



浪潮國際有限公司

LANG CHAO INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)



2004 Annual Report
年度報告

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This annual report, for which the directors of Lang Chao International Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Lang Chao International Limited. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this annual report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this annual report misleading; and (3) all opinions expressed in this annual report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

香港聯合交易所有限公司 (「聯交所」) 創業板 (「創業 板」) 的特色

創業板乃為帶有高投資風險的公司提供一個上市的市場。尤其在創業板上市的公司無須有過往溢利記錄，亦毋須預測未來溢利。此外，在創業板上市的公司可因其新興性質及該等公司經營業務的行業或國家而帶有風險。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。創業板的較高風險及其他特色表示創業板較適合專業及其他資深的投資者。

由於創業板上市公司新興的性質所然，在創業板買賣的證券可能會較於主板買賣的證券承受較大的市場波動風險，同時無法保證在創業板買賣的證券會有高流通量的市場。

創業板所發佈的資料的主要方法為在聯交所就創業板而設的互聯網網頁刊登。上市公司毋須在憲報指定報章刊登付款公佈披露資料。因此，有意投資的人士應注意彼等能閱覽創業板網頁，以便取得創業板上市發行人的最新資料。

聯交所對本年報的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本年報全部或任何部份內容而產生或因依賴該等內容而引致的任何損失承擔任何責任。

本年報(浪潮國際有限公司(「本公司」)董事共同及個別承擔全部責任)乃遵照香港聯合交易所有限公司創業板證券上市規則(「創業板上市規則」)而提供關於浪潮國際有限公司的資料。董事在作出一切合理查詢後確認，就其所知及所信：(1) 本年報所載資料在各重要方面為真確及完整；(2) 本年報並無遺漏任何其他事實，致本年報內容含有誤導成份；及(3) 本年報所表達的意見乃經審慎周詳考慮後，根據公平合理的基準及假設而作出。

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Corporation Information

公司資料

EXECUTIVE DIRECTORS

Mr. Sun Pishu
Mr. Zhang Lei
Mr. Wang Miao
Mr. Leung Chi Ho

NON-EXECUTIVE DIRECTORS

Mr. Xin Wei Hua
Mr. Wang Hung, Alex

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Meng Xiang Xu
Mr. Liu Ping Yuan
Mr. Wong Lit Chor, Alexis

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Ms. Ng Mei Lin ACCA, CPA

COMPLIANCE OFFICER

Mr. Wang Miao

AUDIT COMMITTEE

Mr. Meng Xiang Xu
Mr. Liu Ping Yuan
Mr. Wong Lit Chor, Alexis

AUTHORISED REPRESENTATIVES

Mr. Wang Miao
Ms. Ng Mei Lin ACCA, CPA

COMPLIANCE ADVISER

ICEA Capital Limited

AUDITORS

Deloitte Touche Tohmatsu

執行董事

孫丕恕先生
張磊先生
王渺先生
梁智豪先生

非執行董事

辛衛華先生
王衡先生

獨立非執行董事

孟祥旭先生
劉平源先生
黃烈初先生

公司秘書及合資格會計師

伍美蓮女士 ACCA, CPA

監察主任

王渺先生

審核委員會

孟祥旭先生
劉平源先生
黃烈初先生

授權代表

王渺先生
伍美蓮女士 ACCA, CPA

合規顧問

工商東亞融資有限公司

核數師

德勤 • 關黃陳方會計師行

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

主要往來銀行

香港上海滙豐銀行有限公司
中國銀行(香港)有限公司

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

主要股份過戶及登記處

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

香港股份過戶登記分處

香港中央證券登記有限公司
香港
皇后大道東183號
合和中心
17樓1712-1716室

REGISTERED OFFICE

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

註冊辦事處

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 726
Nan Fung Commercial Centre
19 Lam Lok Street
Kowloon Bay
Kowloon
Hong Kong

香港主要營業地點

香港
九龍
九龍灣
臨樂街19號
南豐商業中心
726室

GEM STOCK CODE

8141

創業板股份代號

8141

Financial Summary

財務概要

截至十二月三十一日止年度

For the year ended 31 December

		2001 二零零一年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
RESULTS	財務業績				
Turnover	營業額	133,076	390,232	548,087	635,827
(Loss) profit from operations	經營（虧損）純利	(4,149)	2,528	22,331	27,526
Finance costs	財務費用	—	—	—	(16)
(Loss) profit before taxation	除稅前（虧損）純利	(4,149)	2,528	22,331	27,510
Taxation	稅項	—	—	(3,962)	(4,668)
Net profit for the year	除稅後純利	(4,149)	2,528	18,369	22,842
ASSETS AND LIABILITIES	資產及負債				
Total assets	資產總值	10,384	48,321	72,498	106,422
Total liabilities	負債總值	(12,992)	(48,401)	(54,109)	(40,831)
Shareholders' funds	股東資金	(2,608)	(80)	18,389	65,591

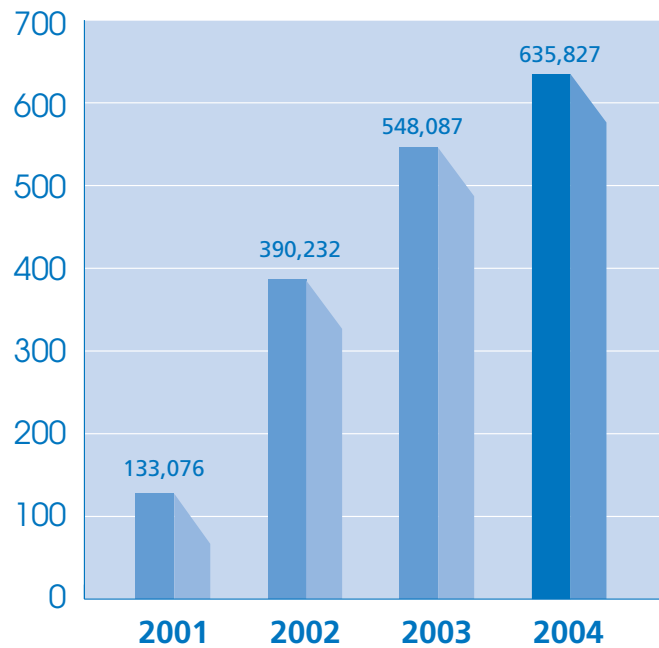
Notes:

- The Company was incorporated in Cayman Islands on 29 January 2003 and became the holding company of the Group with effect from 20 February 2003 as a result of the group reorganisation, details of which are set out in the Company's prospectus dated 20 April 2004.
- The results of the Group for the year ended 31 December 2001 and 2002 have been prepared on a combined basis as if the group structure resulting from the group reorganisation had been in existence throughout the years concerned and have been extracted from the Company's prospectus dated 20 April 2004.

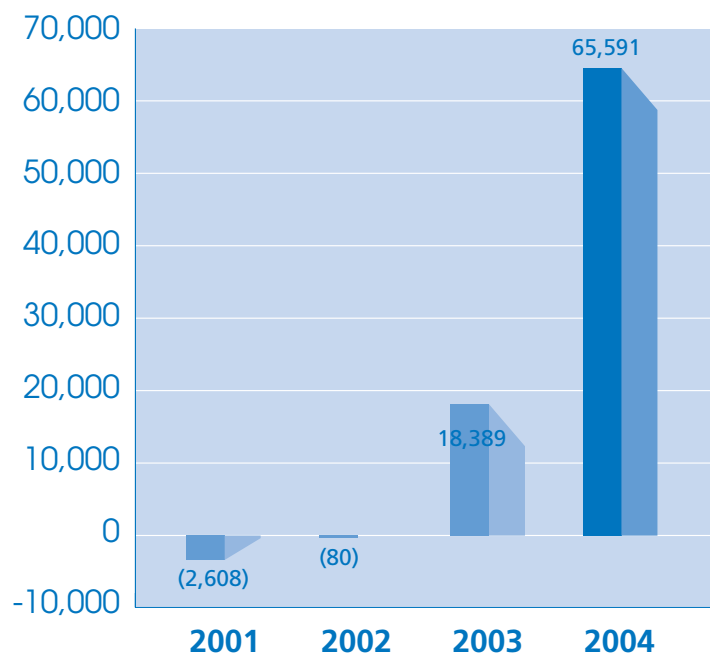
附註：

- 本公司於二零零三年一月二十九日在開曼群島註冊成立，其後因重組而於二零零三年二月二十日成為本集團的控股公司。重組的詳情載於二零零四年四月二十日本公司之招股章程。
- 本集團截至二零零一年及二零零二年十二月三十一日止之業績乃按合併基準並假設現有集團架構於有關年度一直存在而編製及摘自本公司於二零零四年四月二十日刊發之招股章程。

Turnover
營業額



Shareholders' funds
股東資金



The successful listing of the Company on the GEM of the Stock Exchange on 29 April 2004 was a milestone, which certainly helped widen our shareholders base and increase transparency of the Company to the public. It is an honour to present the first annual report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2004 to shareholders.

FINANCIAL HIGHLIGHTS

During the year, the Group recorded substantial gains in turnover and profits. It recorded profit of about HK\$22,842,000, an increase of 24.4% compared to the last year. Earnings per share recorded an increase of 1.6%, from HK6.1 cents to HK6.2 cents. The Board of Directors recommended a final dividend of HK3 cents (2003: HK3.5 cents) per ordinary share for the year ended 31 December 2004. The final dividends will be payable on 18 May 2005 to those shareholders whose names appear on the register of members of the Company at 26 April 2005, subject to shareholders' approval of payment of the final dividends at the forthcoming annual general meeting.

BUSINESS REVIEW

During the year, the Group saw a steady increase in its turnover and net profit. It was primarily due to the growing demand for hardware products in the PRC market and the notably expanded market shares of our products also contributed to our remarkable results for the year.

Our Group has continued to extend its customer base to expand its business. The customers of the Group include OEMs, PC and other electronic manufacturers. We believe that efficient sales channels and cost controls can raise the Group's competitiveness, broaden its market share and enhance its profitability. To achieve these goals, we have implemented measures which include expanding our sales network, strengthening its distribution efficiency, strengthening the control of operating cost, and improving the quality of customer services to suit the needs of new customers. These measures have proved to be effective and sharply increased the Group's market share. The Group's aggressiveness and dedicated effort have led to a remarkable increase in both market share and earnings. This has created a good foundation for the long-term development of the Group. We shall endeavor to reinforce the well-established connection with our customers and suppliers. Our ultimate goal is to generate better returns on investment to our shareholders.

於二零零四年四月二十九日，本公司踏進一個新里程，在香港聯合交易所創業板正式上市；這有助擴闊股東基礎及提高公司之透明度。本人欣然提呈本公司及其附屬公司（「本集團」）截至二零零四年十二月三十一日止之首個全年報告。

財務摘要

於年內，本集團之營業額及盈利均錄得顯著增長。本集團錄得盈利達22,842,000港元，較去年上升24.4%。每股盈利由6.1港仙上升1.6%至6.2港仙。董事會建議就截至二零零四年十二月三十一日止年度派發末期股息每股普通股3港仙（二零零三年：3.5港仙）。待股東在將於應屆股東週年大會上批准派發末期股息後，末期將於二零零五年五月十八日派發予於二零零五年四月二十六日名列本公司股東登記冊之有關股東。

業務回顧

本集團年內的營業額及純利均錄得穩定增長，主要是國內市場對硬體產品的需求量不斷增加，而本集團旗下的產品在國內的市場佔有率有顯著提升，令本集團於年內取得理想業績。

本集團透過不斷拓展客源，以擴充業務。本集團客戶包括原設備製造商、個人電腦及其他電子製造商。本集團相信有效之銷售渠道及成本控制措施，可提高其競爭力、擴大市場佔有率，以及提升盈利能力。為了達成該等目標，本集團已採取了措施，包括擴闊銷售網絡、提高分銷效益、加強營運成本控制，以及改善客戶服務質素，以滿足新客戶之需要。該等措施已證明實屬有效，令本集團之市場佔有率大大增加。本集團積極進取的態度及盡誠努力，致使本集團在市場佔有率及盈利方面均獲顯著增長，並為本集團之長遠發展奠定良好基礎。本集團將致力加強與客戶及供應商之間已建立之緊密聯繫，而最終目標是為股東帶來更佳投資回報。

Currently the Group has its sales centre in Jinan, PRC. It enables us to work closely with dealers and respond immediately to the enquiries from our customers. As such, their communication needs much less time and our customers can be served well and promptly.

PROSPECTS

The IT industry in China is experiencing a rapid growth with huge market demand for computer products. In addition, driven by the fast improving economy and the global economy is stepping into recovery. All these provide significant basis for the Group's optimistic outlook for China's economic growth. Given such factors, I am very confident of the business development of the Group in the future.

The financial year of 2005, the Group will be incessantly put to identify opportunities to expand the distribution network in China for more market share. The Group will continue to enlarge the customer base, and keep close relationship with its existing customers for the long-term business cooperation.

Last but not least, the Group will actively seek opportunities to enrich the product diversification. The Group will also identify other reputable suppliers for the grant of their distribution rights, thereby introducing more quality products to customers.

With the Groups' strong financial position and capability, I deeply believe that we will be able to capitalise on the present tide of IT market and business opportunity, and use its resources cost-effectively to reduce the costs and enhance the overall efficiency so as to maintain good returns to our shareholders.

現時，本集團在中國濟南設有營銷中心代表處及聯絡點，方便本集團與國內經銷商保持緊密聯繫，以及對國內客戶的問題作出即時回應，大大減低雙方溝通的時間，為客戶提供優質、快捷的服務。

展望

中國資訊科技行業正迅速增長，市場對電腦產品的需求殷切。加上全球經濟正步入復甦階段，本集團對中國經濟之增長保持樂觀態度。在此等利好因素影響下，本人對本集團未來的業務發展充滿信心。

展望二零零五年財政年度，本集團將繼續尋求機會拓展國內分銷網絡，進一步擴大其市場份額。本集團一方面會不斷擴大客戶基礎，另一方面會與現有客戶保持緊密連繫，建立長遠的業務合作關係。

最後，本集團將積極尋求機會，令旗下產品達致更多樣化。本集團亦會物色其他著名的供應商，給予本集團獨家／非獨家分銷權，從而引入更多高質素的產品供客戶選擇。

憑藉本集團穩健的財務狀況及雄厚實力，本人深信本集團能夠把握眼前的資訊科技熱潮，抓緊市場商機，善用本身的資源，減省成本，提高整體營運效率，為股東維持理想的回報。

Chairman's Statement

主席報告

APPRECIATION

On behalf of the board of Directors, I would like to extend my sincere gratitude to the customers, shareholders, business partners and professional advisors, who have always offered their support and encouragement to the Group. The Group's excellent results were made possible by the dedication and diligence of its management and staff. I strongly believe that with the recovery of Hong Kong's economy and the commitment of its staff, the Group will enjoy an even brighter future.

