



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)
(Stock Code 股份代號 : 8141)

annual report • 2005 年度報告



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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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2 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

AUTHORIZED REPRESENTATIVES

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

COMPLIANCE ADVISER

Guotai Junan 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

國泰君安融資有限公司

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 Fund Services (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 Fund Services (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
46th 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
46樓

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

4 Financial Summary

財務概要

截至十二月三十一日止年度
For the year ended 31 December

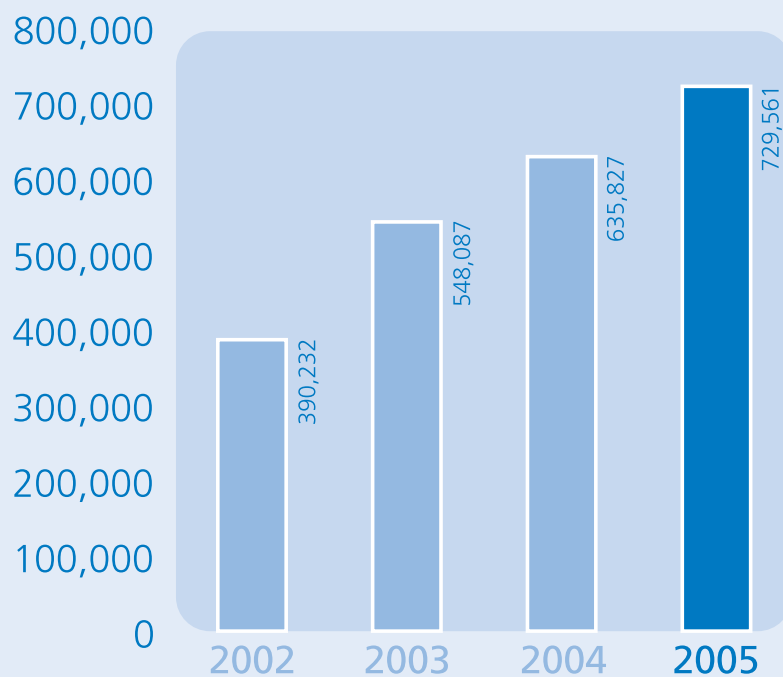
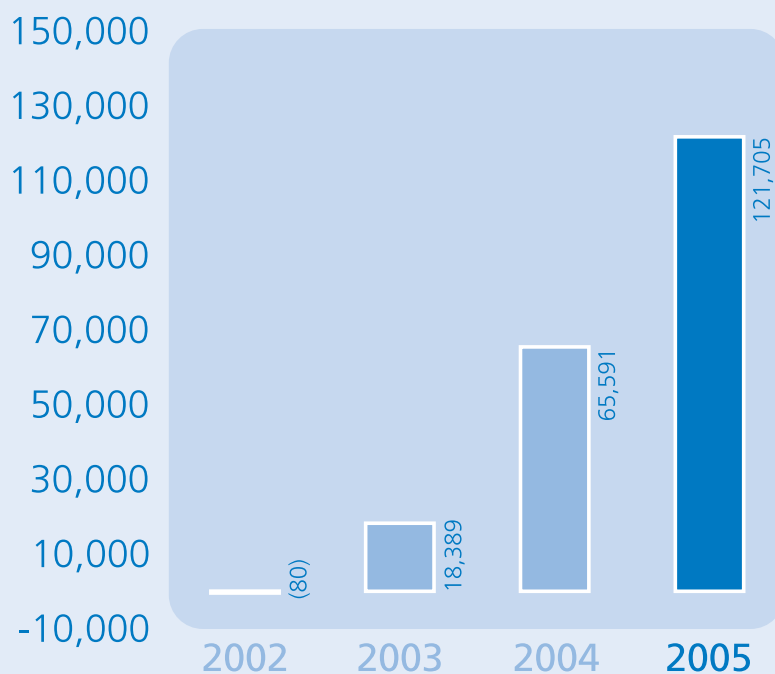
		2001	2002	2003	2004	2005
		二零零一年	二零零二年	二零零三年	二零零四年	二零零五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
					(restated)	
RESULTS	財務業績					
Turnover	營業額	133,076	390,232	548,087	635,827	729,561
(Loss) profit before taxation	除稅前 (虧損) 純利	(4,149)	2,528	22,331	22,330	29,158
Taxation	稅項	—	—	(3,962)	(4,668)	(4,943)
(Loss) profit for the year	除稅後純利	(4,149)	2,528	18,369	17,662	24,215
ASSETS AND LIABILITIES	資產及負債					
Total assets	資產總值	10,384	48,321	72,498	106,422	288,939
Total liabilities	負債總值	(12,992)	(48,401)	(54,109)	(40,831)	(167,234)
(Capital deficiency) shareholders' funds	資本不足 股東資金	(2,608)	(80)	18,389	65,591	121,705

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

6 Chairman's Statement

主席報告

On behalf of the Board of Directors of Lang Chao International Limited (the "Company"), I am pleased to announce consolidated the financial report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2005.

FINANCIAL HIGHLIGHTS

During the year under review, the Group recorded a turnover of approximately HK\$729,561,000, an increase of 14.74% when compared with last year's HK\$635,827,000. Profit attributable to shareholders rose from HK\$17,662,000 to HK\$24,215,000, an increase of 37.10%. Earnings per share increased by 11.48%, from HK4.79 cents to HK5.34 cents. The Board of Directors recommended the payment of a final dividend of HK3 cents per ordinary share (2004: HK3 cents) for the year ended 31 December 2005. The final dividends will be payable on 20 June 2006 to those shareholders whose names appear on the register of members of the Company at 8 May 2006, subject to shareholders' approval of payment of the final dividends at the forthcoming annual general meeting.

BUSINESS REVIEW

During the year under review, the Group maintained the steady growth momentum of last year, recording continuous growth of turnover and net profit. Thanks largely to the robust development in the domestic information technology ("IT") industry, the Group achieved satisfactory results during the year, with further increase in market shares of the hardware products in the PRC market. Moreover, the Group managed to improve its overall profitability by providing customers with quality value-added services.

Apart from the Hong Kong head office, the Group has established sales centre and liaison points in Jinan, PRC in order to tie up with customers. This allows the Group to stay closer to its end-users, thus enabling it to react rapidly to market needs and respond to the fast-changing IT market and product development trend.

