obligations under the agreement. Having consulted the legal counsel and under certain considerations, the Group has at present decided to exercise its discretion to proceed with the acquisition of the properties.

附註：

本集團於二零零四年訂立一項有條件協議，按人民幣450,000,000元之代價收購位於中國上海之香樟花園物業權益，其中人民幣58,000,000元之按金(載於附註19)已於二零零五年十二月三十一日支付，本集團已就此展開法律訴訟，以要求物業賣方履行協議項下之責任。經向法律顧問諮詢及考慮若干因素後，本集團目前決定行使其酌情權繼續收購該等物業。

Notes to the Financial Statements 財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

41. OPERATING LEASE COMMITMENTS

The Group has made approximately HK\$1,133,000 (2004: HK\$8,052,000) minimum lease payments under operating leases during the year in respect of office premises.

The Group as lessee

At the balance sheet date, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

		THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Within one year	一年內	1,086	64	581	—
In the second to fifth years inclusive	第二至第五年 (包括首尾兩年)	1,661	—	—	—
		2,747	64	581	—

Leases are negotiated for an average term of one year and rentals are fixed for an average of one year.

41. 經營租約承擔

本集團於年內根據有關辦公室物業之經營租約須支付之最低租約付款約為1,133,000港元(二零零四年: 8,052,000港元)。

本集團作為承租人

於結算日, 本集團及本公司根據有關土地及樓宇之不可撤銷經營租約而負有未來最低租約付款之承擔, 以及有關承擔之到期日如下:

租約平均以一年為期進行磋商, 租金平均以一年為期予以釐定。

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42. CONTINGENT LIABILITIES

42. 或然負債

		THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
(a) Corporate guarantee given by the Company for banking facilities granted to:	(a) 本公司就售予下列單位之銀行融資提供之公司擔保				
(i) subsidiaries	(i) 附屬公司	—	—	28,500	28,500
(ii) associates	(ii) 聯營公司	8,000	15,500	8,000	15,500
Other guarantees issued to associates	向聯營公司作出之其他擔保	30,780	30,780	30,780	30,780
		38,780	46,280	67,280	74,780

(b) The Company has granted a guarantee in favour of MTR Corporation Limited ("MTR") in respect of outstanding rent and obligations under the tenancy agreement entered into between Tung Fong Hung Medicine (Retail) Limited, a wholly-owned subsidiary of TFHI (former wholly-owned subsidiary of the Company) and MTR for the leased properties. As at 31st December, 2005 and 31st December, 2004, such guarantee has not yet been released.

(b) 本公司就TFHI(本公司之前全資附屬公司)全資附屬公司Tung Fong Hung Medicine (Retail) Limited 與地鐵有限公司(「地鐵」)就租賃物業而簽訂之租賃協議項下之未付租金及未清償債項向地鐵提供擔保。於二零零五年十二月三十一日及二零零四年十二月三十一日，有關擔保仍未解除。

43. PLEDGE OF ASSETS

43. 資產抵押

(a) As at 31st December, 2005, bank deposits of HK\$1,036,000 (2004: HK\$1,012,000) was pledged to banks to secure credit facilities granted to the Group.

(a) 於二零零五年十二月三十一日，已將1,036,000港元(二零零四年：1,012,000港元)之銀行存款抵押，作為本集團所獲之備用信貸額之擔保。

(b) At 31st December, 2005, listed equity securities with a carrying value of HK\$30,861,000 (2004: HK\$72,186,000) were pledged to secure margin account credit facilities and banking facilities granted to the Group. As at 31st December, 2005, no margin loan facility were utilised by the Group. As at 31st December, 2004, the margin loan facility amounting to HK\$33,567,000 included in bank loans and other borrowings were utilised by the Group.

(b) 於二零零五年十二月三十一日，已將賬面值為30,861,000港元(二零零四年：72,186,000港元)之證券投資抵押，作為本集團所獲之備用信貸額及銀行信貸額之擔保。於二零零五年十二月三十一日，本集團並無動用保證金備用貸款。於二零零四年十二月三十一日，本集團已動用33,567,000港元之保證金備用貸款(已計入銀行貸款及其他借貸)。

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44. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following significant transactions with related parties:

Name of company 公司名稱	Nature of transactions 交易性質	Notes 附註	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Sing Pao Newspaper Company Limited 成報報刊有限公司	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	(a)	474	390
Hanny Magnetics Limited 錦興磁訊有限公司	Rent expenses paid and payable by the Group 本集團已付及應付之租金支出	(b)	16	16
	Sale of goods made by the Group 本集團銷售貨品		—	—
ITC Management Limited 德祥企業管理有限公司	Secondment fee paid and payable by the Group 本集團已付及應付暫調費用	(c)	330	330
	Sales of goods by the Group 本集團銷售貨品		—	3
Paul Y. (E & M) Company Limited 保華機電有限公司	Repair and maintenance fee paid and payable by the Group 本集團已付及應付之維修及保養費	(b)	—	42
Cycle Company Limited and Gunnell Properties Limited 旋高有限公司及 Gunnell Properties Limited	Rental expenses paid and payable by the Group 本集團已付及應付之租金支出	(b)	138	553
PYI Management Limited (formerly known as "Paul Y. — ITC Management Limited") 保華集團管理有限公司(前稱「保華德祥管理有限公司」)	Sale of goods made by the Group 本集團銷售貨品	(b)	—	338
Nation Cheer Investment Limited 志恒投資有限公司	Interest expense paid and payable by the Group 本集團已付及應付之利息開支	(b)	14,183	12,428
Wing On 永安	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	(e)	3,175	1,466
Hong Kong Wing On Travel Service Limited 香港永安旅遊有限公司	Air ticketing and travel service expenses paid and payable by the Group 本集團已付及應付之所有機票及差旅服務	(d)	185	260
	Sale of goods made by the Group 本集團銷售貨品		—	—

44. 關連人士交易

年內，本集團與下列關連公司訂立以下交易：

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44. RELATED PARTY TRANSACTIONS (Cont'd)

44. 關連人士交易 (續)

Name of company 公司名稱	Nature of transactions 交易性質	Notes 附註	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Mass Success International Limited	Rental expenses paid and payable by the Group 本集團已付及應付之租金支出	(f)	581	577
Pacific Century Premium Developments Limited ("PCPD", formerly known as Dong Fang Gas Holdings Limited) 盈科大衍地產發展有限公司 (「盈大地產」, 前稱東方燃氣集團有限公司)	Management fee received and receivable by the Group 本集團已收及應收之管理費收入	(g)	—	200
Apex	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	(g)	2,931	3,280
Micro-Tech Ltd.	Rental expense of motor vehicles paid and payable by the Group 本集團已付及應付汽車租金開支		216	216
Chief Altantic Profits Limited	Loan interest income received and receivable by the Group 本集團已收及應收之貸款利息收入	(h)	—	303

Notes:

- (a) Sing Pao Newspaper Company Limited is wholly-owned subsidiary of an investee of the Group.
- (b) Hanny Magnetics Limited, Paul Y. (E & M) Company Limited, Cycle Company Limited and Gunnell Properties Limited, PYI Management Limited, Nation Cheer Investment Limited and Micro-Tech Ltd. are wholly-owned subsidiaries of a substantial shareholder of the Company.
- (c) ITC Management Limited is the shareholder of a substantial shareholder of the Company.
- (d) Hong Kong Wing On Travel Service Limited is wholly-owned subsidiaries of Wing On.
- (e) Wing On is an associate of the Group.
- (f) Mass Success International Limited is an associate of a substantial shareholder of the Company.
- (g) PCPD and Apex ceased to be associates of the Group during the year ended 31st December, 2005.

附註:

- (a) 成報報刊有限公司為本集團之一間投資公司之全資附屬公司。
- (b) 錦興磁訊有限公司、保華機電有限公司、旋高有限公司及 Gunnell Properties Limited、保華集團管理有限公司、志恒投資有限公司與 Micro-Tech Ltd. 為本公司主要股東之全資附屬公司。
- (c) 德祥企業管理有限公司為本公司主要股東之股東。
- (d) 香港永安旅遊有限公司為永安之全資附屬公司。
- (e) 永安為本集團之聯營公司。
- (f) Mass Success International Limited 為本公司主要股東之聯營公司。
- (g) 於截至二零零五年十二月三十一日止年度內，盈大地產及 Apex 為本集團之前聯營公司。

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44. RELATED PARTY TRANSACTIONS (Cont'd)

Notes: (Cont'd)

- (h) China Altantic Profits Limited and Rosedale Park Limited are wholly-owned subsidiaries of PCPD and Apex.

During the years ended 31st December, 2004 and 31st December, 2005, the Company issued "all monies" guarantees and indemnity to a bank for the banking facilities granted to a non-wholly owned subsidiary and an associate of the Group and the amount of approximately HK\$1,986,941 (2004: HK\$1,913,000) was utilised by that non-wholly subsidiary and no amount (2004: Nil) were utilised by an associate respectively as at 31st December, 2005.

Details of balances with related parties as at the balance sheet date are set out in the consolidated balance sheet.