Sun Pishu

Chairman

Hong Kong, 16 March 2005

致謝

本人謹代表董事會向長期對本集團支持及鼓勵之客戶股東商業夥伴及專業顧問致以衷心感謝。本集團有此驕人成績，實有賴管理層及全團員工之熱誠投入及努力不懈。本人深信隨著香港經濟開始復甦，加上所有員工全力以赴，本集團之前景將會璀璨秀麗。

孫丕恕

主席

香港，二零零五年三月十六日

FINANCIAL REVIEW

The Group's turnover for the year ended 31 December 2004 was approximately HK\$635,827,000, which represented an increase of 16% as compared to the turnover of approximately HK\$548,087,000 for the year ended 31 December 2003. Such increase was mainly attributable to the increase in sales of CPUs and chipset and increase in market demands.

The Group recorded a gross profit of approximately HK\$38,657,000 with the gross profit margin of approximately 6.1%, an increase of approximately 47.8% as compared with last year. This increase was resulted from the improvement on pricing, the growth of sales achieved, reduction in cost and more rebates obtained by the Group for the year.

The administrative expenses for the year ended 31 December 2004 increased by approximately HK\$7,322,000 or 1.9 times as compared to last year. The amount included advertising and promotion expenses of approximately HK\$2,760,000 which were for the product promotion in PRC including Beijing, Jinan and Shanghai. The increase in administrative expenses was also due to an increase in salaries expenses as a result of additional Directors and staff for the business expansion after listing.

The net profit attributable to shareholders of the Company for the year ended 31 December 2004 was approximately HK\$22,842,000, a 24.4% increase when compared to approximately HK\$18,369,000 for the year 2003. Such improvement was mainly resulted from the success of the Group in expanding its sales, reducing the cost and obtaining more rebates.

BUSINESS REVIEW

Due to the rapid economic recovery, the Group made an increase in turnover and net profit attributable to shareholders. The turnover for the year under review increased by 16% to approximately HK\$635,827,000 (2003: approximately HK\$548,087,000) and the profit attributable to shareholders increased by 24.4% to approximately HK\$22,842,000 (2003: approximately HK\$18,369,000).

財務回顧

本集團於截至二零零四年十二月三十一日止年度之營業額約為635,827,000港元，較截至二零零三年十二月三十一日止年度之營業額約為548,087,000港元上升16%。主要由於中央處理器的銷售上升所致，而中央處理器及晶片集的增加則是由於客戶對這些產品的市場需求進一步增加所致。

本集團錄得約38,657,000港元的毛利，毛利率約6.1%，已較上年度同期增加約47.8%，是由於產品的價格上升、銷售增長、成本降低及本集團於本年度取得更多回扣所致。

截至二零零四年十二月三十一日止年度內之行政費用，與去年同期比較增加約7,322,000港元或1.9倍。該金額包括在中國各大城市包括北京、濟南及上海舉行產品推介會約為2,760,000港元，行政開支主要是由於上市後業務擴張而增加了董事及員工。

本集團錄得約22,842,000港元的純利，較上年度同期約18,369,000港元增加約24.4%。本集團盈利能力獲得改善，其主要原因是成功擴大其銷售、減少成本及取得更多回扣。

業務回顧

由於經濟迅速復蘇，本集團仍錄得營業額及股東應佔純利增長。回顧年度期間，營業額增加16%至約635,827,000港元（二零零三年：約548,087,000港元）及股東應佔純利增加24.4%至約22,842,000港元（二零零三年：約18,369,000港元）。

Management Discussion and Analysis

管理層討論及分析

In keeping abreast with the fast-changing market conditions and product trend in the IT industry, the Group has constantly kept itself competitive by undertaking various measures. Firstly, the Group has established its sales centre in Jinan, the PRC so as to tie up with customers throughout the major cities in the PRC. This allows the Group to be closer to its end-users in the PRC thus enabling it to swiftly react to the market needs. Secondly, the Group concluded and entered into an agreement with the Lang Chao Group Limited (the "LC Corporation") in relation to the exclusive distribution the product of Lang Chao Group Limited and its subsidiaries (the "LC Group") in Hong Kong and overseas markets and concluded and entered into an agreement with the LC Group to act as the exclusive overseas sourcing agent in respect of the IT products.

In the last year, there has been intense competition in the global IT industry, and many IT companies continually adjusted their products, prices and service strategies, in an attempt to stay competitive. However, capitalizing on the Group's strength, the Group managed to expand its sales and distribution network and enrich its product portfolio for boosting its market competitiveness.

Capital structure

The Group intends to principally finance its operation with its internal resources and net proceeds from fund raising activities. On 29 April 2004 the Company placed 100,000,000 new shares at the placing price of HK\$0.36 per share for net proceeds of approximately HK\$27,860,000 through the initial public offering of 25% of the Shares of the Company in the GEM of the Stock Exchange.

Liquidity, financial resources and gearing

The Group generally finances its operation with generated cash flow and remaining portion of the net proceeds from fund raising activities. As at 31 December 2004, shareholders' funds of the Group amounted to approximately HK\$65,591,000 (2003: HK\$18,389,000). Current assets amount to approximately HK\$105,383,000 of which approximately HK\$33,592,000 were cash and bank balances. Current liabilities of approximately HK\$40,831,000 mainly comprised accounts payable, tax payable and other payables and accrued liabilities. The Group's current

為緊貼資訊科技業瞬息萬變之市況及產品趨勢，本集團不斷採取各項措施增加自己競爭力。首先，本集團在中國濟南設立營銷中心，與中國各大城市之客戶連成一線，如此有助本集團在中國更接近最終用家，能更迅速地回應市場需要。其次，與浪潮集團有限公司（「浪潮公司」）簽訂及訂立協議在香港及海外市場獨立分銷浪潮公司及其附屬公司（「浪潮集團」）產品及擔任IT產品的獨家海外採購代理。

在過去一年，全球資訊科技業競爭激烈，資訊科技公司紛紛對產品、價格及服務策略作出調整，以冀保持競爭力。不過本集團利用自己的長處，而擴充銷售及分銷網絡、增加產品組合，以提高市場競爭力。

資本架構

本集團以內部資源及集資所得款項淨額作為其經營業務的資金。於二零零四年四月二十九日本公司以每股股份配售價0.36港元配售共100,000,000股本公司新股，所得款額約為27,860,000港元。

流動資金、財務資源及資產負債比率

本集團一般以內部產生的現金流量及集資活動所得款項淨額餘款作為其經營資金。二零零四年十二月三十一日，本集團的股東資金約為65,591,000港元（二零零三年：18,389,000港元）。流動資產約為105,383,000港元，其中約33,592,000港元為現金及銀行存款。流動負債約為40,831,000港元，主要包括已貿易應付賬款、應付稅款、其他應付賬款及應計

assets are approximately 2.60 times (2003: 1.35 times) over its current liabilities. As at 31 December 2004, the Group had no bank borrowings and its gearing ratio should be zero (2003: Nil).

The Directors believe that the Group has a healthy financial position and has sufficient resources to satisfy its present capital expenditure and working capital requirement.

Foreign exchange exposure

All of the Group's sales and purchase are mainly denominated in United States Dollars. The Group does not presently intend to use any derivative instruments in the foreign currency market to hedge the risk against fluctuations of foreign currencies. The Directors believe that having regard to the working capital position of the Group, the Group is able to meet its foreign exchange liabilities as they become due.

Employee information

As at 31 December 2004, the Group had 23 employees (2003: 18 employees). The total of employee remuneration, including that of the Directors and mandatory provident funds contributions, for the year under review amounted to approximately HK\$5,226,000 (2003: approximately HK\$2,520,000).

Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. In addition, the Group also provides mandatory provident fund scheme, medical insurance scheme for its employees.

Charges on assets

No assets of the Group were pledged for both years.

Material acquisition, disposals and significant investment

The Group had invested HK\$15,000,000 to set up a new wholly owned subsidiary Lang Chao Shandong Electronic Information Co. Ltd. (浪潮(山東)電子信息有限公司) to launch the marketing platform to directly access PRC market and provide IT advisory support. The investment cost was fully paid on 20 January

費用。本集團的流動資產約為其流動負債的2.60倍(二零零三年: 1.35倍)。於二零零四年十二月三十一日, 本集團並無銀行借款, 故資產負債比率為零(二零零三年: 零)。

董事相信, 本集團的財務狀況穩健, 並有足夠資金應付其資本開支及營運資金需求。

外匯風險

本集團之銷售及採購主要以美元折算。目前, 本集團無意在外匯市場運用任何衍生工具, 以對沖外匯波動的風險。董事相信, 考慮過本集團營運資金的狀況後, 本集團能夠應付其到期的外匯負債。

僱員資料

於二零零四年十二月三十一日, 本集團有23名僱員(二零零三年: 18名僱員)。於回顧年度內, 僱員薪酬總額(包括董事及強制性公積金供款)約為5,226,000港元(二零零三年: 約2,520,000港元)。

本集團根據僱員之表現、經驗釐定僱員薪酬。本集團參考其業績及個別員工之表現向合資格員工授予基本薪金以外之酌情花紅及購股權。此外, 本集團亦向員工提供強制性公積金計劃及醫療保障計劃。

資產抵押

兩年度, 本集團的資金並無被質押。

重大收購及出售/未來重大投資計劃

本集團在中國以獨資形式開立浪潮(山東)電子信息有限公司, 投資總額為15,000,000港元, 業務主要是在中國境內建立市場平台及拓展國內市場, 為用戶提供技術支援。於二零零五年一月二

2005. Save as disclosed above, the Group has not made any material acquisitions or disposals during the year. As 31 December 2004, the Group had no material capital commitments and no future plans for material investments or capital assets.

Contingent liabilities

The Company and a subsidiary have given cross guarantee amounted HK\$38,000,000 to a bank to secure general banking facilities granted to both companies.

PROSPECTS

Looking forward to future, whilst the IT industry in the PRC is still enjoying stable and healthy growth, the management admits that the competitive landscape remains tough and the Group is fully prepared to meet the challenges. Nevertheless, the management firmly believes that the IT industry in the PRC will continue to be the fastest growing area in the world and offers great potential and opportunities. Taking appropriate and timely measures to stay ahead of the competition, the Group is confident to achieve even more attractive returns for its shareholders in the years to come. This confidence arises from the Group's proven formula in the past to weather the ups and downs in the industry, due to its sound experience in responding swiftly to market changes, strong capabilities in sales and marketing, and effective measures in controlling costs and risks.

十日已付投資金額。除上述披露外，於本年度內亦無作出任何重大收購或出售。於二零零四年十二月三十一日，本集團並無任何重大資本承擔，亦無重大投資或資本資產之未來計劃。

或然負債

於二零零四年十二月三十一日，本集團獲授銀行信貸而提供公司擔保，就此有約38,000,000港元或然負債。

前景

展望將來，雖然中國資訊科技業仍將繼續穩步增長，管理層承認競爭環境仍然激烈，而本集團已作好充份準備迎接該等挑戰。儘管如此，管理層堅信中國資訊科技業增長速度將繼續領先全球，並提供龐大潛力及商機。本集團深信透過及時採取適當措施保持競爭力，本集團定能於未來為股東締造更可觀回報，而這份信心來自於本集團能靈活面對市場轉變、堅實之銷售及市場推廣能力及有效控制成本及風險措施能力，逐一面對過往行業起與落所建立之寶貴經驗。

DIRECTORS

Mr. Sun Pishu (孫丕恕), aged 42, is the chairman of the Board. He joined the Group in August 1998. Mr. Sun is currently a delegate of the People's Congress of the PRC. He graduated from Shandong University with a Bachelor of Science degree in wireless electronics in 1983 and Armstrong University in California, US with a Master of Business Administration degree in 2002. He has attained over 15 years' experience in the IT industry particularly with its service in the LC Group. He was a member of the State 863 Planning Expert Committee (國家863計劃專家委員會) and was awarded the title of Key Award Technological Personnel (重獎科技人員) by the Shandong provincial government. He was also awarded as The 13th Top Ten Outstanding Youth Award in the PRC in 2002. He is a director of a number of members of the LC Group as well as LC Corporation and is the chairman of Lang Chao Electronic Information Industry Co., Ltd., a company listed on the Shenzhen Stock Exchange. Mr. Sun is responsible for and devotes a substantial part of his time and effort for the overall planning and development of the Group.

Mr. Zhang Lei (張磊), aged 41, is the general manager of the Group. He has overall responsibility and devotes a substantial part of his time and effort for the finance, general administration and technology departments. He joined the Group in February 2003. Mr. Zhang graduated from Shandong University with a Bachelor of Science degree in Wireless Electronics and a Master degree in Economics in 1983 and 1992 respectively. Mr. Zhang has over 15 years' experience in financial and corporate management. Mr. Zhang was responsible for the Business Department in Shenyang People's Bank Shenyang Securities Exchange (瀋陽市人民銀行瀋陽證券交易中心). Before joining the LC Group in 2000, Mr. Zhang was the vice-president of Shenyang Wanzhong Group (瀋陽萬眾集團). He is a director of a number of subsidiaries of the LC Group but has not undertaken any active role in the day-to-day management of such companies.

Mr. Wang Miao (王渺), aged 42, is the deputy general manager and compliance officer of the Group, an executive Director and an Initial Management Shareholder. He has overall responsibility for the overall management planning, business development, sales and marketing and purchasing. Mr. Wang graduated from Shandong University in July 1984 with a Bachelor degree in Computer Science. Mr. Wang is one of the founders of the Group. Before joining the Group in August 1998, Mr. Wang worked in the

董事

孫丕恕先生，42歲，董事會主席。孫先生於一九九八年八月加入本集團，孫先生目前為中國人大代表。他於一九八三年畢業於山東大學，持有無線電理學士及二零零二年取得美國加州Armstrong University工商管理碩士學位。他於IT業（特別是於浪潮集團服務）擁有超過15年經驗，為國家863計劃專家委員會成員，更獲山東省政府授予重獎科技人員。孫先生於二零零二年亦獲頒發中國第十三屆十大傑出青年。他亦為浪潮集團多間成員公司及浪潮公司的董事、浪潮電子信息產業股份有限公司（一間於深圳證券交易所上市的公司）的主席。孫先生投入其大部分時間並負責本集團整體規劃及發展。

張磊先生，41歲，本集團總經理。張先生全權負責，並投入其大部分時間及精力於財務及一般行政及技術支援部。張先生於二零零三年二月加入本集團。張先生畢業於山東大學，分別於一九八三年及一九九二年取得無線電理學士學位及經濟碩士學位，擁有超過15年財務及企業管理經驗。張先生掌管瀋陽市人民銀行瀋陽證券交易中心商務部，在二零零零年加入浪潮集團前，張先生為瀋陽萬眾集團副總裁。張先生為浪潮集團多間附屬公司的董事，但並無於該等公司的日常管理方面扮演任何積極角色。

王渺先生，42歲，本集團副總經理及監察主任、執行董事及上市時管理層股東。王先生全權負責管理規劃、業務發展、銷售與市場推廣及採購。王先生於一九八四年七月畢業於山東大學，持有電腦科學學士學位。王先生為本集團其中一名創辦人。在本集團於一九九八年八月加入本集團前，王先生自一九九一年以來於浪潮集團

Directors and Senior Management Profile

董事及高級管理層簡歷

LC Group since 1991 and assumed a senior management role in the business of the LC Group. Through its services in the LC Group and the Group, Mr. Wang has accumulated over 10 years of experience in trading and management in IT industry.