本人謹代表浪潮集團有限公司(「本公司」)董事會，欣然提呈本公司及其附屬公司(統稱「本集團」)截至二零零五年十二月三十一日止年度之綜合業績報告。

財務摘要

於回顧年度，本集團錄得營業額約729,561,000港元，較上年度之635,827,000港元增加14.74%。股東應佔溢利由17,662,000港元上升至24,215,000港元，升幅為37.10%。每股盈利由4.79港仙上升11.48%至5.34港仙。董事會建議就截至二零零五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(二零零四年：3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，末期股息將於二零零六年六月二十日派發予於二零零六年五月八日名列本公司股東登記冊之有關股東。

業務回顧

本集團於回顧年內繼續承接去年度業績的穩定增長趨勢，在營業額及純利方面均錄得持續增長。本集團年內業績理想，主要受惠於中國資訊科技業蓬勃發展，而硬體產品在國內市場的佔有率亦進一步提升。

除香港總公司外，本集團已在中國濟南設立營銷中心，務求與中國之客戶連成一線，使本集團能夠更貼近最終用家，迅速回應市場的需要，以迎合瞬息萬變的資訊科技業市況及日新月異的產品發展趨勢。

Moreover, the Group has extended into the market of specialised computer products, i.e. point-of-sales system in view of the fast growing retail business in the PRC and thereby diversify its revenue sources through the investment in Shandong Langchao Business System Company Limited (“Shandong Shangyong”) (山東浪潮商用系統有限公司) and Shandong Chaoyue Digital Electronics Company Limited (“Shandong Chaoyue”) (山東超越數控電子有限公司).

As Microsoft Corporation (“Microsoft”) is one of the largest software developers in the world, the introduction of Microsoft as a substantial Shareholder will enhance future cooperation between the Group and Microsoft, resulting in common synergies and benefit for both the Group and Microsoft.

As mentioned in the Circular dated 8 March 2006, the Group will extend into the market of management software and the market of e-government business through investment in Lang Chao Group Shandong Genersoft Limited (“LC Genersoft”) and Shandong Lang Chao E-Government Software Limited (“LC E-Government”) respectively and thereby diversify its revenue sources and build up its reputation in the software industry. In view of the customer profile of LC Genersoft and the future prospect of the e-government business and thereby the potential of LC E-Government, the Directors consider that the investment will enhance the Group's overall business performance, strengthen its revenue base and diversify its business risk by enlarging its product and service base.

Going forward, the Group will continue to develop and introduce various products and to seek for new investment opportunities in order to generate better returns for its shareholders.

APPRECIATION

I wish to take this opportunity to thank all fellow directors, management and staff for their great efforts in realizing good results of the Group. And I have to express my appreciation to all the shareholders, business partners, bankers, customers and suppliers of the Group for their continued support and trust over the past years.

Sun Pishu

Chairman

Hong Kong, 24 March 2006

同時，本集團可藉著中國迅速發展之零售業務，擴展至專用電腦產品市場，例如銷售點系統，從而透過於山東浪潮商用系統有限公司(「山東商用」)及山東超越數控電子有限公司(「山東超越」)之投資令收益來源多元化。

微軟公司(「微軟」)為全球最大之軟件開發商之一，引入微軟為主要股東將提升日後本集團與微軟之間之合作關係，為本集團及微軟創造共同之協同效益及利益。

誠如於二零零六年三月八日通函所披露，本集團透過分別投資於浪潮集團山東通用軟件有限公司(「浪潮通用軟件」)及山東浪潮電子政務軟件有限公司(「浪潮電子政務」)，可拓展至管理軟件市場及電子政務市場，從而分散其收入來源及建立其於軟件行業的聲譽。鑒於浪潮通用軟件之顧客概況及電子政務業務之未來前景，加上浪潮電子政務之潛力，董事認為，該等投資將透過擴大本集團之產品及服務基礎，提升其整體業務表現、鞏固其收入基礎，以及分散其業務風險。

展望未來，本集團將繼續研發新產品以及會繼續尋求新的商機，期望為本公司及本公司股東帶來理想回報。

致謝

本人謹藉此機會向一眾董事、管理階層及員工於年內付出的努力，令本集團能取得佳績致以由衷感謝。另外，本人亦感謝本集團所有股東、業務夥伴、往來銀行、客戶及供應商多年來的鼎力支持與信賴。

孫丕恕

主席

香港，二零零六年三月二十四日

8 Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

The Group's turnover for the year ended 31 December 2005 was approximately HK\$729,561,000, which represented an increase of 14.74% as compared to the turnover of approximately HK\$635,827,000 for the year ended 31 December 2004. Such increase was mainly attributable to the increase in sales of CPUs and increase in market demands.

The Group recorded a gross profit of approximately HK\$32,400,000 with the gross profit margin of approximately 4.44%, decrease of approximately 16.19% as compared with last year. This decrease was due to the decreasing of the selling price.

The administrative expenses for the year ended 31 December 2005 decreased by approximately HK\$7,556,000 or 45.98% as compared to last year. The decrease was due to advertising and promotion expenses and apply HKAS 32, an adjustment of approximately HK\$5,180,000 relating to listing expense has been reversed from share premium and included in administrative expenses for the year ended 31 December 2004.

The net profit attributable to shareholders of the Company for the year ended 31 December 2005 was approximately HK\$24,215,000, a 37.10% increase when compared to approximately HK\$17,662,000 for the year 2004. Such improvement was mainly resulted from deduction of expenses and share of profit of associates compared with the last corresponding year.

Capital structure

The Group intends to principally finance its operation with its internal resources and net proceeds from fund raising activities. On 1 June 2005 the Company placed 52,000,000 new shares at the placing price of HK\$0.36 per share for net proceeds of approximately HK\$18,574,000 of the Shares of the Company in the GEM of the Stock Exchange.

On 1 June 2005, the Company issued 39,100,000 shares to the vendors as consideration for the acquisition of the entire issued share capital of Timeone.

The Company issued 132,964,342, 6% redeemable convertible preferred shares to Microsoft Corporation at HK\$0.76 each on 8 December 2005.

財務回顧

本集團於截至二零零五年十二月三十一日止年度之營業額約為729,561,000港元，較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港元上升14.74%。主要由於中央處理器的銷售上升所致及這些產品的市場需求進一步增加所致。

本集團錄得約32,400,000港元的毛利，毛利率約4.44%，已較上年度同期減少約16.19%，是由於銷售價格下降。

截至二零零五年十二月三十一日止年度之行政費用，與去年比較減少約7,556,000港元，同比下降45.98%。主要是減少產品推廣的費用及於採用HKAS 32時，已將一筆約5,180,000港元有關上市開支之調整由股份溢價賬中對銷並計入截至二零零四年十二月三十一日止年度之行政開支。

本集團錄得約24,215,000港元的純利，較上年度同期約17,662,000港元增加約37.10%。其主要原因是費用減少及收購聯營公司後所帶來純利。

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。於二零零五年六月一日，本公司以每股股份配售價0.36港元配售共52,000,000股本公司新股，所得款額約為18,574,000港元。

於二零零五年六月一日，本公司發行39,100,000股代價股份之方式償付購入Timeone全部已發行股本。

於二零零五年十二月八日，本公司以每股0.76港元發行132,964,326股6%可贖及可換股優先股給Microsoft。

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 2005, shareholders' funds of the Group amounted to approximately HK\$121,705,000 (31 December 2004: HK\$65,591,000). Current assets amount to approximately HK\$266,734,000 of which approximately HK\$165,405,000 were cash and bank balances. Current liabilities of approximately HK\$72,132,000 mainly comprised accounts payable, tax payable and other payables and accrued liabilities. The Group's current assets are approximately 3.7 times (31 December 2004: 2.6 times) over its current liabilities. As at 31 December 2005, the Group had no bank borrowings and its gearing ratio should be zero (31 December 2004: Nil).