In the opinion of the directors, the above transactions were undertaken in the ordinary course of business transactions and the terms were mutually agreed between the Group and the related parties.

45. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group and employees each contribute 5% of the relevant payroll costs to the Scheme.

The retirement benefit scheme contributions relating to the MPF Scheme charged to the income statement represent contributions payable to the scheme by the Group at rates specified in the rules of the schemes.

The employees in the joint venture subsidiaries in the PRC are members of the state-sponsored pension scheme operated by the government in the PRC. The joint venture companies are required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions under the scheme. The amount of contributions payable to the pension schemes are charged to the income statement.

44. 關連人士交易 (續)

附註：(續)

- (h) China Atlantic Profits Limited及Rosedale Park Limited為盈大地產及Apex之全資附屬公司。

於截至二零零四年十二月三十一日及二零零五年十二月三十一日止年度，本公司就本集團一間非全資附屬公司及一間聯營公司所獲授之銀行信貸向銀行提供「一切款項」擔保及彌償保證，而於二零零五年十二月三十一日，非全資附屬公司已動用1,986,941港元（二零零四年：1,913,000港元），而聯營公司並無動用任何金額（二零零四年：無）。

於結算日與關連人士之結餘詳情載於綜合資產負債表。

董事認為，上述交易乃在日常業務交易過程中進行，條款由本集團及關連人士互相議定。

45. 退休福利計劃

本集團為全體香港合資格僱員設有強制性公積金計劃（「強積金計劃」）。強積金計劃之資產與本集團之資產分開持有，存放於獨立受託人控制之基金。本集團及其僱員各向計劃供款相關薪金成本之5%。

在收益表扣除有關強積金計劃之退休福利計劃供款乃本集團按計劃規則指定之比率應向計劃作出之供款。

在中國合資附屬公司之僱員均參加由中國政府管理之國家贊助退休金計劃。合資公司須以僱員工資總額之若干百分比向退休金計劃供款，作為有關福利之資金。本集團須就退休金計劃承擔之唯一責任為根據該計劃進作出供款。應向退休金計劃作出之供款額乃在收益表扣除。

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45. RETIREMENT BENEFIT SCHEME (Cont'd)

At the balance sheet date, there were no significant forfeited contributions which arose upon employees leaving the scheme prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

The total cost charged to income statements of approximately HK\$417,000 (2004: HK\$876,000) represents contribution payable to these schemes by the Group in respect of the current year.

46. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at 31st December, 2005 are as follows:

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 成立／註冊 及經營業務 之地點	Issued and fully paid ordinary share capital/ registered capital 已發行及繳足之 普通股股本／ 註冊資本	Proportion of nominal value of issued share capital/ registered capital held by the Company 本公司持有已發行 股本／註冊資本 面值之比例		Principal activities 主要業務
			Directly 直接 %	Indirectly 間接 %	
MRI Holdings Limited ("MRI") (note c) (附註c)	Australia (note a) 澳洲 (附註a)	A\$31,184,116 31,184,116澳元	—	57.26	Investment holding 投資控股
China Pharmaceutical Industrial Limited (note c) 中國製藥工業集團 有限公司 (附註c)	Hong Kong 香港	HK\$2 2港元	—	57.26	Investment holding 投資控股
China Enterprises Limited ("China Enterprises") (note c) (附註c)	Bermuda (note b) 百慕達 (附註b)	Supervoting Common Stock US\$30,000 Common Stock US\$60,173 附有投票權 普通股 30,000美元 普通股 60,173美元	33.27 (note b) (附註b)	24.84 (note b) (附註b)	Investment holding 投資控股

45. 退休福利計劃 (續)

於結算日，並無重大被放棄供款因僱員在未可全數獲得本集團之供款前退出該等計劃而產生，及可用以減低本集團於未來數年應付之供款。

於收益表扣除之總成本為417,000港元（二零零四年：876,000港元），代表本集團於本年度應就該等計劃支付之供款。

46. 主要附屬公司

於二零零五年十二月三十一日，各主要附屬公司之詳情如下：

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46. PRINCIPAL SUBSIDIARIES (Cont'd)