Mr. Leung Chi Ho (梁智豪), aged 45, is the chief technology officer of the Group responsible for the overall planning and development of IT advisory services. Mr. Leung graduated from the University of Hong Kong with a degree in Bachelor of Science (Engineering) majoring in electrical engineering in 1982. Before joining the Group in September 2002, Mr. Leung has worked for a number of companies in Hong Kong engaged in IT industry, focusing on the research and development of computer products and assuming senior engineer role, through which he has accumulated over 20 years of experience in IT industry.

Mr. Xin Wei Hua (辛衛華), aged 49, is a non-executive Director. He joined the Group in September 1999. Mr. Xin graduated from Shandong University with an Adult Higher Education Professional Certificate in Micro-computer Applications in 1990. Mr. Xin has assumed research supervisor and manager roles in the LC Group during its service in the LC Group since 1989, through which he has accumulated over 15 years experience in management and research and development for electronics and computer products. Mr. Xin has engaged extensively in technological research in Hong Kong and Singapore, and has been granted the First Grade Advancement Award of provincial level (省級科技進步一等獎). He is a director of a number of companies of the LC Group. He is also the general manager of Lang Chao Electronic Information Industry Co., Ltd., a company listed on the Shenzhen Stock Exchange and a member of the LC Group.

Mr. Wang Hung, Alex (王衡), aged 42, is a non-executive Director and an Initial Management Shareholder. He joined the Group in August 1998. Mr. Wang graduated in 1991 from Louisiana Tech University in the US with a Master of Science degree in Electrical Engineering and has over 15 years experience in the IT industry. Before joining the Group in August 1998, Mr. Wang has been a design expert and an experienced engineer in Synchronous Group Inc., deputy general manager of the engineering department of Pacific Information Inc., technical deputy general manager of Mighty Micro Inc. and general manager of Pacific Information Inc.. He is the technical controller of Lang Chao Electronic Information Industry Co., Ltd., a company listed on the Shenzhen Stock Exchange and a member of the LC Group.

工作，於浪潮集團的業務上擔任高級管理層的角色。透過其於浪潮集團及本集團工作，王先生於IT行業的買賣及管理方面累積了超過十年經驗。

梁智豪先生，45歲，本集團技術總監，負責IT顧問服務的整體規劃及開發工作。梁先生於一九八二年畢業於香港大學，持有理學士(工程)學位，主修電子工程。於二零零二年九月加入本集團前，梁先生曾任職香港多間從事IT行業的公司，致力研究及開發電腦產品，並擔任高級工程師，梁先生於IT行業累積超過20年經驗。

辛衛華先生，49歲，非執行董事。辛先生於一九九九年九月加入本集團。辛先生於一九九零畢業於山東大學，取得微電腦應用程式成人高級教育專業證書。辛先生自一九八九年起於浪潮集團服務，擔任浪潮集團的研發部主任及經理的職位，辛先生於電子及電腦產品的管理及研發方面擁有超過15年經驗。辛先生在香港及新加坡廣泛從事技術研究，獲授省級科技進步一等獎。辛先生為浪潮集團多間公司的董事，亦為浪潮電子信息產業股份有限公司的總經理，該公司於深圳證券交易所上市，並為浪潮集團的成員公司。

王衡先生，42歲，非執行董事及上市時管理層股東。王先生於一九九八年八月加入本集團，王先生於一九九一年畢業於美國Louisiana Tech University，取得電機工程理碩士學位，並於IT業擁有超過15年經驗。王先生於一九九八年八月加入本集團前，是一名設計專家及Synchronous Group Inc.富經驗的工程師、Pacific Information Inc.工程部副總經理、Mighty Micro Inc.技術副總經理及Pacific Information Inc.總經理。王先生為浪潮電子信息產業股份有限公司的技術總監，該公司於深圳證券交易所上市，並為浪潮集團的成員公司。

Mr. Meng Xiang Xu (孟祥旭), aged 42, is an independent non-executive Director and joined the Group in March 2003. Mr. Meng graduated from Calculator Institute of Academy of Science (中國科學院計算所), majoring in computer application, and has obtained a Doctorate degree in 1998. He currently holds a senior position in a number of universities and committees including the dean of Computer Science and Technology College of Shandong University (山東大學計算機科學與技術學院), dean, professor and PhD tutor of Shandong University Qilu Software College (山東大學齊魯軟件學院), head of the expert group for the digitalization of Shandong province (山東省信息化工作領導小組專家組) and supervisor of Shandong CIMS Engineering Technology Research Center (山東省(CIMS)工程技術研究中心). He is mainly engaged in the research and development of computer-aided design and graphics, and human interaction with computers.

Mr. Liu Ping Yuan (劉平源), aged 69, is an independent non-executive Director and joined the Group in March 2003. Mr. Liu has been in the IT related industry for over 40 years. He has undertaken a number of important positions in the PRC government including, vice minister of the Ministry of Telecommunications of the PRC (中華人民共和國郵電部), deputy chairman and secretary general of the Chinese Committee of the 22nd Meeting of the International Postal Association (萬國郵政聯盟大會中國組委會) and member of the Ninth National Political Consultative Committee (中華人民共和國政治協商會議).

Mr. Wong Lit Chor, Alexis (黃烈初), aged 46, is an independent non-executive Director and joined the Group in March 2003. Mr. Wong graduated from University of Toronto, Canada with a bachelor degree in arts (economics and commerce) and has obtained a master of business administration degree from the Chinese University of Hong Kong. He has over 20 years of banking, investment, corporate finance and securities dealing experience gained by working as a senior executive in a number of listed local and PRC financial services companies. He is currently a director of Quam Capital Holdings Limited, a subsidiary of Quam Limited which in turn is a company listed on the Main Board of the Stock Exchange providing comprehensive financial services both through conventional and on-line platforms. Mr. Wong is also an independent non-executive director of CIG-WH International (Holdings) Limited, a company listed on the Main Board of the Stock Exchange engaged in construction and waste water treatment businesses and Argos Enterprises Holdings Limited, a company listed on GEM engaged in bus operation, city touring and sightseeing business in China.

孟祥旭先生，42歲，獨立非執行董事，於二零零三年三月加入本集團，於一九九八年畢業於中國科學院計算所，主修電腦應用並取得博士學位，目前擔任多間大學及委員會的高級職位，包括山東大學計算機科學與技術學院院長、山東大學齊魯軟件學院院長、教授及博士生導師、山東省信息化工作領導小組專家組組長及山東省CIMS工程技術研究中心主任。孟先生主要從事電腦輔助設計、圖形學及電腦人機交互研發。

劉平源先生，69歲，獨立非執行董事，於二零零三年三月加入本集團，於IT相關行業擁超過40年經驗。劉先生曾擔任多個中國政府主要職位，包括中華人民共和國郵電部副部長、第二十二屆萬國郵政聯盟大會中國組委會副主席及秘書，及第九屆中華人民共和國政治協商會議委員。

黃烈初先生，46歲，獨立非執行董事，於二零零三年三月加入本集團，畢業於加拿大多倫多大學，取得文學(經濟及商業)學士學位，並取得香港中文大學工商管理碩士學位。黃先生曾於數家香港及中國的上市金融公司出任高層行政人員，於銀行業務、投資、企業融資及證券交易等方面擁有逾二十年經驗。彼現為華富國際控股有限公司(從事傳統及網上金融服務之聯交所主板上市公司)下屬全資公司華富嘉洛控股有限公司之董事，亦為中保永興國際控股有限公司(從事建築及污水處理業務之聯交所主板上市公司)及雅高企業(集團)有限公司(於中國從事公車管理、城市旅遊及觀光業務之創業板上市公司)之獨立非執行董事。

Directors and Senior Management Profile

董事及高級管理層簡歷

SENIOR MANAGEMENT

Ms. Ng Mei Lin (伍美蓮), aged 44, is the Company Secretary and Qualified Accountant of the Company. Ms. Ng joined the Company in August 2003. She is responsible for the daily accounts and financial management related operation. Ms. Ng is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. She has extensive experience in finance and accounting.

Mr. Dong Hailong (董海龍), aged 27, is the manager of the purchasing department responsible for maintaining and improving the relationship between the Group and its suppliers. Mr. Dong was graduated from Southwest Jiaotong University with a Bachelor degree in Telecommunication Engineering in 1999. Mr. Dong joined the Group in 2002.

Mr. Liu Xiaojin (劉效今), aged 30, is the manager of marketing department responsible for sales and marketing activities of the Group, in particular in maintaining relationship with existing customers, and identifying and soliciting new customers. Before joining the Group in 2002, Mr. Liu has worked for the LC Group for 5 years responsible for business operations of the LC Group. Mr. Liu was graduated from Xiamen University with a bachelor degree in economics in 1997.

高級管理層

伍美蓮，44歲，為本公司之公司秘書、合資格會計師。伍小姐於二零零三年八月份加入本公司，負責公司日常會計及財務管理。伍小姐為香港會計師公會及英國特許會計師公會會員。她在財政及會計各方面均具豐富經驗。

董海龍先生，27歲，採購部經理，負責維持及改善本集團與其供應商的關係。董先生於一九九九年畢業於西南交通大學，持有電訊工程學士學位。董先生於二零零二年加入本集團。

劉效今先生，30歲，市場推廣部經理，負責本集團的銷售及市場推廣活動，特別是維持與現有客戶的關係，以及物色及招徠新客戶。於二零零二年加入本集團前，劉先生任職浪潮集團達五年之久，負責浪潮集團的業務經營。劉先生於一九九七年畢業於廈門大學，持有經濟學士學位。

COMPARISON OF THE BUSINESS OBJECTIVES WITH THE ACTUAL BUSINESS PROGRESS FOR THE YEAR UNDER REVIEW

Business objectives as stated in the Prospectus

於招股章程內之業務目標

Revenue

收益

- To continue generating revenue from its sourcing and distribution business in the PRC, Hong Kong and other overseas markets
- 繼續從其中國、香港及其他海外市場的採購及分銷業務取得收益
- To generate revenue from the distribution of LC Group's products in Hong Kong
- 從浪潮集團產品於香港的分銷取得收益
- To generate revenue from IT advisory services
- 從IT顧問服務取得收益
- To generate revenue from the distribution of computer components sourced from new suppliers
- 從分銷向新供應商採購的電腦元件取得收益

本年度實施計劃與實質進展比較

Actual business progress

實際業務進度

Revenue

收益

- The revenue recorded from its sourcing and distribution business amounted to approximately HK\$635.8 million
- 由採購及分銷業務錄得營業額約為635.8百萬港元
- Negotiation with potential customers on sales and distribution of LC Group's products in overseas market is in progress and expected to record revenue next year
- 已積極與潛在客戶進行協商，並期待明年將會取得收益
- IT advisory services projects are in progress and is expected to be finished in 2005. The Group will record revenue from its IT advisory services next year
- IT顧問合約在進行中及將會在二零零五年完成，故明年將會取得IT顧問服務收益
- Identified seven new suppliers in Hong Kong, PRC and Singapore from which the Group sourced products for sales to contribute to the Group's revenue in 2004
- 物色及招徠七名新供應商包括香港、中國及新加坡，並在二零零四年為集團取得收益

Comparison of Business Progress and Use of Proceeds

業務進程與所得款項用途之比較

Business development

業務發展

- To establish a sales centre in Jinan to provide the Group with direct access to the PRC markets
- 於濟南成立營銷中心，使本集團得以直接接觸中國市場
- To identify and solicit new customers, in particular, OEM manufacturers and end users in the PRC
- 物色及招徠新客戶，特別是中國原設備製造商及最終用戶
- To commence provision of IT advisory services with the establishment of an IT advisory service team in Jinan
- 於濟南成立IT採購顧問服務隊伍，開始提供IT採購顧問服務
- To procure no less than 2 new and independent customers for distribution business
- 為分銷業務招徠不少於兩名新及獨立客戶
- To conduct a feasibility study on the sales and distribution of LC Group's products in overseas markets such as Japan and the US
- 就浪潮集團產品於日本及美國等海外市場的銷售及分銷進行可行性研究
- To plan and develop the supply chain management system with initial focus on the computerization of various operational, management and control systems in Hong Kong
- 計劃及發展供應鏈管理制度，初步集中於將香港多個營運、管理及控制系統電腦化

Business development

業務發展

- The Group had established a sales centre in Jinan in May 2004
- 本集團在二零零四年五月在濟南成立營銷中心
- Identified eighteen new customers including three OEM manufacturers to which the Group made sales during 2004
- 物色及招徠十八名新客戶，包括三名為原設備製造商為集團在二零零四年錄得銷售
- Employed two IT consultants and commenced the work of IT advisory in service in Jinan
- 在濟南聘用兩名技術顧問並提供IT顧問服務
- Identified eighteen new customers including USA, Taiwan and PRC
- 物色及招徠十八名新客戶，包括美國、台灣及中國
- Negotiation with potential customers is in progress
- 已積極與潛在客戶進行協議中
- Conducted a feasibility study the supply chain management system
- 已對供應鏈管理制度進行可行性研究

Suppliers and product range

供應商及產品系列

- To continue the diversification of the Group's range of products to include the latest computer components, such as latest model of CPU, and to expand to other product categories such as graphic and sound cards
- 繼續使本集團產品系列多元化，包括最新電腦元件，如最新型號的中央處理器，以及擴展至其他產品種類如圖形及音效卡
- To identify other major computer components suppliers in the US and Singapore
- 物色美國及新加坡其他主要電腦元件供應商
- To secure no less than two new suppliers of IT products
- 取得不少於兩名IT產品的新供應商

Sales and marketing

銷售及市場推廣

- To finalise plans, including design and contents, for the proposed launch of the Group's corporate website to enhance the Group's profile and its products and services
- 為落實建議推出本集團的公司網站的計劃(包括設計及內容)，以提升本集團的形象及改善其產品及服務
- To continue direct marketing to consolidate relationship with existing customers and promote new products sourced by the Group
- 持續進行直銷，以鞏固與現有客戶的關係，以及宣傳本集團採購的新產品