The Directors believe that the Group has a healthy financial position and has sufficient resources to satisfy its 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 2005, the Group had 22 employees (2004: 23 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\$3,774,000 (2004: approximately HK\$5,226,000).

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.

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。二零零五年十二月三十一日，本集團的股東資金約為121,705,000港元（二零零四年十二月三十一日：65,591,000港元）。流動資產約為266,734,000港元，其中165,405,000港元為現金及銀行存款。流動負債約為72,132,000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費用。本集團的流動資產約為其流動負債的3.7倍（二零零四年十二月三十一日：2.6倍）。於二零零五年十二月三十一日，本集團並無銀行借款，故資產負債比率為零（二零零四年十二月三十一日：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

於二零零五年十二月三十一日，本集團有22名僱員（二零零四年：23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3,774,000港元（二零零四年：約5,226,000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。

Charges on assets

No assets of the Group were pledged for both years.

Material acquisition, disposals and significant investment

The Group had increased to invest HK\$40,000,000 to a 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.

The Group acquired Timeone Technology Limited ("Timeone") by way of allotment and issue of 39,100,000 shares of the Company. Timeone is the registered owner of the entire share capital of Jinan Langchao Technology Limited (former name: Jinan Ruien Information Technology Co., Ltd.) (濟南浪潮電子科技有限公司), which in turn holds 40% equity interests in Shandong Shangyong and 49% equity interest in Shandong Chaoyue. Further details regarding the acquisition is set out in the Company's circular dated 13 May 2005.

The Group had invested US\$13,000,000 to set up a new wholly owned subsidiary Lang Chao (Jinan) Electronic Information Limited (浪潮(濟南)信息技術有限公司) to acquire the registered capital of LC Genersoft and E-Government.

On 17 February 2006, Lang Chao (Jinan) Electronic Information Limited entered into the subscription agreement to subscribe for approximately 30.05% of the enlarged registered capital of LC Genersoft at a consideration of RMB40,200,000. The details of the terms of subscription agreement are set out in the Company's circular dated 8 March 2006.

資產抵押

兩年度，本集團的資產並無被質押。

重大收購及出售／未來重大投資計劃

本集團在中國之獨資附屬公司浪潮(山東)電子信息有限公司，增加投資額為40,000,000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。

本集團收購Timeone Technology Limited (「Timeone」)，以按發行39,100,000股本公司的股本之方式償付。Timeone為濟南浪潮電子科技有限公司(前名：濟南瑞恩信息科技有限公司)全部註冊資本之登記擁有人，而後者則持有山東商用之40%股權及山東超越之49%股權。有關收購詳情已刊載於本公司在二零零五年五月十三日之通函。

本集團在中國以獨資形式開立浪潮(濟南)信息技術有限公司，投資總額為13,000,000美元，業務主要是收購浪潮通用軟件及浪潮電子政務的股本。

於二零零六年二月十七日，浪潮(濟南)信息技術有限公司訂立認購協議認購浪潮通用軟件經擴大註冊股本約30.05%，認購之代價為人民幣40,200,000元。認購協議詳情刊載於本公司在二零零六年三月八日之通函內。

On 17 February 2006, Lang Chao (Jinan) Electronic Information Limited entered into the subscription agreement to subscribe for approximately 53.3% of the enlarged registered capital of LC E-Government at a consideration of RMB8,000,000. The details of the terms of subscription agreement are set out in the Company's circular dated 8 March 2006.

Save as disclosed above, the Group has not made any material acquisitions or disposals during the year. As 31 December 2005, 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\$10,000,000 to a bank to secure general banking facilities granted to companies.

Prospects

The IT sector has been one of the fastest growing industries and the PRC will remain as one of the vital supply bases for the semiconductor and IT industry in the world. Under the development blueprint for the 11th Five-Year Plan of the PRC, the mainland is set to fully open its market to foreign competitors under the agreements it made to the World Trade Organization for membership. Moreover, the organization of Beijing 2008 Olympic Games, the Shanghai 2010 World Expo as well as the PRC government's determination to move the whole nation into the "Digital Age", the huge potential which has risen from this burgeoning market has attracted many foreign as well as local players to set foot in the mainland market to grab new business opportunities.

於二零零六年二月十七日，浪潮（濟南）信息技術有限公司訂立認購協議認購浪潮電子政務經擴大註冊股本約53.3%，認購之代價為人民幣8,000,000元。認購協議詳情刊載於本公司在二零零六年三月八日之通函內。

除上述披露外，於本年度內亦無作出任何重大收購或出售。於二零零五年十二月三十一日，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

於二零零五年十二月三十一日，本集團獲授銀行信貸而提供擔保，就此有約10,000,000港元或然負債。

前景

資訊科技行業已成為增長最快速行業之一，而中國將繼續成為全球半導體及資訊科技行業之重要供應基地之一。根據中國第十一個五年計劃之發展藍圖，內地將根據中國加入世界貿易組織之承諾，向外國競爭者全面開放市場。此外，北京主辦二零零八年奧林匹克運動會、上海二零一零年世界博覽會以及中國政府決心推動全國進入「數碼時代」，中國之新興市場具有龐大潛力，吸引眾多外國及地方廠商蜂湧而至，務求抓緊新商機。

12 Management Discussion and Analysis

管理層討論及分析

During the year, the Group has extended into the market of specialised computer products, i.e. point-of-sales system in view of the fast growing retail business in the PRC and thereby diversify its revenue sources through the investment in Shandong Shangyong and Shandong Chaoyue. Moreover, the Group will extend into the market of management software and the market of e-government business through investment in LC Gensoft and LC E-Government respectively and thereby diversify its revenue sources and build up its reputation in the software industry.

The Group will keep on exploring other suitable business opportunities and diversifying its investment to other potential industries with favourable investment return and prospect.

本集團可藉著中國迅速發展之零售業務，擴展至專用電腦產品市場，例如銷售點系統，從而透過於山東商用及山東超越之投資令收益來源多元化。本集團將透過分別投資於浪潮通用軟件及浪潮電子政務，可拓展至管理軟件市場及電子政務市場，從而分散其收入來源及建立其於軟件行業的聲譽。

本集團繼續發掘其他適合之業務商機，以及將投資擴充至其他具投資回報與前景良好之潛在行業。

DIRECTORS

Mr. Sun Pishu (孫丕恕), aged 43, 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 42, 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 43, 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，43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，42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，張先生曾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，43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 46, 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 50, 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 43, 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，46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，50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，43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 43, 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 Province Manufacturing Information Technical Engineering Technology Research Center (山東省製造業信息化工工程技術研究中心). 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 70, 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). He is currently Chairman of Chinese Postal Association (中華全國集郵聯合會).