46. 主要附屬公司 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 成立/註冊 及經營業務 之地點	Issued and fully paid ordinary share capital/ registered capital 已發行及繳足之 普通股股本/ 註冊資本	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities 主要業務
			Directly 本公司持有已發行 股本/註冊資本 面值之比例	Indirectly 本公司持有已發行 股本/註冊資本 面值之比例	
			Directly 直接 %	Indirectly 間接 %	
Zhuhai Zhongce Property Investment Limited (note c) 珠海中策產業園投資有限公司(附註c)	British Virgin Islands (note e) 英屬處女群島	US\$1 1美元	—	100	Holding of land development project held for resale 持有土地發展項目以作轉售
Talent Cosmos Limited (note c) 才宇有限公司(附註c)	British Virgin Islands 英屬處女群島	US\$13,000 13,000美元	—	80	Investment holding 投資控股
Super Energy Group Limited (note c) 超量集團有限公司(附註c)	Hong Kong 香港	HK\$13,000,000 13,000,000港元	—	80	Investment holding and trading of battery products 投資控股及銷售電池產品
Super Energy Battery Industries Limited (note c) 超量電池實業有限公司(附註c)	Hong Kong 香港	HK\$2,500,000 2,500,000港元	—	80	Investment holding and trading of battery products 投資控股及銷售電池產品
台山市超量電池有限公司 ("台山市超量")(note c) (附註c)	PRC 中國	RMB9,183,763 人民幣9,183,763元	—	76 (note d) (附註d)	Manufacturing of battery products 製造電池產品
東莞市江海貿易有限公司 (note f) (附註f)	PRC 中國	RMB500,000 人民幣500,000元	—	80%	Sand mining 採砂
廣州耀陽實業有限公司 (note g) (附註g)	PRC 中國	RMB1,000,000 人民幣1,000,000元	—	100%	Sand mining 採砂

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46. PRINCIPAL SUBSIDIARIES (Cont'd)

Notes:

- a. MRI operates both in Australia and Hong Kong and its shares are listed on the Australian Stock Exchange. MRI and its subsidiaries are mainly engaged in the investment holding activities.
- b. China Enterprises operates in both Hong Kong and the PRC and its shares are trading on the Over the Counter Bulletin Board of the United States of America. The Group holds a 55.2% effective equity interest and an 88.8% effective voting interest in China Enterprises.
- c. These companies are limited liability company incorporated in the respective jurisdiction.
- d. 台山市超量 is a 95% subsidiary of Super Energy Battery Industries Limited and the Group hold effective 76% interest in 台山市超量.
- e. Zhuhai Zhongce Property Investment Limited operates in the PRC.
- f. These companies are registered in form of an equity joint venture.
- g. These companies are registered in the form of wholly-owned foreign investment enterprises.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

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

47. POST BALANCE SHEET EVENTS

On 23rd March, 2006, Wing On, an associate of the Group, entered into subscription agreement with China Enterprises Limited ("CEL", a non wholly-owned subsidiary of the Group), Hutchison International Limited ("HIL", a wholly owned subsidiary of Hutchison Whampoa Limited whose shares are listed on The Stock Exchange of Hong Kong Limited) and other subscribers in relation to the subscription of 2% convertible exchangeable notes (the "Notes") with principal amount of HK\$1,000 million. CEL, HIL and other subscribers have conditionally agreed to subscribe for the Notes with principal amount of HK\$300 million, HK\$200 million and HK\$500 million by cash respectively.

46. 主要附屬公司 (續)

附註：

- a. MRI於澳洲及香港兩地經營業務，其股份於澳洲證券交易所上市。MRI及其附屬公司主要從事投資控股業務。
- b. China Enterprises於香港及中國經營業務，其股份於美國場外交易議價板買賣。本集團擁有其55.2%之實際股本權益及88.8%之實際投票權
- c. 此乃於各自之司法權區註冊成立之有限責任公司。
- d. 台山市超量為超量電池實業有限公司擁有95%權益之附屬公司，而本集團則擁有台山市超量76%實際權益。
- e. 珠海中策產業園投資有限公司於中國經營業務。
- f. 該等公司以合資企業之形式註冊。
- g. 該等公司以全外資企業之形式註冊。

各附屬公司於年終或年內任何時間概無任何仍然有效之債務證券。

上表所列乃董事認為主要影響本年度之業績或佔本集團資產及負債之重大部份之本集團附屬公司。董事認為詳列其他附屬公司之資料將令篇幅過份冗長。

47. 結算日後事項

二零零六年三月二十三日，本集團之聯營公司永安與China Enterprises Limited (「CEL」，本集團之非全資附屬公司)、和記企業有限公司(「HIL」，和記黃埔有限公司(其股份於香港聯合交易所有限公司上市)之全資附屬公司)及其他認購人訂立認購協議，內容有關認購本金額1,000,000,000港元之2厘可換股可交換票據(「票據」)。CEL、HIL及其他認購人已有條件同意以現金認購本金額分別為300,000,000港元、200,000,000港元及500,000,000港元之票據。