Suppliers and product range

供應商及產品系列

- Started selling new products including Pentium IV 3.20GHz, Celeron 2.6GHz, Celeron D 2.4GHz, 2.53GHz, 2.66GHz, 2.8GHz, Xeon MP3.0 GHz and LCD monitor for mobile phone
- 已銷售奔騰IV中央處理器升級版，速度高達3.20GHz、賽揚中央處理器升級版，速度高達2.6GHz、新一代賽揚中央處理器，速度高達2.4GHz、2.53GHz、2.66GHz、2.8GHz及至強MP中央處理器，速度高達3.0GHz及手提電話螢光屏
- Identified one supplier in Singapore and in the process of identifying suitable suppliers in US
- 物色一名新加坡的新供應商及正在物色適當的美國供應商
- Identified seven new suppliers of IT products
- 物色七名新供應商

Sales and marketing

銷售及市場推廣

- The corporate website have been postponed because the design and contents have not been finalised
- 由於設計及內容未能落實，本集團已推遲公司網站的計劃
- Started selling new products including Pentium IV 3.20GHz, Celeron 2.6GHz, Celeron D 2.4GHz, 2.53GHz, 2.66GHz, 2.8 GHz and Xeon MP3.0 GHz to the Group's existing customers
- 成功推銷新產品給現有客戶在包括奔騰IV中央處理器升級版，速度高達3.20GHz、賽揚中央處理器升級版，速度高達2.6GHz、新一代賽揚中央處理器，速度高達2.4GHz、2.53GHz、2.66GHz、2.8GHz及至強MP中央處理器，速度高達3.0GHz

Comparison of Business Progress and Use of Proceeds

業務進程與所得款項用途之比較

- To continue to identify and solicit potential customers, primarily OEM manufacturers in the PRC, through the Group's sales and marketing team in Hong Kong and the newly established sales centres in the PRC
- 持續透過本集團於香港的銷售及市場推廣隊伍及於中國新成立的營銷中心物色及招徠準客戶(主要為中國原設備製造商)
- To participate in industry and information technology seminars and exhibitions in Hong Kong and the PRC
- 參與香港及中國舉行的行業及IT研討會及展覽會
- To launch the marketing and promotion campaign, including but not limited to placing advertisements in relevant industry journals and publications, for the commencement of the distribution of LC Group's products in Hong Kong
- 展開市場推廣及宣傳活動，包括但不限於就開始於香港分銷浪潮集團產品，於有關行業月刊及刊物刊登廣告
- To explore further opportunities in establishing sales and distribution networks in overseas markets for the sales and distribution of LC Group's products
- 進一步開拓於海外市場建立銷售及分銷網絡的機會，以銷售及分銷浪潮集團的產品
- Identified eighteen new customers including three OEM manufacturers and established the sales centre in Jinan
- 物色及招徠十八名新客戶，包括三名原設備製造商及在濟南已成立營銷中心
- Attended 4th China International of Electronic Exhibitions (第四屆中國國際電子工業展覽會) in Beijing
- 參與在北京舉行第四屆中國國際電子工業展覽會
- Marketing and promotion campaign had been carried out in Beijing, Shanghai and Jinan
- 已展開市場推廣及宣傳活動，包括在北京上海及濟南舉行產品大型推介會
- Negotiation with potential customers on sales and distribution of LC Group's products in overseas markets is in progress
- 已積極與潛在分銷代理商進行協商及推銷中

Human resources, operation and administration

人力資源、營運及行政

- To increase number of existing employees to 21 to facilitate the Group's business development
- 將現有僱員數目增加至21名，以促進本集團的業務發展

Human resources, operation and administration

人力資源、營運及行政

- The number of employees of the Group has increased to 23 employees to facilitate the Group's business development and management
- 僱員數目為23名，以促進本集團的業務發展及管理

USE OF PROCEEDS FROM ISSUANCE OF NEW SHARES FOR THE PERIOD FROM 29 APRIL 2004 TO 31 DECEMBER 2004

The net proceeds from the issuance of new shares on 29 April 2004, after deduction of expenses payable by the Company, were approximately HK\$27,860,000. The net proceeds were applied in the following areas:

自二零零四年四月二十九日至二零零四年十二月三十一日發行新股所得款項之使用

於二零零四年四月二十九日配售發行新股所得實際淨額約27,860,000 港元(扣除本公司應付費用後)。所得款項淨額已撥作以下用途：

		Notes	Proposed fund required during the period 建議於該期間的資金運用情況 HK\$'000 千港元	Actual fund spent during the period 實際於該期間的資金運用情況 HK\$'000 千港元
		附註		
Establishing sales centres	成立營銷中心		700	700
Developing supply chain management system	發展供應鏈管理制度	1	200	—
Establishing IT advisory service teams	建立 IT 採購顧問服務隊伍		400	400
Expanding product scope and sourcing with products	擴展產品範圍及採購產品		2,000	2,000
Establishing distribution network for LC Group's products	建立浪潮集團產品的分銷網絡	2	250	—
General sales and marketing purpose	一般銷售及市場推廣用途		400	400
Total	總計		<u>3,950</u>	<u>3,500</u>

Notes:

- The Group has postponed the development of supply chain management system because the result of first feasibility study was not satisfactory.
- The Group is still in negotiation with the potential customers and distributor for LC Group's product. Therefore the Group has postponed to establish the distribution network.

附註：

- 本集團已推遲發展供應鏈管理制度，因初步研究不太滿意。
- 本集團正與潛在客戶及分銷商協商中，故建立分銷網絡計劃已推遲。

Report of the Directors

董事會報告

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2004.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 29 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the GEM of the Stock Exchange, the Company became the holding company of the Group on 20 February 2003.

Details of the reorganisation are set out in the prospectus dated 20 April 2004 issued by the Company and note 1 to the financial statements.

On 29 April 2004, the shares of the Company was successfully listed on the GEM of the Stock Exchange by way of placing of 100,000,000 new shares at an issue price of HK\$0.36 per share to professional and institutional investors. The Group raised a total of approximately HK\$28 million, net of related expenses, through the placing.

PRINCIPAL ACTIVITY

The Company is an investment holding company. The principal activity of the Group was trading of computer components.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2004, the five largest customers accounted for approximately 77.4% of the Group's total turnover. The five largest suppliers accounted for approximately 99.2% of the Group's total purchases. In addition, the largest customer accounted for approximately 37.0% of the Group's total turnover while the largest supplier accounted for approximately 87.1% of the Group's total purchases.

董事欣然提呈本公司及本集團截至二零零四年十二月三十一日止年度的年報連同經審核綜合財務報表。

公司重組

本公司根據開曼群島法例第22章公司法（經綜合及修訂的一九六一年法例3）於二零零三年一月二十九日在開曼群島註冊成立為獲豁免有限公司。

根據本集團為籌備本公司的股份在聯交所的創業板上市而進行以精簡本集團的架構進行的重組（「重組」），本公司於二零零三年二月二十日成為本集團的最終控股公司。

有關重組的詳情載於本公司在二零零四年四月二十日之招股章程及隨附的綜合財務報表附註1內。

本公司之股份於二零零四年四月二十九日成功在創業板上市以發行100,000,000股新普通股份，每股配售股份0.36港元的配售價給專業及機構的投資者。本公司籌得淨額約港幣28百萬港元。

主要業務

本公司為投資控股公司。其集團的主要業務為分銷電腦元件。

主要客戶及供應商

截至二零零四年十二月三十一日止年度，本集團五大客戶佔本集團營業總額約77.4%，而本集團五大供應商佔本集團購貨總額約99.2%。此外，本集團最大客戶佔本集團營業總額約37.0%，而本集團最大供應商佔本集團購貨總額約87.1%。

Except for the LC Group (sales to the LC Group amounting to approximately 16.5% of the total sales of the Group for the year ended 31 December 2004), none of the directors, their associates or any shareholders (which, to the knowledge of the directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

SHARE CAPITAL

Details of the Company's share capital are set out in note 19 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 December 2004 are set out in the income statement on page 36.

The directors recommended the payment of a final dividend of HK3 cents per share for the year ended 31 December 2004, subject to shareholders' approval of payment of the final dividends at the forthcoming annual general meeting.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the period from 29 April 2004 (being the date of listing of the Company's shares on the GEM of the Stock Exchange) to 31 December 2004, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Memorandum and Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

RETIREMENT BENEFIT SCHEMES

Details of the Group's retirement benefit schemes are set out in note 24 to the financial statements.

除浪潮集團(於二零零四年十二月三十一日年度內,向浪潮集團的銷售額相當於本集團的銷售總額約16.5%),就董事所知,擁有本公司已發行股本5%以上的董事、彼等的聯繫人或任何股東概無擁有本集團五大客戶及五大供應商的任何權益。

股本

本公司股本的詳情已載於隨附的綜合財務報表附註19內。

業績及分配

本集團截至二零零四年十二月三十一日止年度的業績詳情已載於本年報第36頁的綜合損益表內。

董事會建議就截至二零零四年十二月三十一日止年度派發末期股息每股3港仙。待股東在股東週年大會批准後。

購買、出售或贖回股份

自二零零四年四月二十九日(本公司股份在聯交所開始上市當日)起至二零零四年十二月三十一日止期間內,概無購買、出售或贖回本公司任何股份。

優先購買權

根據本公司的公司組織章程以及開曼群島法例並無任何提供優先購買權,以讓本公司有權按現有股權之比例發行新股。

退休金計劃

本集團的退休金計劃詳情已載於隨附的綜合財務報表附註24內。

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 13 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 12 to the financial statements.

CONNECTED TRANSACTIONS

Particulars of the Group's related party transactions are set out in note 26 to the financial statements, constituted connected transactions under Chapter 20 of the GEM Listing Rules. The connected transactions are as follows:

1. On 8 April 2004, the Company and LC Corporation, the controlling shareholder of the Company, and its subsidiaries entered into a trademark licence agreement (the "Trademark Licence Agreement") allowed the Group to use the trademark "Lang Chao" in Hong Kong, Taiwan and the PRC free of charge.

Further details of such continuing connected transaction was disclosed in the Company's Prospectus dated 20 April 2004.

The independent non-executive directors have reviewed the above connected transaction and confirmed that the above transaction was (i) in the ordinary course and usual course of the Group's business; (ii) on terms no less favourable to the Group than terms available from independent third parties who are not connected persons of the Group as defined in the GEM listing rules; and (iii) in accordance with the relevant agreements governing the terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Such the transaction was exempted from the reporting, announcement and shareholders' approval requirement pursuant to Rule 20.33(3) of the GEM Listing Rules.

附屬公司

本公司附屬公司的詳情已載於隨附的綜合財務報表附註13內。

租賃物業及物業、廠房及設備

年內，本集團的租賃物業及物業、廠房及設備和變動已分別載於隨附的綜合財務報表附註12內。

關連交易

根據創業板上市規則第20章，於財務報表附註26披露與有關連人士進行之交易構成關連交易。關連交易如下：

1. 於二零零四年四月八日，本公司與本公司控股股東浪潮公司及其附屬公司，已訂立商標特許協議（「商標特許協議」），以免專利權費的方式給予本集團於香港、台灣及中國使用多個「浪潮」商標的非獨家特許權。

上述持續關連交易之詳情載於本公司在二零零四年四月二十日之招股章程內披露。

上述關連交易已經獨立非執行董事審閱，並就此確認上述交易(i)在本集團日常一般業務中進行；(ii)按不遜於本集團與獨立第三者（並非創業板上市規則所指之本集團關連人士）交易之條款進行；及(iii)按照相關協議條款進行，而該等條款公平合理且對本公司股東整體有利。該項交易根據創業板上市規則第20.33(3)條獲豁免遵守申報、作出公佈及股東批准之規定。

2. On 1 April 2004, the Group entered into a distributorship agreement (the "Distributorship Agreement") with the LC Group pursuant to which the Group became the exclusive distributor of the products of the LC Group, including PC and servers, in Hong Kong and overseas markets such as Japan and US for a period of three years commencing on 1 April 2004. The Group will receive a commission of 5% of the total value of the sales of the products of the LC Group as procured by the Group.

Further details of such continuing connected transaction was disclosed in the Company's Prospectus dated 20 April 2004.

During the year, the Group has not received any commission from the LC Group.

The independent non-executive directors have reviewed the above connected transaction and confirmed that the above transaction was (i) in the ordinary course and usual course of the Group's business; (ii) on terms no less favourable to the Group than terms available from independent third parties who are not connected persons of the Group as defined in the GEM listing rules; and (iii) in accordance with the relevant agreements governing the terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Such the transaction was exempted from the reporting, announcement and shareholders' approval requirement pursuant to Rule 20.33(3) of the GEM Listing Rules.

2. 於二零零四年四月一日，本集團已與浪潮集團訂立分銷權協議（「分銷權協議」），本集團由二零零四年四月一日起成為浪潮集團產品（包括PC及伺服器）在香港及如日本及美國等的海外市場的獨家分銷商，為期三年。本集團則將會收取本集團促使的浪潮集團產品銷售總值5%的佣金。

上述持續關連交易之詳情載於本公司在二零零四年四月二十日之招股章程內披露。

年度內，本集團並沒有收取浪潮集團任何的佣金。

上述關連交易已經獨立非執行董事審閱，並就此確認上述交易(i)在本集團日常一般業務中進行；(ii)按不遜於本集團與獨立第三者（並非創業板上市規則所指之本集團關連人士）交易之條款進行；及(iii)按照相關協議條款進行，而該等條款公平合理且對本公司股東整體有利。該項交易根據創業板上市規則第20.33(3)條獲豁免遵守申報、作出公佈及股東批准之規定。

3. The Group sold the goods at cost before the deduction of purchase rebate to LC Group at an amount of HK\$13,381,000 for the period from 1 January 2004 to 31 March 2004.

On 1 April 2004 the Group and the LC Group entered into a sourcing agent agreement that LC Corporation appointed the Group as the exclusive agent for the LC Group for the overseas sourcing of computer components for a period of two years and nine months from 1 April 2004 to 31 December 2006 (the "Sourcing Agent Agreement"). The LC Group will, with reference to the then market prices, pay a premium of not less than 1.5% above the purchase price paid by the Group, without taking into account of rebates received from suppliers, for all computer components sourced overseas by the Group on their behalf. The Company and the LC Group agreed that the maximum annual caps of the sales of goods by the Group to the LC Group pursuant to the Sourcing Agent Agreement ("the Sales") will not exceed HK\$110 million, HK\$130 million and HK\$150 million for each of the financial year ended 2004, 2005 and 2006 respectively.

Further details of such continuing connected transaction was disclosed in the Company's Prospectus dated 20 April 2004.

The Sales for the period from 1 April 2004 to 31 December 2004 amounted to HK\$91,238,000.