孟祥旭先生，43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製造業信息化工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，70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。彼現時為中華全國集郵聯合會會長。

Directors and Senior Management Profile

董事及高級管理層簡歷

Mr. Wong Lit Chor, Alexis (黃烈初), aged 47, 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 Wing Hing 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.

SENIOR MANAGEMENT

Ms. Ng Mei Lin (伍美蓮), aged 45, 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 28, 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. Zoubo, aged 27, 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. He has extensive experience in business operation, Mr. Zou was graduated from Huazhong University of Science and technology with a bachelor degree in management and law in 2001. Mr Zou joined the Group in 2006.

黃烈初先生，47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。

高級管理層

伍美蓮，45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，28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。

鄒波先生，27歲，市場推廣部經理，負責本集團的銷售及市場推廣活動，特別是維持客戶關係，以及物色及招徠新客戶，他在業務經營方面有豐富經驗。鄒先生於二零零一年畢業於華中科技大學，持有管理學和法學學士學位。鄒先生於二零零六年加入本集團。

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
- 從分銷浪潮集團產品取得收益
- 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

Business development

業務發展

- To establish a sales centre in Shenzhen
- 於深圳成立營銷中心
- To procure no less than 4 new and independent customers for distribution business
- 為分銷業務招徠不少於四名新及獨立客戶
- To start distribution of Linux-based servers in Hong Kong and the PRC
- 開始於香港及中國分銷以Linux為本的伺服器

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 had recorded approximately HK\$729.6 million
- 錄得營業額約為729.6百萬港元
- Negotiation with potential customers on sales and distribution of LC Group's products in overseas market is in progress
- 已與潛在客戶進行協商於香港及海外市場分銷浪潮集團產品
- The Group has recorded revenue approximately HK\$2.8 million
- 錄得營業額約為280萬港元
- Identified 3 new suppliers in Hong Kong and Taiwan
- 物色3名新供應商，包括香港及台灣

Business development

業務發展

- Conducted a feasibility study to establish a sales centre in Shenzhen
- 現正研究在深圳成立營銷中心之可行性
- Identified 6 new customers including in PRC, Korea and Taiwan
- 物色及招徠6名新客戶，包括中國、韓國及台灣
- Conducted a feasibility study to distribute of Linux-based servers
- 於香港及中國分銷以Linux為本的伺服器進行可行性研究

Comparison of Business Progress and Use of Proceeds

業務進程與所得款項用途之比較

- | | |
|--|---|
| <ul style="list-style-type: none"> • To start distribution of LC Group's products in overseas markets in addition to Hong Kong • 除於香港外，亦開始於海外市場分銷浪潮集團產品 | <ul style="list-style-type: none"> • Negotiation with potential customers on sales and distribution of LC Group's products in overseas market is in progress • 已與潛在客戶進行協商於香港及海外市場分銷浪潮集團產品 |
| <ul style="list-style-type: none"> • To launch the supply chain management system and provide logistic and delivery services initially to customers in Jinan, Beijing and nearby areas • 推出供應鏈管理系統，並首次向其於濟南、北京及鄰近地區的客戶提供物流及付運服務 | <ul style="list-style-type: none"> • Conducted a feasibility study the supply chain management system • 供應鏈管理制度進行可行性仍在研究中 |
| <ul style="list-style-type: none"> • To strengthen the area of provision of IT advisory services to enhance the expansion of the Group's business in the PRC with the establishment of IT advisory service teams in Jinan and Beijing • 隨着於濟南及北京成立IT顧問服務隊伍，以加強提供IT顧問服務，以便於中國擴充本集團的業務 | <ul style="list-style-type: none"> • The Group has established the IT advisory service teams in Jinan • 已在濟南成立IT顧問服務隊伍 |
| <ul style="list-style-type: none"> • To procure no less than 2 new contracts for IT advisory services provided by the Group • 為本集團提供的IT顧問服務促成不少於兩份新合約 | <ul style="list-style-type: none"> • Negotiation with potential customers for IT advisory services • 已與潛在客戶進行協商 |

Suppliers and products

供應商及產品系列

- | | |
|--|---|
| <ul style="list-style-type: none"> • To continue with the diversification of the Group's range of products, including but not limited to, the sales and distribution of LC Group's products • 繼續將本集團的產品系列多元化(包括但不限於)銷售及分銷浪潮集團的產品 | <ul style="list-style-type: none"> • Started selling new products including Celeron 2.8 GHz, 2.93 GHz and Xeon 3.4 GHz, 3.60 GHz to the Group's existing customers • 推銷新產品給現有客戶在包括賽揚中央處理器升級版，速度高達2.8GHz、2.93GHz及至強中央處理器，速度高達3.4GHz及3.6GHz |
| <ul style="list-style-type: none"> • To begin negotiation with medium-sized software developers in Hong Kong and the PRC to expand its business into application softwares • 開始與香港及中國中型軟件發展商磋商將其貿易業務擴展至應用程式軟件 | <ul style="list-style-type: none"> • Conducted a feasibility study to expand the business into application software • 應用程式軟件進行可行性研究 |
| <ul style="list-style-type: none"> • To continue identifying potential new suppliers and sourcing of new computer components and IT products from no less than 2 new suppliers • 繼續物色準新供應商及向不少於兩名新供應商採購新電腦元件及IT產品 | <ul style="list-style-type: none"> • Identified 3 new suppliers of IT products • 物色3名新供應商，包括香港及台灣 |

Suppliers and products

供應商及產品系列

Sales and marketing

銷售及市場推廣

- To officially launch the Group's corporate website
- 正式推出本集團的公司網站
- To continue to identify and solicit potential customers, primarily PC manufacturers and end users in the PRC, through the Group's sales and marketing team in Hong Kong and the newly established sales centres in the PRC
- 透過本集團香港的銷售及市場推廣隊伍，以及於中國新成立的營銷中心，繼續物色及招徠準客戶（主要為中國的原設備製造商）
- To continue the marketing and promotion campaign for the distribution of LC Group's products
- 繼續為分銷浪潮集團產品進行市場推廣及宣傳活動
- To participate in industry seminars and trade exhibitions held in Hong Kong and the PRC
- 參與於香港及中國舉行的行業研究會及貿易展覽會

Human resources, operation and administration

人力資源、營運及行政

- To complete the computerization of the Group's operational, management and control systems to complement the development of the supply chain management system
- 完成將本集團的營運、管理及控制系統電腦化，以配合供應鏈管理制度的發展