The independent non-executive directors have reviewed the Sales for the year ended 31 December 2004 and confirmed that the Sales was (i) in the ordinary course and usual course of the Group's business; (ii) on terms no less favourable to the Group than terms available from independent third parties who are not connected persons of the Group as defined in the GEM listing rules; and (iii) in accordance with the relevant agreements governing the Sales on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

3. 由二零零四年一月一日至二零零四年三月三十一日止，本集團按成本價未計回扣前的價格出售貨品予浪潮集團值約為13,381,000港元。

於二零零四年四月一日，本集團已與浪潮集團訂立採購代理協議（「分銷權協議」），浪潮公司委任本集團為浪潮集團海外採購電腦元件的獨家代理，由二零零四年四月一日至二零零六年十二月三十一日，為期兩年零九個月。浪潮集團將參考當時的市價，但並無考慮從供應商獲得的回扣，支付本集團就代表他們從海外採購的所有電腦元件已支付的購買價不少於1.5%以上的溢價。本公司及浪潮集團同意，該項交易於截至二零零四年、二零零五年及二零零六年的最高每年上限分別將不超過110,000,000港元、130,000,000港元及150,000,000港元。

上述持續關連交易之詳情載於本公司在二零零四年四月二十日之招股章程內披露。

由二零零四年四月一日至二零零四年十二月三十一日止，本集團根據此協議銷售總值為91,238,000港元。

獨立非執行董事已審閱截至二零零四年十二月三十一日止年度之產品銷售，並確認所訂立之銷售乃(i)在本集團日常一般業務中進行；(ii)按不遜於本集團與獨立第三者（並非創業板上市規則所指之本集團關連人士）交易之條款進行；及(iii)按照銷售之相關協議條款進行，而該等條款公平合理且對本公司股東整體有利。

DIRECTORS

The directors of the Company, since incorporation and up to the date of this report were:

Executive directors:

Mr. Wang Miao	(appointed on 19 February 2003)
Mr. Sun Pishu	(appointed on 21 February 2003)
Mr. Zhang Lei	(appointed on 21 February 2003)
Mr. Leung Chi Ho	(appointed on 18 July 2003)

Non-executive directors:

Mr. Wang Hung, Alex	(appointed on 21 February 2003)
Mr. Xin Wei Hua	(appointed on 21 February 2003)

Independent non-executive directors:

Mr. Meng Xiang Xu	(appointed on 31 March 2003)
Mr. Liu Ping Yuan	(appointed on 31 March 2003)
Mr. Wong Lit Chor, Alexis	(appointed on 31 March 2003)

In accordance with the Company's Articles of Association, Messrs. Wang Miao, Wang Hung, Alex, Xin Wei Hua will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than the statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事

自本公司成立日及截至本報告日期為止，本公司在任的董事如下：

執行董事

王渺先生	(於二零零三年二月十九日獲委任)
孫丕恕先生	(於二零零三年二月二十一日獲委任)
張磊先生	(於二零零三年二月二十一日獲委任)
梁智豪先生	(於二零零三年七月十八日獲委任)

非執行董事

王衡先生	(於二零零三年二月二十一日獲委任)
辛衛華先生	(於二零零三年二月二十一日獲委任)

獨立非執行董事

孟祥旭先生	(於二零零三年三月三十一日獲委任)
劉平源先生	(於二零零三年三月三十一日獲委任)
黃烈初先生	(於二零零三年三月三十一日獲委任)

根據公司組織章程，王渺先生、王衡先生及辛衛華先生將於應屆股東週年大會上告退，惟願意膺選連任。

董事服務合約

概無與本公司訂立於一年內不作補償(法定補償除外)而可予以終止之服務合約。

董事於合約中之權益

本公司或其附屬公司於本年度結束時或本年度內任何時間並無就本集團之業務訂立本公司董事直接及間接擁有重大權益的重大合約。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at 31 December 2004, the interests and short positions of the directors and the chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.68 of the GEM Listing Rules were as follows:

(a) Long positions in shares of the Company

Name of Directors 董事名稱	Type of interests 權益類別	Number of securities 證券數目	% of interests 權益百分比
Wang Miao 王渺	Beneficial owner 實益擁有人	15,000,000	3.75%
Wang Hung, Alex 王衡	Beneficial owner 實益擁有人	15,000,000	3.75%

董事及最高行政人員於股份、相關股份之權益及淡倉

於二零零四年十二月三十一日，各董事及最高行政人員於本公司及其任何相聯法團（定義見證券及期貨條例第XV部）之股本、相關股份中擁有根據證券及期貨條例第352條須記錄於該條所指登記冊之權益及淡倉，或根據創業板上市規則第5.46條至5.68條有關董事進行證券交易的規定而知會本公司及聯交所，董事及監事及彼等各自聯繫人於本公司及其相關法團的股份或債券權益（如有）如下：

(a) 本公司股份的長倉

(b) Long positions in underlying shares of equity derivatives of the Company

(b) 本公司股本衍生工具的相關股份的長倉

Options in the Company (Unlisted and physically settled equity derivatives)

本公司之購股權(非上市及實物交收之股本衍生工具)

Name of Directors 董事名稱	Type of interests 權益類別	Description of equity derivatives 股本衍生工具的詳情 (note) (附註)	Number of underlying shares 相關股份的數目	Subscription price per share 每股行使價 HK\$ (港元)
Sun Pishu 孫丕恕	Beneficial owner 實益擁有人	Share option 購股權	4,000,000	0.324
Zhang Lei 張磊	Beneficial owner 實益擁有人	Share option 購股權	4,000,000	0.324
Leung Chi Ho 梁智豪	Beneficial owner 實益擁有人	Share option 購股權	4,000,000	0.324
Wang Miao 王渺	Beneficial owner 實益擁有人	Share option 購股權	4,000,000	0.324
Wang Hung, Alex 王衡	Beneficial owner 實益擁有人	Share option 購股權	4,000,000	0.324
Xin Wei Hua 辛衛華	Beneficial owner 實益擁有人	Share option 購股權	4,000,000	0.324

Note: The share options were granted under the Pre-IPO Share Option Scheme as disclosed in the prospectus of the Company dated 20 April 2004. These options expire ten years from the date of grant.

附註：購股權是根據刊於二零零四年四月二十日之招股章程之首次公開招股前購股權計劃授出。該等購股權由授出日期起計十年後到期。

(c) Short positions in shares and underlying shares of equity derivatives of the Company

As at 31 December 2004, none of the Directors has short positions in shares or underlying shares of equity derivatives of the Company.

(c) 本公司股份及股本衍生工具相關股份的淡倉

於二零零四年十二月三十一日，概無董事於本公司股份或股本衍生工具相關股份持有任何淡倉。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2004, the following persons or companies (other than the directors or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of SFO, and were directly or indirectly, interest in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances as general meeting of any other members of the Group were as follows:

(a) Long positions in shares of the Company

Name of Shareholders 股東姓名	Type of interests 權益性質	Number of securities 證券數目	Approximate percentage of interests 概約權益 百分比
Lang Chao Group Limited 浪潮集團有限公司	Corporate (note) 公司（附註）	270,000,000	67.5%
Lang Chao Electronics (HK) Limited 浪潮電子（香港）有限公司	Beneficial owner 實益擁有人	270,000,000	67.5%

Note: Lang Chao Group Limited is taken to be interested in 270,000,000 shares due to its 100% shareholdings in the issued share capital of Lang Chao Electronics (HK) Limited.

(b) Short positions in shares and underlying shares and equity derivatives of the Company

As at 31 December 2004, no persons have short positions in shares or underlying shares of equity derivatives of the Company.

主要股東及其他人士於股份及相關股份之權益及淡倉

於二零零四年十二月三十一日，按本公司根據證券及期貨條例第336條備存之權益登記冊所記錄，下列人士或公司（本公司董事或最高行政人員除外）於本公司股份及相關股份擁有權益或淡倉，或直接或間接擁有任何附帶權利可於任何情況下在本集團任何成員公司股東大會投票之類別股本面值5%或以上權益：

(a) 本公司股份的長倉

Number of securities 證券數目	Approximate percentage of interests 概約權益 百分比
270,000,000	67.5%
270,000,000	67.5%

附註：由於浪潮集團有限公司擁有浪潮電子（香港）有限公司已發行股本的100%股權，故此，浪潮集團有限公司被視為於270,000,000股股份中擁有權益。

(b) 本公司股份及相關股份與股本衍生工具的淡倉

於二零零四年十二月三十一日，並無人士於本公司股份或股本衍生工具相關股份中擁有淡倉。

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

SHARE OPTIONS

Details of the Company's share option schemes are set out in note 20 to the financial statements.

COMPETING INTEREST

None of the directors, chief executive, initial management shareholders nor substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interests in a business which competes with or may compete with the business of the Group.

COMPLIANCE ADVISER'S INTEREST

The Company has been notified by ICEA Capital Limited (the "Compliance Adviser") that as at 31 December 2004, an associate of the Compliance Adviser held 16,056,000 Shares. Save as disclosed above, neither of the Compliance Adviser nor any of their respective directors, employees or associates had any interests in the Company's share capital as at 31 December 2004.

Pursuant to the agreement dated 16 April 2004 entered into between the Company and the Compliance Adviser, the Compliance Adviser will receive a fee for acting as the Company's retained sponsor for the period from 29 April 2004 to 31 December 2006.

管理合約

本年度內，並無訂立有關本公司業務之全部或任何重要部分之管理及行政之合約。

購股權計劃

本公司購股權計劃的詳情載於財務報表附註20。

競爭性權益

概無本公司董事、行政總裁、管理層股東或主要股東或彼等各自之聯繫人(定義見創業板上市規則)於與本集團之業務競爭或可能會競爭之業務中擁有任何權益。

合規顧問之權益

於二零零四年十二月三十一日，工商東亞融資有限公司(「合規顧問」)已知會本公司，合規顧問之聯繫人持有16,056,000股股份。除上述披露外，合規顧問及其任何董事、僱員或聯繫人士概無於本公司股本中擁有任何權益。

根據本公司及合規顧問於二零零四年四月十六日訂立之協議，合規顧問因於二零零四年四月二十九日至二零零六年十二月三十一日止期間作為本公司延聘之合規顧問而將收取費用。

AUDIT COMMITTEE

The Company established an audit committee on 8 April 2004 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three independent non-executive directors, Messrs. Meng Xiang Xu, Liu Ping Yuan and Wong Lit Chor, Alexis. Mr. Wong Lit Chor, Alexis is the chairman of the audit committee.

Up to the date of approval of these financial statements, the audit committee has held four meetings and has reviewed the Company's draft annual, interim and quarterly financial reports and accounts prior to recommending such reports and accounts to the Board for approval.

The Group's audited results for the year ended 31 December 2004 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

CORPORATE GOVERNANCE

Throughout the year, the Company was in compliance with the Board Practices and Procedures as set out in Rules 5.35 to 5.45 of the GEM Listing Rules, which applied before the amendment of the GEM Listing Rules relating to the Code on Corporate Governance Practices and Rules on Corporate Governance Report on 1 January 2005. The Company will prepare a Corporate Governance Report in accordance with Rule 18.44 of the GEM Listing Rules for the financial year ending 31 December 2005.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirmed that annual confirmations of independence were received from each of the Company's independent non-executive directors pursuant to Rules 5.09 of the GEM Listing Rules and all independent non-executive directors are considered to be independent.

審核委員會

於二零零四年四月八日，本公司已依照創業板上市規則第5.28及5.33條之書面職責範圍成立審核委員會。該審核委員會主要負責審閱及監督本集團之財務申報程式及內部監控制度。此委員會由三名非執行董事孟祥旭先生、劉平源先生及黃烈初先生組成。黃烈初先生為審核委員會之主席。

直至批准該等財務報表之日為止，審核委員會已舉行四次會議，並已於建議董事會批准該等報告及帳目前審閱本公司草擬之全年、中期及季度財務報告及賬目。

審核委員會已審閱本集團截至二零零四年十二月三十一日止年度之經審核業績，彼等認為該等業績乃按照適用之會計原則編製。

公司管治

於整個年度內，本公司一直遵守創業板上市規則第5.35條至5.45條所載之董事會常規及程式，該等董事會常規及程序於二零零五年一月一日作出有關企業管治常規守則以及企業管治報告規則的創業板上市規則修訂前適用。本公司將會根據創業板上市規則第18.44條編製截至二零零五年十二月三十一日止財政年度之企業管治報告。

獨立非執行董事之獨立性

本公司確認，已根據創業板上市規則第5.09條向本公司各獨立非執行董事收取獨立地位確認書，而全體獨立非執行董事均被認為屬獨立。

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period between its listing date and 31 December 2004, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company. There has been no change in the auditors of the Company since its incorporation on 29 January 2003.

On behalf of the Board

CHAIRMAN

SUN PISHU

Hong Kong, 16 March 2005

董事進行證券交易之標準守則

由上市日期起至二零零四年十二月三十一日止期間，本公司經已採納不遜於規定交易準則第5.48條至5.67條之董事進行證券交易之操守守則。本公司經向所有董事明確查詢後，並不知悉任何董事並不遵守交易規定標準及董事進行證券交易之操守守則。

核數師

股東週年大會上將提呈決議案以續聘德勤•關黃陳方會計師行為本公司的核數師。自二零零三年一月二十九日本公司成立日起，並沒有更換核數師。

承董事會命

主席

孫丕恕

香港，二零零五年三月十六日

Deloitte.

德勤

TO THE SHAREHOLDERS OF LANG CHAO INTERNATIONAL LIMITED

(incorporated in Cayman Islands with limited liability)

We have audited the financial statements on pages 36 to 64 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

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

BASIS OF OPINION

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

致浪潮國際有限公司列位股東

(於開曼群島註冊及遷冊至百慕達之有限公司)

本核數師已完成審核第36至64頁之財務報表，該等財務報表乃按照香港普遍採納之會計原則編製。

董事及核數師各自之責任

編製真實兼公平之財務報表乃 貴公司董事之責任。在編製該等真實兼公平之財務報表時，董事必須採用適當之會計政策，並且貫徹應用該等會計政策。

本核數師之責任乃根據審核之結果，對該等報表作出獨立意見，並根據已約定之條件向股東報告。本核數師不會就這份報告內容向其他人士負上或承擔任何責任。

意見之基礎

本核數師已按照香港會計師公會所頒佈之核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關之憑證，亦包括評審董事於編製財務報表時所作之重大估計及判斷、所採用之會計政策是否適合 貴公司與 貴集團之具體情況，以及有否貫徹應用並足夠披露該等會計政策。

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

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2004 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 16 March 2005

本核數師在策劃及進行審核工作時，均以取得所有本核數師認為必需之資料及解釋為目標，以便獲得充份憑證，就該等財務報表是否存有重大錯誤陳述，作出合理之確定。在歸納出意見時，本核數師亦已評估該等財務報表所載之資料在整體上是否足夠。本核數師相信，吾等之審核工作已為下列意見提供合理之基礎。

意見

本核數師認為，該等財務報表足以真實兼公平地顯示 貴公司與 貴集團於二零零四年十二月三十一日之財務狀況，以及 貴集團截至該日止年度之溢利及現金流量，並已按照香港公司條例之披露規定妥為編製。

德勤 • 關黃陳方會計師行
執業會計師

香港，二零零五年三月十六日

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2004
截至二零零四十二月三十一日止年度

		NOTES 附註	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Turnover	營業額	4	635,827	548,087
Cost of sales	銷售成本			
Cost of sales before deduction of purchase rebates	扣除採購回扣前的 銷售成本		(616,619)	(538,121)
Purchase rebates	採購回扣		19,449	16,183
			(597,170)	(521,938)
Gross profit	毛利		38,657	26,149
Other operating income	其他營運收入		124	131
Administrative expenses	行政開支		(11,271)	(3,949)
Profit before taxation	除稅前純利	6	27,510	22,331
Taxation	稅項	9	(4,668)	(3,962)
Net profit for the year	年內純利		22,842	18,369
Dividend	股息	10	12,000	3,500
Earnings per share	每股盈利			
Basic	基本	11	HK6.20 cents 港仙	HK6.10 cents 港仙
Diluted	攤薄	11	HK6.20 cents 港仙	N/A 不適用

綜合資產負債表

At 31 December 2004
於二零零四年十二月三十一日

		NOTES 附註	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	12	1,039	32
Current assets	流動資產			
Inventories	存貨	14	45,098	30,276
Trade receivables	貿易應收賬款	15	18,494	3,434
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款		759	1,938
Amount due from a fellow subsidiary	應收一間同集團附屬公司款額	16	7,440	7,504
Amount due from immediate holding company	應收直接控股公司款額	16	—	9,334
Bank balances and cash	銀行結餘及現金		33,592	19,980
			105,383	72,466
Current liabilities	流動負債			
Trade payables	貿易應付賬款	17	35,967	47,949
Other payables and accrued liabilities	其他應付賬款及累計負債		2,695	557
Amount due to ultimate holding company	應付最終控股公司款額	18	391	1,013
Taxation	應繳稅項		1,778	3,962
			40,831	53,481
Net current assets	流動資產淨額		64,552	18,985
			65,591	19,017
Capital and reserves	資本及儲備			
Share capital	股本	19	4,000	1,000
Reserves	儲備	21	61,591	17,389
			65,591	18,389
Non-current liability	非流動負債			
Amounts due to directors	應付董事款額	22	—	628
			65,591	19,017

The financial statements on pages 36 to 64 were approved and authorised for issue by the Board of Directors on 16 March 2005 and are signed on its behalf by:

董事會於二零零五年三月十六日批准及授權刊發第36至64頁之財務報表：

Wang Miao
王渺
DIRECTOR
董事

Leung Chi Ho
梁智豪
DIRECTOR
董事

Balance Sheet

資產負債表

At 31 December 2004
於二零零四年十二月三十一日

		NOTES 附註	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Non-current asset	非流動資產			
Investment in subsidiaries	於一間附屬公司的投資	13	<u>1,571</u>	<u>1,571</u>
Current assets	流動資產			
Amounts due from subsidiaries	應收附屬公司款項	16	28,052	—
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款		301	6
Bank balances and cash	銀行結餘及現金		73	—
			<u>28,426</u>	<u>6</u>
Current liabilities	流動負債			
Amount due to a subsidiary	欠附屬公司款項	18	—	52
Other payable and accrued liabilities	其他應付賬款及累計負債		70	—
Taxation	應繳稅項		76	—
			<u>146</u>	<u>52</u>
Net current assets (liabilities)	流動資產（負債）淨額		<u>28,280</u>	<u>(46)</u>
			<u>29,851</u>	<u>1,525</u>
Capital and reserves	資本及儲備			
Share capital	股本	19	4,000	1,000
Reserves	儲備	21	25,851	525
			<u>29,851</u>	<u>1,525</u>

Consolidated Statement of Changes in Equity

綜合權益變動報表

For the year ended 31 December 2004
截至二零零四年十二月三十一日止年度

		Total equity
		合計權益
		HK\$'000
		千港元
At 1 January 2003	於二零零三年一月一日	(80)
Capitalisation of amounts due to directors	來自重組	100
Net profit for the year	年內純利	18,369
		<hr/>
At 31 December 2003	於二零零三年十二月三十一日	18,389
Shares issued at premium	以溢價發行股份	36,000
Share issue expenses	上市費用	(8,140)
Dividend paid	已派股息	(3,500)
Net profit for the year	年內純利	22,842
		<hr/>
At 31 December 2004	於二零零四年十二月三十一日	<u>65,591</u>

Consolidated Cash Flow Statement

綜合現金流量報表

For the year ended 31 December 2004
截至二零零四年十二月三十一日止年度

		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
OPERATING ACTIVITIES	經營業務		
Profit before taxation	除稅前純利	27,510	22,331
Adjustments for:	按下列各項調整：		
Interest income	利息收入	(25)	(8)
Interest paid	利息支出	16	—
Depreciation	折舊	266	19
Allowance for inventories	存貨備抵	146	1,177
Operating cash flows before movements in working capital	營運資金變動前經營現金流量	27,913	23,519
Increase in inventories	存貨增加	(14,968)	(21,000)
(Increase) decrease in trade receivables	貿易應收賬款（增加）減少	(15,060)	3,407
Decrease (increase) in prepayments, deposits and other receivables	預付款項、按金及其他應收賬款減少（增加）	1,179	(1,330)
Decrease in amount due from a fellow subsidiary	應收一間同集團附屬公司款項減少	64	4,134
Decrease (increase) in amount due from immediate holding company	應收直接控股公司款項減少（增加）	9,334	(9,334)
(Decrease) increase in trade payables	貿易應付賬款（減少）增加	(11,982)	4,875
Increase in other payables and accrued liabilities	其他應付賬款及累計負債增加	2,138	202
Decrease in amount due to a fellow subsidiary	應付一間同集團附屬公司款項減少	—	(3,099)
Cash (used in) from operations	營運（動用）產生現金	(1,382)	1,374
Interest paid	已付利息	(16)	—
Income taxes paid	已付所得稅	(6,852)	—
NET CASH (USED IN) FROM OPERATING ACTIVITIES	營運業務（動用）產生的現金淨額	(8,250)	1,374
INVESTING ACTIVITIES	投資業務		
Purchase of property, plant and equipment	購買物業、廠房及設備	(1,273)	(14)
Interest received	已收取利息	25	8
NET CASH USED IN INVESTING ACTIVITIES	投資業務已動用的現金淨額	(1,248)	(6)

Consolidated Cash Flow Statement

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綜合現金流量報表

For the year ended 31 December 2004
截至二零零四年十二月三十一日止年度

		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
FINANCING ACTIVITIES	融資業務		
Proceeds on placement of shares	發行股份的所得款	36,000	—
Share issue expenses	上市費用	(8,140)	—
Dividend paid	股息派發	(3,500)	—
(Decrease) increase in amount due to ultimate holding company	應付最終控股公司款額 (減少) 增加	(622)	73
Decrease in amounts due to directors	應付董事款額減少	(628)	(205)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	來自融資業務 (融資業務已動用) 的現金淨額	<u>23,110</u>	<u>(132)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值物 增加淨額	13,612	1,236
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	年初現金及 現金等值物	<u>19,980</u>	<u>18,744</u>
CASH AND CASH EQUIVALENT AT END OF YEAR	年終現金及 現金等值物	<u>33,592</u>	<u>19,980</u>
Bank balances and cash	銀行結餘及現金		

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2004
截至二零零四年十二月三十一日止年度

1. GROUP REORGANISATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands on 29 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its ultimate holding company is LC Corporation, a company established in the People's Republic of China ("PRC").

The Company is an investment holding company. The principal activities of the Group is trading of computer components.

Pursuant to a reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the shares of the Company on the GEM of the Stock Exchange, the Company became the holding company of the companies now comprising the Group after the completion of the Reorganisation on 20 February 2003.

Details of the Reorganisation are as follows:

- (a) Prior to the formation of Lang Chao (HK) Electronics Limited ("LC Electronics"), the business and operations of trading of computer components now undertaken by LC Electronics were carried out by Lang Chao Electronics (HK) Limited ("LCHK"). Pursuant to a sale and purchase agreement dated 31 December 2002 entered into between LCHK and LC Electronics and as part of the Reorganisation, LCHK transferred its business (the "Relevant Business") together with the assets and liabilities of the Relevant Business to LC Electronics in return for 999,998 shares of HK\$1.00 each of LC Electronics credited as fully paid to Lang Chao Electronics Limited ("LCBVI"), the then wholly-owned subsidiary of LCHK. The transaction was completed on 17 February 2003.

1. 集團架構重組及編製基準

本公司根據開曼群島法例第22章公司法(經綜合及修訂的一九六一年法例3)於二零零三年一月二十九日在開曼群島註冊成立為獲豁免有限公司。其最終控股公司為浪潮公司，於中國成立的公司。

本公司是一間投資控股公司。本集團主要業務為買賣電腦元件。

根據為籌備本公司股份於聯交所創業板上市，整頓本集團架構而進行的重組，本公司於二零零三年二月二十日成為現時組成本集團各公司的控股公司。

重組詳情如下：

- a) 在組成浪潮(香港)電子有限公司(「LC Electronics」)前，目前由LC Electronics負責的買賣電腦元件的業務及營運乃由浪潮電子(香港)有限公司(「LCHK」)負責。根據一項由LCHK與LC Electronics於二零零二年十二月三十一日訂立的買賣協議(作為重組的一部份)，LCHK將其業務(「相關業務」)，連同相關業務的資產及負債，轉讓予LC Electronics，以換取LC Electronics每股面值1.00港元的999,998股股份，已繳足股本給浪潮電子有限公司(「LCBVI」)當時成為LCHK之全資擁有附屬公司。交易已於二零零三年二月十七日完成。

1. GROUP REORGANISATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(continued)

- (b) On 20 February 2003, pursuant to a sale and purchase agreement entered into between the Company and LCHK, the then existing 1 share of US\$1.00 in the capital of LCBVI held by LCHK was transferred to the Company. In consideration of which, 8,999,999 shares of HK\$0.1 each were issued and allotted credited as fully paid by the Company to LCHK.

The Company's shares have been listed on the GEM since 29 April 2004.

The Group, resulting from the Reorganisation, is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2003 have been prepared using the principle of merger accounting in accordance with Statement of Standard Accounting Practice 27 "Accounting for Group Reconstructions".

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards ("HKFRSs") (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004.

The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

1. 集團架構重組及編製基準 (續)

- b) 於二零零三年二月二十日，由LCHK與本公司訂立的買賣協議，乃關於本公司向LCHK收購LCBVI全部已發行股本，作為於該協議日期LCHK獲以入賬列為繳足方式發行及配發每股面值0.1港元的8,999,999股股份及將LCHK所持的每股面值1.00美元1股股份入賬列為繳足的代價。

本公司之股份於二零零四年四月二十九日在創業板上市。

本集團因重組而被視為一個持續經營實體。因此，截至二零零三年十二月三十一日止年度之財務報表乃根據香港會計師公會之會計實務準則第27號「集團重組的會計」，採用合併會計法編製綜合財務資料。

2. 經修訂香港會計實務準則之影響

在二零零四年香港會計師公會已發出多項新訂或經修訂香港財務報告準則及香港會計準則(統稱「新香港財務報告準則」)，該等新香港財務報告準則將於由二零零五年一月一日或以後開始之會計期間起生效。本集團於截至二零零四年十二月三十一日止年度之財務報表內並無提前採納該等新香港財務報告準則。

本集團已開始考慮其他新香港財務報告準則之影響，惟現時並不宜表示該等新香港財務報告準則對其經營業績及財務狀況會否產生重大影響。其香港財務報告準則或會對將來其經營業績及財務狀況會產生影響。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2004
截至二零零四年十二月三十一日止年度

3. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

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

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

All significant inter-company transactions and balances between group enterprises are eliminated on consolidation.

Investments in subsidiaries

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

Revenue recognition

Sales of goods are 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.

Purchase rebates are recognised when entitlement to the rebates has been established.

3. 主要會計政策

財務報表乃按照歷史成本常規法，並已根據香港普遍採納之會計原則編製。所採納之主要會計政策如下：

綜合賬目之基準

綜合財務報表包括本公司及其附屬公司截至每年十二月三十一日止之財務報表。

年內所收購或出售附屬公司之業績乃自收購生效日期起或截至出售生效日期止(倘適用)計入綜合收益表內。

本集團內所有公司間之重大交易及結餘已於綜合賬目時對銷。

附屬公司之投資

附屬公司之投資乃按成本減任何已確認減值虧損計入本公司資產負債表。

收入確認

產品銷售乃於產品付運及其所有權轉移後予以確認。

利息收入乃按時間基準計算，並以未償還本金及適用的利率作為參考。

採購回扣已於確立享有回扣時予以確認。

3. PRINCIPAL ACCOUNTING POLICIES (continued)**Property, plant and equipment**

Property, plant and equipment are stated at cost less depreciation and impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rate per annum:

Leasehold improvement	Over the lease term
Furniture, fixtures and other equipment	33⅓%

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment

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. Impairment loss is recognised as an expense immediately.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

3. 主要會計政策 (續)**物業、廠房及設備**

物業、廠房及設備按成本減折舊及減值虧損後列賬。

物業項目、廠房及設備的折舊以直線法按其估計可使用年期撇銷其成本，並計及這些物業、廠房及設備的估計剩餘價值，其年折舊率如下：

租賃裝修	按租約年期計算
傢俬及裝置	33⅓%

因資產出售或報廢所產生的收益或虧損乃按有關資產的銷售所得款項與賬面值兩者的差額釐定，並於損益表中確認。

減值

於各結算日，本集團均會審閱其資產之賬面值，以確認該等資產是否已出現減值虧損。倘本公司估計某項資產之可回收金額低於其賬面值，則該項資產之賬面值須減低至其可回收金額。減值虧損將即時確認為開支。

倘某項減值虧損其後撥回，則該項資產之賬面值須增至其可回收金額之經修訂估計數額，惟增加後之賬面值不得超過以往年度若資產並無減值虧損確認而釐定之賬面值。減值虧損撥回將即時確認為收益。

存貨

存貨乃按成本及可變現淨值兩者之較低者列賬。成本乃採用先進先出法計算。可變現淨值指估計銷售價減完成時的所有估計成本及於市場推廣、銷售及分銷中將產生的成本。

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3. PRINCIPAL ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the year.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or 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, and interests in joint ventures, 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.