Sales and marketing

銷售及市場推廣

- The corporate website have been postponed due to the design and contents have not finalized
- 由於設計及內容未能落實，本集團已推遲公司網站的計劃
- Identified 6 new customers including in PRC, Korea and Taiwan
- 物色及招徠6名新客戶，包括中國、韓國及台灣
- Negotiation with potential customers on sales and distribution of LC Group's products
- 已與潛在客戶進行協商於香港及海外市場分銷浪潮集團產品
- Participated Annual Meeting of China IT Market (中國IT市場年會) and 3rd China International Software and Information Service Exhibition (第三屆中國國際軟件和信息服務交易會)
- 參與中國IT市場年會及第三屆中國國際軟件和信息服務交易會

Human resources, operation and administration

人力資源、營運及行政

- Since the group postponed the development of supply chain management system, the computerization of the operational, management and control system would be delayed
- 由於供應鏈管理制度仍在研究中，故本集團已推遲營運、管理及控制系統電腦化計劃

Comparison of Business Progress and Use of Proceeds

業務進程與所得款項用途之比較

- To increase number of existing employees to 31 to facilitate the Group's business development
- 將現有僱員數目增加至31名，以促進本集團的業務發展
- The group had 22 employees to facilitate the Group's business development and management
- 僱員數目為22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 2005

自二零零四年四月二十九日至二零零五年十二月三十一日發行新股所得款項之使用

			Proposed fund required during the period	Actual fund spent during the period
			建議 於該期間的 資金運用情況 HK\$'000 千港元	實際 於該期間的 資金運用情況 HK\$'000 千港元
Establishing sales centres	成立營銷中心	1	2,700	1,700
Developing supply chain management system	發展供應鏈管理制度	2	1,200	—
Establishing IT advisory service teams	建立 IT 採購顧問服務隊伍		1,200	1,200
Expanding product scope and sourcing with products	擴展產品範圍及採購產品		6,000	6,000
Establishing distribution network for LC Group's products	建立浪潮集團產品的分銷網絡	3	1,000	—
General sales and marketing purpose	一般銷售及市場推廣用途		1,200	1,200
Total	總計		<u>13,300</u>	<u>10,100</u>

Notes:

- The Group has postponed to establish a sales centre in Shenzhen.
- 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：

- 本集團已推遲在深圳成立營銷中心
- 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。

The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board of Directors that shareholders can maximize their benefits from good corporate governance.

The Company has adopted the code provisions set out in the Code of Corporate Governance Practices (the "New CG Code") contained in Appendix 15 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange, which became effective on 1 January 2005 and in replacement of the Code of Best Practice, as its own code of corporate governance practices.

THE BOARD

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The Management was delegated the authority and responsibility by the Board for the management of the Group. In addition, the Board has also delegated various responsibilities to the Board Committees. Further details of these committees are set out in this report.

The Board has four regular meetings a year at quarterly interval and meets as and when required. During the financial year ended 31 December 2005, the Board held twenty four meetings. The attendance of the directors at the board meetings are as follows:

Directors' attendance at Board meetings

Directors	Number of attendance
Mr. Sun Pishu	14
Mr. Zhang Lei	16
Mr. Wang Miao	22
Mr. Leung Chi Ho	20
Mr. Xin Wei Hua	17
Mr. Wang Hung, Alex	16
Mr. Meng Xiang Xu	18
Mr. Liu Ping Yuan	18
Mr. Wong Lit Chor, Alexis	16

Board Minutes are kept by the Company Secretary of the Company and are sent to the Directors for records and are open for inspection by the Directors.

The directors enable, upon the reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the directors to assist the relevant directors to discharge their duties.

本公司一向重視股東透明度及問責之重要性。董事會相信股東可從良好之企業管治中獲得最大利益。

本公司已採用香港聯合交易所有限公司證券上市規則附錄15所載企業管治守則（「新企業管治守則」）（於二零零五年一月一日生效並取代最佳應用守則）所列之守則條文，作為本公司之企業管治常規守則。

董事會

董事會負責領導及監控本公司，並負責監管本集團之業務、策略方針及表現。董事會亦轉授權力及責任予管理層，以管理本集團。此外，董事會亦已將各種職責分派至董事會各附屬委員會。該等委員會之詳情載於本報告內。

董事會每年定期召開四次會議，亦會在有需要時召開會議。於截至二零零五年十二月三十一日止財政年度內，董事會共召開二十四次會議。董事出席董事會會議之情況如下：

董事出席董事會會議之情況

董事	出席次數
孫丕恕先生	14
張磊先生	16
王渺先生	22
梁智豪先生	20
辛衛華先生	17
王衡先生	16
孟祥旭先生	18
劉平源先生	18
黃烈初先生	16

董事會會議記錄乃由公司秘書保存，並會送呈各董事作為記錄及會公開讓董事查閱。

董事應合理要求，可在適當情況下尋求獨立專業意見，有關費用由本公司支付。董事會須致力向董事提供不同及適當之獨立專業意見，以協助有關董事履行彼等之職責。

CHAIRMAN AND GENERAL MANAGER (CHIEF EXECUTIVE OFFICER) (“CEO”)

In the Board, the Chairman and CEO are separate persons in order to preserve independence and have a balanced judgement of views. The Board has appointed a Chairman, Mr. Sun Pishu, who has executive responsibilities and provides leadership to the Board so that the Board works effectively and discharges its responsibilities and that all key and appropriate issues are discussed by the Board in a timely manner. The general manager (CEO), Mr. Zhang Lei is an Executive Director has executive responsibilities over the business directions and operational decisions of the management and performance of the Group. The Board also comprises Independent Non-Executive Directors who bring strong independent judgement, knowledge and experience to the Board. As noted below, all the Audit Committee members are Independent Non-Executive Directors. This structure is to ensure a sufficient balance of power and authority in place within the Group.

BOARD COMPOSITION

The Board comprises four Executive Directors, being Mr. Sun Pishu, Zhang Lei, Wang Miao and Mr. Leung Chi Ho, two Non-Executive Directors, being Mr. Xin Wei Hua and Mr. Wang Hung, Alex and three Independent Non-Executive Directors, being Mr. Meng Xiang Xu, Mr. Liu Ping Yuan and Mr. Wong Lit Chor, Alexis. Each Non-Executive Directors was appointed for a term of two years subject to the retirement and re-election in accordance with the articles of association of the Company.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board. The biographies of the Directors are set out in Directors and Senior Management Profile section to the annual report, which demonstrates a diversity of skills, expertise, experience and qualifications.

The Company has received annual confirmation of independence from the three Independent Non-Executive Directors in accordance with Rule 5.09 of the GEM Listing Rules. The Board has assessed their independence and concluded that all the Independent Non-Executive Directors are independent within the definition of the GEM Listing Rules.