3. 主要會計政策 (續)

外幣

以港元以外貨幣進行的交易最初按交易日適用的匯率記錄。以這些貨幣計值的貨幣資產及負債則按結算日適用的匯率重新換算。匯兌產生的損益已包括於年內損益淨額。

稅項

所得稅開支指目前應付稅項及遞延稅項的總和。

目前應付稅項根據本年度的應課稅溢利計算。應課稅溢利有別於收益表內所匯報的純利，原因是其不包括其他年度的應課稅或可扣稅收入及開支項目，其進一步不包括永不課稅及扣稅的收益表項目。

遞延稅項乃預期就財務報表中資產與負債的賬面值與計算應課稅溢利所用的相應稅基之間的差額應付或可收回的稅項，並採用資產負債方法計算。遞延稅項負債一般確認為所有應課稅臨時差額，而遞延稅項資產乃於應課稅溢利將可抵銷可予動用的可扣稅臨時差額時確認。倘商譽(或負商譽)或於一項並不影響稅項溢利或會計溢利的交易中初步確認其他資產及負債(業務合併時除外)產生臨時差額，則這些資產與負債不會獲確認。

遞延稅項負債乃被確認為附屬公司及聯營公司投資，以及於合營企業的權益所產生的應課稅差額，惟若本集團可控制臨時差額的撥回的情況則除外，臨時差額於未來將不會撥回。

3. PRINCIPAL ACCOUNTING POLICIES (continued)**Taxation** (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset 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.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the relevant lease terms.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

4. TURNOVER

Turnover represents the net amounts received and receivable for goods sold less returns and allowances.

5. SEGMENT INFORMATION**Business segment**

The Group is principally engaged in trading of computer components. Accordingly, no business segment analysis is presented.

Geographical segment

The Group's operations are principally carried out in Hong Kong and the Group's assets are substantially located in Hong Kong. Accordingly, no analysis of the carrying amount of segment assets and additions to property, plant and equipment by geographical segment is presented.

3. 主要會計政策 (續)**稅項** (續)

遞延稅項資產的賬面值於各個結算日檢討，並以下調至不再有足夠的應課稅溢利將可使全部或部分資產得以恢復為限。

遞延稅項按於負債獲償還或資產獲變現時預期用於本年度的稅率計算。遞延稅項自收益表內扣除或計入收益表內，惟不包括有關直接自股本中扣除或直接計入股本中的項目，在此情況下，遞延稅項亦於股本中處理。

經營租賃

根據經營租賃的應付租金乃按直線法就其有關租賃年期於收益表中扣除。

退休福利成本

強制性公積金款項於到期後扣除為開支。

4. 營業額

營業額代表應收款項淨額、售出貨品應收款項扣除退貨及折讓。

5. 分類資料**業務分類**

本集團主要從事電腦元件買賣。因此，並無呈列業務分類分析。

地區分類

本集團的業務主要於香港進行，而本集團的資產絕大部分位於香港。因此，並無按地區呈列分類資產賬面值、物業、廠房及設備的添置。

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6. PROFIT BEFORE TAXATION

6. 除稅前純利

		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Profit before taxation has been arrived at after charging:	除稅前純利經扣除 下列各項後得出：		
Auditors' remuneration	核數師酬金	310	187
Allowance for inventories	存貨備抵	146	1,177
Cost of inventories recognised as expenses	確認為開支的存貨成本	615,947	537,466
Depreciation	折舊	266	19
Directors' remuneration	董事酬金		
Fee	袍金	—	—
Other emoluments	其他酬金	2,255	1,232
Other staff costs	其他員工成本		
Salaries and other benefits	薪金及其他福利	2,952	1,273
Retirement benefit scheme contributions	退休福利計劃供款	19	15
		5,226	2,520
Interest expense	已付利息	16	—
Operating lease rentals in respect of office premises and staff quarters	有關辦公室物業及員工宿舍的經營租賃租金	417	307
and after crediting:	及計入下列各項後：		
Interest income	利息收入	25	8

Operating lease rentals in respect of a director's accommodation amounting to HK\$61,200 (2003: HK\$63,600) for the year are included under directors' other emoluments.

在年度內，有關一名董事住宿的經營租賃款項61,200港元(二零零三年：63,600港元)已包括在董事的其他酬金中。

7. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the nine (2003: nine) directors were as follows:

	Executive director				Non-executive director		Independent non-executive director			2004
	執行董事				非執行董事		獨立非執行董事			
	Leung Chi Ho	Sun Pishu	Wang Miao	Zhang Lei	Wong Hung, Alex	Xin Wei Hua	Liu Ping Yuan	Meng Xiang Xu	Wong Lit Chor, Alexis	
	梁智豪	孫丕恕	王渺	張磊	王衡	辛衛華	劉平源	孟祥旭	黃烈初	二零零四年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Fees	袍金	—	—	—	—	—	—	—	—	—
Other emoluments	其他酬金	—	—	—	—	—	—	—	—	—
Salaries and other benefits	薪金及其他福利	886	300	240	187	—	40	40	40	1,733
Contributions to retirement benefits scheme	退休福利計劃供款	12	—	—	—	—	—	—	—	12
Performance related incentive payments	酌情花紅	—	—	510	—	—	—	—	—	510
Total emoluments	合計酬金	898	300	750	187	—	40	40	40	2,255

	Executive director				Non-executive director		Independent non-executive director			2003
	執行董事				非執行董事		獨立非執行董事			
	Leung Chi Ho	Sun Pishu	Wang Miao	Zhang Lei	Wong Hung, Alex	Xin Wei Hua	Liu Ping Yuan	Meng Xiang Xu	Wong Lit Chor, Alexis	
	梁智豪	孫丕恕	王渺	張磊	王衡	辛衛華	劉平源	孟祥旭	黃烈初	二零零三年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Fees	袍金	—	—	—	—	—	—	—	—	—
Other emoluments	其他酬金	—	—	—	—	—	—	—	—	—
Salaries and other benefits	薪金及其他福利	883	—	237	—	—	—	—	—	1,120
Contributions to retirement benefits scheme	退休福利計劃供款	12	—	—	—	—	—	—	—	12
Performance related incentive payments	酌情花紅	—	—	100	—	—	—	—	—	100
Total emoluments	合計酬金	895	—	337	—	—	—	—	—	1,232

No directors of the Company waived any remuneration during the year.

向九名(二零零三年:九名)董事支付/應付之酬金詳情如下:

於有關期間內,並無本公司董事放棄收取任何酬金。

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8. EMPLOYEES' REMUNERATION

The emoluments of the five highest paid employees in the Group included three (2003: two) directors of the Company for the year, details of whose emoluments are set out in note 7 above. The emoluments of the remaining two (2003: three) highest paid individuals were as follows:

Salaries and other benefits	薪金及其他福利
Retirement benefit scheme contributions	退休福利計劃供款

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

9. TAXATION

Hong Kong Profits Tax	香港利得稅
Provision for the year	本年稅項
Overprovision in prior year	前年度超額撥備

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both years.

8. 僱員酬金

於年度，在本集團五位最高薪酬人士中，包括三名(二零零三年：二名)之董事。詳情載於上文附註7。其餘二名(二零零三年：三名)最高薪酬人士的酬金詳情如下：

2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
718	532
12	15
<u>730</u>	<u>547</u>

年內，本集團並無支付酬金予五位最高薪酬人士，作為吸引彼等加入本集團或於加入本集團時之報酬或作為離職之補償。

9. 稅項

2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
4,672	3,962
(4)	—
<u>4,668</u>	<u>3,962</u>

於兩個年度，香港利得稅按本年度的估計純利的17.5%計算。

9. TAXATION (continued)

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

Profit before taxation	除稅前純利
Tax at the prevailing profits tax rate of 17.5%	按利得稅稅率 17.5% 計算之稅項
Tax effect of utilisation tax losses not previously recognised	動用之前未確認 稅項虧損
Tax effect of expenses that are not deductible in determining taxable profit	不可扣稅開支之 稅務影響
Others	其他
Tax effect of income not taxable for tax purpose	不可徵稅收入之 稅務影響
Overprovision in respect of prior years	前年度超額撥備
Taxation for the year	年內稅項支出

No provision for deferred taxation has been recognised in the financial statements as the amount involved is insignificant.

9. 稅項 (續)

根據綜合收益賬本年度之稅項支出與除稅前純利對照如下:

2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
27,510	22,331
4,814	3,908
—	(100)
26	154
(164)	—
(4)	—
(4)	—
4,668	3,962

並無遞延稅項撥備於財務資料中予以確認，此乃由於涉及金額很小。

10. DIVIDEND

Final dividend proposed HK3 cents (2003: HK3.5 cents) per share	擬派之末期股息每股 3 港仙 (二零零三年： 3.5 港仙)
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10. 股息

2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
12,000	3,500

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11. EARNINGS PER SHARE

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

Earnings	盈利
Earnings for the purpose of basic and diluted earnings per share	計算每股基本及攤薄盈利所採用之盈利
Number of shares	股本數目
Weighted average number of ordinary shares for the purpose of basic earnings per share	計算每股基本盈利所採用之加權平均普通股數目
Effect of dilutive share options	潛在攤薄購股權之影響
Weighted average number of ordinary shares for the purpose of diluted earnings per share	計算每股攤薄盈利所採用之加權平均普通股數目

The computation of the basic earnings per share for the year ended 31 December 2003 was based on 100,000,000 shares deemed to be in issue throughout the year on the assumption that the corporate reorganisation as described in note 1 had been effective on 1 January 2003 and 200,000,000 capitalisation shares issued approved on 8 April 2004.

The computation of diluted earnings per share for the year ended 31 December 2004 does not assume the exercise of the Company's outstanding share options under the Company's pre-initial public offering share option scheme as the exercise price of those options is higher than the average market price for shares for the year.

11. 每股盈利

每股基本及攤薄盈利乃根據下列數據計算：

2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
22,842	18,369
368,493	300,000
52	—
368,545	300,000

截至二零零三年十二月三十一日止年度之每股盈利，乃按100,000,000股並假設集團重組（詳情載於附錄一）已於二零零三年一月一日生效及已於二零零四年四月八日批准及發行之200,000,000資本化股份被視作為全年發行。

截至二零零四年十二月三十一日止年度之每股攤薄盈利之計算並不假設本公司之未行使之首次公開招股前購股權獲行使，蓋因該等購股權之行使價高於本年度之股份之平均市價。

12. PROPERTY, PLANT AND EQUIPMENT

12. 物業、廠房及設備

		Leasehold improvement 租賃裝修 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俬及裝置 HK\$'000 千港元	Total 合共 HK\$'000 千港元
COST		成本		
At 1 January 2004	於二零零四年一月一日	—	210	210
Additions	增添	70	1,203	1,273
At 31 December 2004	於二零零四年 十二月三十一日	70	1,413	1,483
DEPRECIATION		折舊		
At 1 January 2004	於二零零四年一月一日	—	178	178
Provided for the year	本年撥備	47	219	266
At 31 December 2004	於二零零四年 十二月三十一日	47	397	444
NET BOOK VALUES		賬面淨值		
At 31 December 2004	於二零零四年 十二月三十一日	23	1,016	1,039
At 31 December 2003	於二零零三年 十二月三十一日	—	32	32

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13. INVESTMENTS IN SUBSIDIARIES

Unlisted shares, at cost

At 31 December 2003 and 2004

非上市股票，按成本值

於二零零三年及於二零零四年
十二月三十一日

1,571

The cost is based on the value of the underlying net tangible assets of the subsidiaries attributable to the Group as at the date on which the Company became the holding company of the Group under the Reorganisation.

Particulars of the subsidiaries of the Company are as follows:

Name of Company 附屬公司名稱	Place of incorporation/ registration 註冊成立及 登記地點	Issued and fully paid ordinary share capital 已發行及繳足 普通股本	Attributable equity interest held by the Company 本集團 應佔股本權益		Principal activity 主要業務
			Directly 直接	Indirectly 間接	
LCBVI 浪潮電子有限公司	British Virgin 英屬處女群島	US\$1 1美元	100%	—	Investment holding 投資控股
LC Electronics 浪潮（香港）電子有限公司	Hong Kong 香港	HK\$1,000,000 1,000,000 港元	—	100%	Trading of computer components 分銷電腦元件
浪潮（山東）電子信息 有限公司	PRC 中國	HK\$15,000,000 15,000,000 港元	—	100%	Development of hardware and software and provision of information technology related services 電腦軟硬件之開發及 提供技術支援

本公司於附屬公司之投資的成本是根據其當日成為本集團之附屬公司的淨資產值。

附屬公司之詳情如下：

14. INVENTORIES

The amount represents finished goods.

At 31 December 2004, finished goods of approximately HK\$33,138,000 (2003: HK\$30,040,000) are carried at net realisable values.

14. 存貨

金額指製成品。

於二零零四年十二月三十一日，製成品約33,138,000港元（二零零三年：30,040,000港元）是按可變現淨值計算。

15. TRADE RECEIVABLES

The Group allows an average credit period of 30 to 90 days to its trade customers, the following is an aged analysis of trade receivables at the reporting date:

0 - 30 days	0 至 30 日
31 - 60 days	31 至 60 日
61 - 90 days	61 至 90 日

15. 貿易應收賬款

本集團向貿易客戶提供30日至90日的平均賒賬期。以下為貿易應收賬款於結算日的賬齡分析：

2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
7,216	3,434
6,930	—
4,348	—
18,494	3,434

16. AMOUNTS DUE FROM GROUP COMPANIES

The amounts are unsecured, non-interest bearing and have no fixed repayment term.

16. 應收集團公司款項

這些款項為無抵押、免息及並無固定還款期。

17. TRADE PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

0 - 30 days	0 至 30 日
-------------	----------

17. 貿易應付賬款

以下為貿易應付賬款於結算日的賬齡分析：

2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
35,967	47,949

18. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount is unsecured, non-interest bearing and has no fixed repayment term.

18. 應付最終控股公司款項

這些款項為無抵押、免息及並無固定還款期。

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19. SHARE CAPITAL

19. 股本

		Number of shares 股份數目 '000	HK\$'000
Ordinary shares	普通股		
Authorised:	法定：		
On date of incorporation, at HK\$0.1 each	於註冊成立日期， 每股面值 0.1 港元	10,000	1,000
Share subdivision	股份拆細	90,000	—
At 31 December 2003, at HK\$0.01 each	於二零零三年 十二月三十一日， 每股面值 0.01 港元	100,000	1,000
Increase during the year (note a)	年內增加股本（附註 a）	900,000	9,000
At 31 December 2004, at HK\$0.01 each	於二零零四年 十二月三十一日， 每股面值 0.01 港元	1,000,000	10,000
Issued:	已發行：		
1 share allotted and issued nil paid on date of incorporation, at HK\$0.1 each	於註冊成立日期 1 股 已配發及繳足發行， 每股面值 0.1 港元	1	—
Issue of shares on Reorganisation	於重組時發行股份	8,999	900
Issue of shares by capitalisation of amounts due from directors	因應付董事款項資本化 發行股份	1,000	100
Share subdivision	股份拆細	90,000	—
At 31 December 2003, at HK\$0.01 each	於二零零三年 十二月三十一日， 每股面值 0.01 港元	100,000	1,000
Issue of shares by capitalisation of share premium account (note a)	把股份溢價資本化 （附註 a）	200,000	2,000
Placing of shares (note b)	以配售之股份（附註 b）	100,000	1,000
At 31 December 2004, at HK\$0.01 each	於二零零四年 十二月三十一日， 每股面值 0.01 港元	400,000	4,000

19. SHARE CAPITAL (continued)

Notes:

- (a) Pursuant to the written resolutions passed by the shareholders of the Company on 8 April 2004:
- (i) the authorised share capital of the Company was increased from HK\$1,000,000 to HK\$10,000,000 by the creation of 900,000,000 shares of HK\$0.01 each;
 - (ii) the issue of 100,000,000 new shares of HK\$0.01 each for cash at HK\$0.36 per share by the way of placing was approved (the "Share Offer") and the directors were authorised to allot and issue these new shares; and
 - (iii) conditional on the share premium account being credited as a result of the Share Offer, the directors were authorised to capitalise HK\$2,000,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 200,000,000 shares for allotment and issue to holders of shares of the Company whose name appeared on the register of members of the Company at the close of business on 28 April 2004 in proportion to their existing holdings in the Company.
- (b) On 26 April 2004, by means of placing, the Company issued a total of 100,000,000 new share ordinary shares of HK\$0.01 each at a price of HK\$0.36 per share.

All the shares which were issued during the year rank pari passu with the then existing shares in all respects.

19. 股本 (續)

附註：

- (a) 根據本公司全體股東於二零零四年四月八日通過的書面決議案：
- (i) 本公司透過增設900,000,000股新股份，將法定股本由1,000,000港元增至10,000,000港元；
 - (ii) 批准發行配售股份每股配售股份0.36港元的配售價，發行100,000,000股新股份每股面值0.01港元（「配售」），並授權董事將股份分配及發行；及
 - (iii) 待本公司股份溢價賬因根據配售發行配售股份而獲得進賬後，授權董事將本公司股份溢價賬進賬內一筆為數2,000,000港元的金額撥充資本，以便按面值繳足200,000,000股股份，用以於二零零四年四月二十八日營業時間結束時向名列本公司股東名冊的股份持有人。
- (b) 於二零零四年四月二十六日，根據配售，本公司發行100,000,000股新普通股份每股面值0.01港元，每股配售股份0.36港元的配售價。

每股所附之同等權利及享有之同等權益。

20. SHARE OPTION SCHEMES

The Pre-IPO Share Option Scheme (the "Pre-IPO Scheme") and Share Option Scheme (the "Option Scheme") of the Company were adopted by the Company pursuant to the written resolutions of all shareholders passed on 8 April 2004 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity. The Pre-IPO Scheme and the Option Scheme shall be valid and effective for a period of ten years after the date of its adoption. Under the Pre-IPO Scheme and the Option Scheme, the board of directors of the Company may grant options to eligible participants including employees, executives or officers and directors (including executive and non-executive directors) of the Company or any of its subsidiaries, and any suppliers, consultants and advisers who will contribute or have contributed to the Group to subscribe for shares in the Company.

At the date of this report, the total number of shares available for issue under each of the Pre-IPO Scheme and the Option Scheme are 40,000,000 shares which each represents 10% of the issued share capital of the Company on the adoption date of the Pre-IPO Scheme and the Option Scheme and the date of this annual report.

20. 購股權計劃

本公司根據全體股東於二零零四年四月八日以書面決議案有條件採納之首次公開招股前購股權計劃（「首次公開招股前購股權計劃」）及購股權計劃（「購股權計劃」），主要目的為向經甄選之參與者就彼等對本集團之貢獻提供獎勵或回報，並／或有助本集團招聘及挽留優質僱員及吸引對本集團及受投資實體。首次公開招股前購股權計劃及購股權計劃於採納當日起計十年內可有效行使。根據首次公開招股前購股權計劃及購股權計劃，本公司董事會可向合資格參與者（包括本公司或其任何附屬公司之僱員、行政人員、高級職員或董事（包括執行及非執行董事）、將會或曾經對本集團作出貢獻之任何供應商、顧問及諮詢人）授出購股權，以認購本公司股份。

於本報告日期，根據首次公開招股前購股權計劃及購股權計劃各可予發行股份為40,000,000股，各佔採納購股權計劃日期及本年報日期本公司已發行股本10%。

20. SHARE OPTION SCHEMES (continued)

The total number of shares in respect of which options may be granted under each of the Pre-IPO Scheme and the Option Scheme is not permitted to exceed 10% of the shares of the Company of the adoption date of the Pre-IPO Scheme and the Option Scheme unless prior approval from the Company's shareholders in general meeting has been obtained. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Scheme and the Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time. The total number of shares in respect of which options may be granted to any eligible participant in any twelve-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, unless prior approval from the Company's shareholders in general meeting has been obtained. Options granted to substantial shareholder or an independent non-executive director of the Company in excess of 0.1% of the Company's share in issue and with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders in general meeting.

There is no general requirement that an option must be held to any minimum period before it can be exercised but the board of directors is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. Options offered must be taken up not later than 28 days after the date of offer. A non-refundable remittance of HK\$1 is payable as consideration by the grantee upon acceptance of every grant of option under the Pre-IPO Scheme and the Option Scheme. The period during which an option may be exercised will be determined by the board of directors at its absolute discretion, save that such period of time shall not exceed a period of ten years commencing on the date which the option is granted. The exercise price 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 share on the Stock Exchange's daily quotation sheet on the date of offer ii) the average closing price of the shares on the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of offer and iii) the nominal value of a share of the Company.

20. 購股權計劃 (續)

在未經本公司股東在股東大會上事先批准之情況下，根據首次公開招股前購股權計劃及購股權計劃授出之購股權所涉及之最高股份總數不得超過本公司於採納首次公開招股前購股權計劃及購股權計劃日期之已發行股份10%。因行使根據首次公開招股前購股權計劃及購股權計劃及本公司任何其他購股權計劃之所有已授出但未行使購股權而發行之股份數目，不得超過不時已發行之股份30%。在未經本公司股東在股東大會上事先批准之情況下，於任何十二個月期間向任何合資格參與者授出之購股權涉及之股份總數不得超過本公司不時已發行股份1%；凡向本公司一名主要股東或一名獨立非執行董事授出超過本公司已發行股份之0.1%及總值超過5,000,000港元之購股權，必須先獲本公司股東在股東大會上批准。

一般而言，並無規定購股權在行使前必須持有之最低限期，惟董事會獲授權於授出任何指定購股權時酌情加諸最低限期。授出之購股權須於授出日期後28日內接納，承授人須就接納該首次公開招股前購股權計劃及購股權計劃授出之每份購股權支付1港元之不可退回之款項作為代價。購股權之可行使期限將由董事會全權酌情釐訂，惟購股權於授出之日起計十年後將不可再行使。行使價由本公司董事會釐訂，惟價格不會少於以下最高者：i)本公司股份於購股權授出日期於聯交所每日報價表之收市價；ii)股份於緊接購股權授出日期前五個營業日於聯交所每日報價表之平均收市價及iii)本公司股份之面值。

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20. SHARE OPTION SCHEMES (continued)

On 8 April 2004, a total of 40,000,000 share options were granted to certain employees and directors of the Group under the Pre-IPO Scheme entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK\$0.324.

On 28 December 2004, a total of 40,000,000 share options were granted to certain employees of the Group under the Option Scheme entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK\$0.28 per share. The fair value of the Company's shares at 28 December 2004 under the Option Scheme was HK\$0.28.

Save as disclosed above, no share options had been granted, cancelled, lapsed or exercised during the year.

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

Option type 股權類別		Outstanding at 1.1.2004	Granted during year	Outstanding at 31.12.2004
		於二零零四年 一月一日 尚未行使		於二零零四年 十二月三十一日 尚未行使
Pre-IPO Scheme	首次公開招股前購股權計劃	—	40,000,000	40,000,000
Option Scheme	購股權計劃	—	40,000,000	40,000,000
		—	80,000,000	80,000,000

Details of the share options held by the directors included in the above table are as follows:

Option type 股權類別		Outstanding at 1.1.2004	Granted during year	Outstanding at 31.12.2004
		於二零零四年 一月一日 尚未行使		於二零零四年 十二月三十一日 尚未行使
Pre-IPO Scheme	首次公開招股前購股權計劃	—	24,000,000	24,000,000

20. 購股權計劃 (續)

於二零零四年四月八日，本公司已經根據首次公開招股前購股權計劃授出可認購合共40,000,000股股份的購股權以每股行使價為0.324港元。

於二零零四年十二月二十八日，本公司已經根據購股權計劃授出可認購合共40,000,000股股份的購股權以每股行使價為0.28港元。於授出購股權當日，於二零零四年十二月二十八日內根據購股權授予購股權之公允價為0.28港元。

除上述披露外，年內購股權計劃所發出之購股權並未被行使、取消或作廢。

年內，本公司之僱員之購股權計劃變動如下：

董事之購股權計劃詳情如下：

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21. RESERVES (continued)

Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company may be distributed subject to the provision of the Company's Memorandum and Articles of Association and provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary courses of business. This share premium account may also be distributed in the form or fully paid bonus shares.

The distributable reserves of the Company calculated in accordance with the Company's Memorandum and Articles of Association were as follows:

Share premium	股份溢價
Accumulated profits (losses)	累積（虧損）純利

The special reserves of the Group represents the difference between the nominal value of the shares of the subsidiaries and the nominal amount of the Company's shares issued for the acquisition at the time of the Reorganisation prior to the listing of the Company's shares.

The special reserves of the Company represent reserve arising as a result of the Reorganisation which represents the excess of the then combined net assets of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange therefor.

21. 儲備 (續)

根據開曼群島法例第22章公司法（經綜合及修訂的一九六一年法例3）及本公司組織章程，股份溢價可分派。如緊隨建議分派股息日期後，本公司可在日常業務過程中，在債務到期之時予以清償之情況下，股份溢價可用以向本公司股東作出分派。股份溢價賬亦可以繳足紅股方式派付。

根據公司組織章程本公司可供分派儲備計算如下：

2004
二零零四年
HK\$'000
千港元
24,860
420
25,280

本集團的特殊儲備指附屬公司股份面值與本公司股份上市前集團重組時就收購而已發行的本公司股份的面值兩者之間的差額。

本公司的儲備指因重組產生的特殊儲備及指所購入的附屬公司的當時綜合資產淨值較本公司已發行的股本的面值多出的數額。

22. AMOUNTS DUE TO DIRECTORS

The amounts were unsecured and non-interest bearing. The amounts were settled during the year.

23. LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments under operating leases in respect of rented premises which fall due as follows:

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

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for an average term of one year and rentals are fixed for an average of one year.

At the balance sheet date, the Company did not have significant operating lease commitment.

24. RETIREMENT BENEFIT SCHEME

The Group operates the Mandatory Provident Fund Scheme under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The Group's employees are required to join the scheme. The Group has followed the minimum statutory contribution requirement of 5% of eligible employees' relevant aggregated income.

25. CONTINGENT LIABILITIES

The Company and a subsidiary have given cross guarantee amounted to HK\$38,000,000 to a bank to secure general banking facilities granted to both companies.

22. 應付董事款額

這些款項為無抵押、免息。此款項已在本年償還。

23. 租賃承擔

於結算日，本集團之經營租賃就未來最低租賃付款額之承擔期滿情況如下：

2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
196	226
—	53
<u>196</u>	<u>279</u>

經營租賃指本集團就其辦公室物業的應付租金。租賃乃按平均壹年年期洽商釐定及租金乃固定為平均一年。

於結算日，本公司並無重大經營租約承諾。

24. 退休福利計劃

本集團根據強制性公積金計劃管理局的規則及規定推行強制性公積金計劃。本集團的員工均須參加此計劃。集團已遵照法定最低供款規定按合資格僱員的有關總收入的5%作出供款。

25. 或然負債

本公司及附屬公司以公司擔保38,000,000港元就其附屬公司獲取銀行融資額。

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26. RELATED PARTY TRANSACTIONS

Amount from the amounts due from and to related parties as disclosed in notes 16, 18 and 22, the Group had entered into the following related party transactions during the year ended 31 December 2004:

Sales of goods (note a) 貨品銷售（附註 a）

Note:

- (a) The Group sold the goods at cost before the deduction of purchase rebate to the ultimate holding company and a fellow subsidiary of the Company, at an amount of HK\$13,381,000 for the period from 1 January 2004 to 31 March 2004 and HK\$92,340,000 for the year ended 31 December 2003.

On 1 April 2004, the LC Corporation appointed the Group as the exclusive agent for the LC Group for the overseas sourcing of computer components for a period of two years and nine months from 1 April 2004 to 31 December 2006. The LC Group will, with reference to the then market prices, pay a premium of not less than 1.5% above the purchase price paid by the Group, without taking into account of rebates received from suppliers, for all computer components sourced overseas by the Group on their behalf. The sales made under this arrangement for the period from 1 April 2004 to 31 December 2004 amounted to HK\$91,238,000.

- (b) During the year ended 31 December 2003 and 2004, Lang Chao Electronic Information Industry Co., Ltd, a fellow subsidiary of the Company, allowed the Group to use the trademark "Lang Chao" in Hong Kong, Taiwan and the PRC free of charge.

In the opinion of the directors of the Company, the above related party transactions were carried out at prices agreed between the parties.

26. 關連人士交易

除綜合財務報表附註16、18及22內所披露的應收及應付予關連人士款項外，本集團於本年度內已訂立下列關連人士交易：

2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
<u>104,619</u>	<u>92,340</u>

附註：

- (a) 自二零零四年一月一日至二零零四年三月三十一日止，本集團按成本價未計回扣前的價格出售貨品予浪潮公司及本公司一間同集團附屬公司總值為13,381,000港元。而二零零三年銷售總值為92,340,000港元。

於二零零四年四月一日，浪潮公司委任本集團為浪潮集團海外採購電腦元件的獨家代理，由二零零四年四月一日至二零零六年十二月三十一日，為期兩年零九個月。浪潮集團將參考當時的市價，但並無考慮從供應商獲得的回扣，支付本集團就代表他們從海外採購的所有電腦元件已支付的購買價不少於1.5%以上的溢價。故由二零零四年四月一日至二零零四年十二月三十一日止，本集團根據此協議銷售總值為91,238,000港元。

- (b) 截至二零零三年十二月三十一日止及二零零四年十二月三十一日止，本公司一間同集團附屬公司浪潮電子信息產業股份有限公司容許本集團於香港、台灣及中國免費使用「浪潮」商標。

董事認為，以上關連人士交易之價格是根據雙方協議而成。