主席及總經理 (行政總裁)

董事會主席及行政總裁由不同人士擔任，可維持獨立性及有均衡之判斷觀點。董事會已委任主席，即孫丕恕先生，彼負有執行責任及領導董事會，使董事會有效運作及履行其職責，並使董事會及時處理所有重要及適當之問題。總經理 (行政總裁) 張磊先生乃執行董事，對本集團之業務方向及管理營運決策負有執行責任。此外，董事會設有獨立非執行董事職位，可向董事會提供明智之獨立判斷及豐富之知識及經驗。誠如下文所述，全體審核委員會成員均為獨立非執行董事。此架構可確保本集團內部權力及授權維持充分平衡。

董事會之組成

董事會由四名執行董事 (孫丕恕先生、張磊先生、王渺先生及梁智豪先生)、兩名非執行董事 (辛衛華先生及王衡先生) 及三名獨立非執行董事 (孟祥旭先生、劉平源先生及黃烈初先生) 組成。每名非執行董事委任為期兩年，根據本公司組織章程細則，均須退任及膺選連任。

董事會成員間並無任何財務、業務、家族或其他重大／相關關係。董事會以如此均衡之架構組成，目的在確保整個董事會擁有穩固之獨立性。各董事履歷載於年報的董事及高級管理層簡歷內，當中載列各董事之多樣化技能、專業知識、經驗及資格。

本公司已接獲該三名獨立非執行董事根據創業板上市規則第5.09條發出之年度獨立性確認書。董事會已評估彼等之獨立性，並確定全體獨立非執行董事均屬上市規則所界定之獨立人士。

APPOINTMENTS, RE-ELECTION AND REMOVAL

The Board has established a Nomination Committee (the “NC”) in August 2005. The committee consists of one Non-Executive Director, Mr. Xin Wei Hua, and two Independent Non-Executive Directors, Mr. Meng Xiang Xu and Mr. Wong Lit Chor, Alexis. The primary purpose of the NC is to review the structure, size and composition (including the skills, knowledge and experiences) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes. The Committee identified suitable individual qualified to become board members and makes recommendation to the Board on relevant matters relating to the appointment or reappointment of directors if necessary, in particular, candidates who can add value to the management through their contributions in the relevant strategic business areas and which appointments will result on the constitution of strong and diverse Board.

The meetings of the NC shall be held when necessary.

RESPONSIBILITIES OF DIRECTORS

Every newly appointed director is ensured to have a proper understanding of the operations and business of the Group and that he is fully aware of his responsibilities under statute and common law, the GEM Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company. The Directors are continually updated with legal and regulatory developments, business and market changes and the strategic development of the Group to facilitate the discharge of their responsibilities.

The Independent Non-Executive Directors take an active role in board meetings, contribute to the development of strategies and policies and make sound judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standard of conduct. They will take lead where potential conflicts of interests arise. They are also members of various board committees and scrutinize the overall performance of the Group in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

委任、重選及罷免

董事會已於二零零五年八月成立提名委員會，該委員會成員為一名非執行董事辛衛華先生和兩名獨立非執行董事孟祥旭先生及黃烈初先生先生。提名委員會之主要目的為定期檢討董事會之架構、人數及組成（包括技術、知識及經驗），並就任何擬作出之變動向董事會提出建議。該委員會物色合資格成為董事會成員之適當人選，並會就委任或重新委任董事之有關事宜向董事會提出推薦建議（如必要），尤其是通過在有關策略性業務領域之貢獻為本集團管理增值之候選人，且彼等之委任將可產生一個強大及多元化之董事會。

提名委員會會議有需要時召開。

董事之責任

須確保每位新受聘董事對本集團之營運及業務有適當理解，以及完全知悉彼在法規及普通法、創業板上市規則、適用之法律規定及其他監管規定以及本公司之業務及管治政策下之職責。董事緊跟法律及規管變更、業務及市場變動以及本集團之策略發展，獲持續更新有關知識，以便履行彼等之職責。

獨立非執行董事在董事會會議上擔當活躍角色，可為制訂策略及政策作出貢獻，並就策略、政策、表現、問責、資源、重大委任及行為準則事宜作出可靠之判斷。彼等會於潛在利益衝突出現時發揮牽頭引導作用。彼等亦出任多個董事委員會之成員，監察本集團在實現議定企業目標及指標時之整體表現，並監督表現之呈報。

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct rules (the "Model Code") regarding securities transactions by Directors on terms no less exacting than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules, and that having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code.

SUPPLY OF AND ACCESS TO INFORMATION

In respect of regular board meetings, an agenda and the accompanying board papers are sent in full to all Directors at least 3 days before the intended date of a meeting. Board papers are circulated to the Directors to ensure they have adequate information before the meeting for the ad hoc projects.

The Management has the obligation to supply the Board and its committees with adequate information in a timely manner to enable it to make informed decisions. Where any director requires more information than is volunteered by the Management, each director has separate and independent access to the issuer's senior management to make further enquires if necessary.

All Directors are entitled to have unlimited access to the board papers and relevant materials. Such information is prepared to enable the Board to make an informed decision on matters placed before it.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company established a remuneration committee in August 2005. Its terms of reference are summarized as follows:

- i) To make recommendations with respect to the remuneration of the Executive Directors and the senior management of the Company for approval by the Board;
- ii) To review the remuneration package and recommend salaries, bonuses, including the incentive awards for Directors and the senior management; and
- iii) To administer and make determinations with regard to the Company's share option scheme.

董事進行之證券交易

本公司已就董事進行之證券交易採用一套行為規範守則（「標準守則」），其條款之嚴格程度並不遜於創業板上市規則第5.48條至5.67條所載，並向全體董事作出具體查詢後，確認全體董事已遵守標準守則。

資料之提供及獲取

就董事會常規會議而言，議程及相關會議文件會在擬定召開會議日期前至少三天呈交全體董事。董事會文件供董事傳閱，以保證彼等於召開特別事項會議之前獲得充足資料。

管理層有責任向董事會及其附屬委員會及時提供充足之資料，以供董事會作出知情決定。倘有任何董事要求獲得除管理層自願提供之資料以外之其他資料，董事可透過不同及獨立途徑接觸高級管理層，以作出進一步諮詢（如必要）。

全體董事均有權無限制地取得董事會會議文件及有關材料。編製該等資料旨在使董事會可對提呈事項作出知情決定。

董事及高級管理層酬金

本公司於二零零五年八月設立薪酬委員會。其職權範圍概述如下：

- i) 就本公司執行董事及高級管理人員之薪酬提供推薦意見，以尋求董事會批准；
- ii) 審議董事及高級管理人員之薪酬組合，並就薪資、花紅包括獎勵提出建議；及
- iii) 管理及釐定本公司之購股權計劃。

The committee consists of one Non-Executive Director, Mr. Xin Wei Hua, and two Independent Non-Executive Directors, Mr. Meng Xiang Xu and Mr. Wong Lit Chor, Alexis. The committee has held two meetings during the year. The attendance of each member is set out as follows:

Directors	Number of attendance
Xin Wei Hua	2
Meng Xiang Xu	2
Wong Lit Chor, Alexis	2

The remuneration committee is to consider and approve the remuneration plans and policies for all executive directors of the Company and senior management of the Group by reference to the prevailing rate with companies listed on the GEM of the Stock Exchange in Hong Kong.

In order to attract, retain, and motivate executives and key employees serving for the Group, the Company has adopted a share option scheme in 2004. Such incentive schemes enable the eligible persons to obtain an ownership interest in the Company and thus to rewards to the participants who contribute to the success of the Group's operations.

ACCOUNTABILITY AND AUDIT

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

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the quarterly results, interim and annual financial statements, and announcements to shareholders. The Directors aim to present a balanced and understandable assessment of the Group's, position and prospects. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the accounts.

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

薪酬委員會成員為一名非執行董事辛衛華先生和兩名獨立非執行董事孟祥旭先生及黃烈初先生。本年度，委員會共召開兩次會議。各成員之出席情況載列如下：

董事	出席次數
辛衛華先生	2
孟祥旭先生	2
黃烈初先生	2

薪酬委員會參考香港聯交所創業板上市公司之現行薪酬基準，考慮及批准本公司所有執行董事及本集團高級管理人員之薪酬計劃及政策。

為招攬、挽留及激勵在本集團供職之行政人員及主要僱員，本公司於二零零四年採納購股權計劃。該等激勵計劃使合資格人員可獲得本公司之所有權權益，從而對為本集團業務成功作出貢獻之參與者提供獎勵。

問責及審核

管理層向董事會提供有關解釋及資料，令董事會可對提呈董事會批准之財務及其他資料作出知情評估。

董事確認須負責為每一財政年度編製能真實及公平地反映本集團業務狀況之財務報告，向股東提呈季度業績、中期及年度財務報表及公佈時，董事須努力提呈一項平衡及容易理解之本集團現況及前景之評估。董事會並不知悉任何與一些事件或情況有關之重大不確定因素，而該等事件或情況會對本集團的持續經營能力投下重大疑惑，因此，董事會仍然採用持續經營基準編製賬目。

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

AUDIT COMMITTEE

The Audit Committee currently comprises all three Independent Non-Executive Directors of the Company, Mr. Meng Xiang Xu, Mr. Liu Ping Yuan and Mr. Wong Lit Chor, Alexis as the members, who among themselves possess a wealth of management experience in the accounting profession, commercial sectors. The Audit Committee has held four meetings during the year.

Directors' attendance at Audit Committee meetings

Directors	Number of attendance
Mr. Wong Lit Chor, Alexis (Chairman of the Audit Committee)	4
Mr. Meng Xiang Xu	4
Mr. Liu Ping Yuan	4

The Audit Committee meets the external auditors at least once a year to discuss any areas of concerns during the audits without the presence of the management. The Audit Committee reviews the quarterly results, interim and annual reports before submission to the Board. The Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the GEM Listing Rules and the legal requirements in the review of the Company's quarterly results, interim and annual reports.

AUDITORS' REMUNERATION

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

Services rendered	Fee paid/payable HK\$'000
Audit services	950
Review on interim report	95
Agreed upon procedure engagements	40

COMMUNICATIONS WITH SHAREHOLDERS

The Company's annual general meeting provides a good opportunity for communication between the Board and the Company's shareholders. Chairman of the Board and Committees are normally present to answer queries raised by shareholders. External auditors also attend the annual general meeting every year. Notice of the annual general meeting and related papers are sent to shareholders at least 21 calendar days before the meeting.

審核委員會

審核委員會目前由本公司全部三名獨立非執行董事組成，黃烈初先生出任主席，孟祥旭先生及劉平源先生為委員會成員，彼等於會計專業及商業具有豐富之管理經驗。審核委員會共召開四次會議。

董事出席審核委員會會議之情況：

董事	出席次數
黃烈初先生 (審核委員會主席)	4
孟祥旭先生	4
劉平源先生	4

審核委員會每年最少一次與外聘核數師舉行會議，討論審核過程中之任何問題，管理層不得出席該會。審核委員會於遞交業績予董事會前先行審閱季度業績、中期及全年報告。該委員會於審閱本公司之季度業績、中期及全年報告時，不僅注意會計政策及慣例變動之影響，亦兼顧須遵守會計政策、創業板上規規則及法律之規定。

核數師酬金

年內，向本公司核數師德勤·關黃陳方會計師行支付之酬金載列如下：

已提供服務	已付／應付費用 千港元
審計服務	950
審閱中期業績	95
其他顧問服務	40

與股東進行溝通

本公司之股東週年大會為董事會與本公司之股東提供溝通良機。董事會及各委員會之主席一般均出席以解答股東提出之問題，而外聘核數師每年均會出席股東週年大會。股東週年通告及有關文件於大會舉行日期前最少二十一日寄予股東。

VOTING BY POLL

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

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

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

The chairman of a meeting has also at the commencement of the meeting ensured that an explanation is provided of:

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

以投票方式表決

於其召開股東大會之通函內，本公司告知股東以投票方式表決之程序以及股東要求以投票方式表決之權利，從而確保遵守投票表決程序之規定。根據本公司之公司章程細則，於股東大會中進行表決之決議案將以舉手形式決定，除非（於公佈舉手結果之前或之際或其他進行投票表決之要求已被撤銷）由以下人士要求進行：

- i) 該大會主席；或
- ii) 至少三名親身出席之股東，或倘為一名公司股東，則為於當時有權在大會投票獲公司正式授權之代表或委任代表；或
- iii) 任何一名或多名親身出席之股東，或倘為一名公司股東，則為獲公司正式授權之代表或委任代表，彼或彼等須代表可於大會投票之所有股東之總投票權不少於十分之一；或
- iv) 任何一名或多名親身出席之股東，或倘為一名公司股東，則為獲公司正式授權之代表或委任代表，並持有附帶權利可於大會投票之已繳股款股份，有關股數須可代表相等於附帶該項權利之所有已繳股款股份之十分之一或以上。

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

大會主席應於大會開始前就下列提供解釋：

- i) 股東於以舉手表決方式投票前要求以投票方式進行表決之程序；及
- ii) 進行投票之詳細程序並答覆要求以投票方式進行表決時股東所詢問之任何問題。

The directors have pleasure in presenting their annual report and the audited consolidated financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2005, the five largest customers accounted for approximately 81.8% of the Group's total turnover. The five largest suppliers accounted for approximately 99.5% of the Group's total purchases. In addition, the largest customer accounted for approximately 43.3% of the Group's total turnover while the largest supplier accounted for approximately 92.0% of the Group's total purchases.

Except for Lang Chao Group Limited ("LC Corporation"), the controlling shareholders of the Company, and its subsidiaries ("the LC Group") (sales to the LC Group amounting to approximately 14.8% of the total sales of the Group for the year ended 31 December 2005), 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 consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 43.

The directors recommended the payment of a final dividend of HK3 cents per share for the year ended 31 December 2005, subject to shareholders' approval of payment of the final dividends at the forthcoming annual general meeting.

董事欣然提呈本公司及本集團截至二零零五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。

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

截至二零零五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81.8%，而本集團五大供應商佔本集團購貨總額約99.5%。此外，本集團最大客戶佔本集團營業總額約43.3%，而本集團最大供應商佔本集團購貨總額約92.0%。

除浪潮集團（於二零零五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14.8%），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

本集團截至二零零五年十二月三十一日止年度的業績詳情已載於本年報第43頁的綜合損益表內。

董事會建議就截至二零零五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。

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2005, 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 SCHEME

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

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 26 to the consolidated 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 14 to the consolidated financial statements.

購買、出售或贖回股份

截至二零零五年十二月三十一日止年度，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。

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26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14內。

CONNECTED TRANSACTIONS

Particulars of the Group's related party transactions are set out in note 25 to the consolidated financial statements, which constitute connected transactions under Chapter 20 of the GEM Listing Rules. The connected transactions are as follows:

1. On 8 April 2004, the Company and the LC Group 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 People's Republic of China free of charge.

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

The Independent non-directors have reviewed the above connected transaction and confirmed that the above transaction was 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 transaction was exempted from the reporting, announcement and shareholders' approval requirement pursuant to Rule 20.33(3) of the GEM Listing Rules.

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 personal computer and servers, in Hong Kong and overseas markets such as Japan and US for a period of three years commencing 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.

關連交易

根據創業板上市規則第20章，於綜合財務報表附註25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. 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。

3. 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 January 2005 to 31 December 2005 amounted to HK\$108,502,000.

The Independent non-directors have reviewed the Sales for the year ended 31 December 2005 and confirmed that the Sales were (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. 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。

截至二零零五年十二月三十一日止，本集團根據此協議銷售總值為108,502,000港元。

獨立非執行董事已審閱截至二零零五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。

4. During the year, the Group paid commission amounting to approximately HK\$916,000 to a company in which the ultimate holding company is one of the shareholders. The commission paid was for the referral of business to the Group

The Independent non-Directors have reviewed the commission for the year ended 31 December 2005 and confirmed that the commission 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) the commission on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

5. On 1 June 2005, the Group acquired Timeone by way of allotment and issue of 39,100,000 shares of the Company. Timeone is the registered owner of the entire share capital of Jinan Langchao Technology Limited (former name: Jinan Ruien Information Technology Co., Ltd.) (濟南浪潮電子科技有限公司), which in turn holds 40% equity interests in Shandong Shangyong and 49% equity interest in Shandong Chaoyue. Further details regarding the acquisition is set out in the Company's circular dated 13 May 2005.

The Independent non-Directors have reviewed the transaction and confirmed that the transaction on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. 年度內，本集團付予一個公司其中一個股東為最終控股公司之佣金約為916,000港元。此佣金是由於介紹業務給本集團。

獨立非執行董事已審閱截至二零零五年十二月三十一日止年度之佣金，並確認所訂立之佣金乃(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)該等條款公平合理且對本公司股東整體有利。

5. 在二零零五年六月一日，本集團收購Timeone，以按發行39,100,000股本公司的股本之方式償付。Timeone為濟南浪潮電子科技有限公司(前名：濟南瑞恩信息科技有限公司)全部註冊資本之登記擁有人，而後者則持有山東商用之40%股權及山東超越之49%股權。有關收購詳情已刊載於本公司在二零零五年五月十三日之通函。

獨立非執行董事已審閱之交易，該交易條款公平合理且對本公司股東整體有利。

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2005, the Company's reserves available for distribution are set out as below:

Special reserve	特殊儲備
Share premium	股份溢價
Preferred shares equity reserve	優先股股本儲備
Accumulated losses	累積虧損

本公司可分派儲備

於二零零五年十二月三十一日，本公司可供分派儲蓄計算如下：

HK\$'000

		571
		66,862
		6,387
		(5,112)
		<hr/>
		68,708
		<hr/> <hr/>

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 course of business. This share premium account may also be distributed in the form of fully paid bonus shares.

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。

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

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

Non-executive directors:

Mr. Wang Hung, Alex
Mr. Xin Wei Hua

Independent non-executive directors:

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

In accordance with the Company's Articles of Association, Messrs. Zhang Lei and Wong Lit Chor, Alexis will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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
孫丕恕先生
張磊先生
梁智豪先生

非執行董事

王衡先生
辛衛華先生

獨立非執行董事

孟祥旭先生
劉平源先生
黃烈初先生

根據公司組織章程，張磊先生及黃烈初先生將於應屆股東週年大會上告退，惟願意膺選連任。

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, its holding companies, fellow subsidiaries or 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.

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

As at 31 December 2005, the interests and short positions of the directors and the chief executive and their associates in the shares and underlying shares of the Company or any of its associated corporations, as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Rules 5.46 to 5.68 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") were as follows:

(a) Long positions in shares of the Company

Name of Director 董事姓名	Capacity 身份
Wang Miao 王渺	Beneficial owner 實益擁有人
Wang Hung, Alex 王衡	Beneficial owner 實益擁有人

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。

董事及最高行政人員於股份、相關股份之權益及淡倉

於二零零五年十二月三十一日，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聯法團的股份或債券權益(如有)如下：

(a) 本公司股份的長倉

Number of issued ordinary shares held 持有普通股 之數目	Percentage of the issued share capital of the Company 佔已發行普通股 之百分比
--	---

15,000,000	3.05%
15,000,000	3.05%

(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

本公司之購股權(非上市及實物交收之股本衍生工具)

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

Name of Director 董事姓名	Capacity 身份	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 will 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 2005, none of the Directors or the chief executive nor their associates had any interests or short positions in any shares or underlying shares of equity derivatives of the Company or any of its associated corporations.

(c) 本公司股份及股本衍生工具相關股份的淡倉

於二零零五年十二月三十一日，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 2005, 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 shareholder 股東姓名	Capacity 身份
LC Corporation 浪潮集團有限公司	Corporate (Note) 公司（附註）
Lang Chao Electronics (HK) Limited 浪潮電子（香港）有限公司	Beneficial owner 實益持有人

Note: LC Corporation 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 2005, 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

於二零零五年十二月三十一日，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 issued ordinary shares held 持有已發行 普通股數目	Percentage of the issued share capital of the Company 佔已發行普通股 之百分比
270,000,000	54.98%
270,000,000	54.98%

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

於二零零五年十二月三十一日，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。

(c) Long positions in series A senior redeemable convertible voting preferred shares of the Company

Name of shareholder 股東姓名	Capacity 身份
Microsoft Corporation	Beneficial owner 實益擁有人

(c) 系列甲高級可贖回可換股附帶投票權優先股股份之好倉

Number of securities 證券數目	Approximate percentage of interests 概約權益百分比
132,964,342	100%

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.

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。

SHARE OPTIONS

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

購股權計劃

本公司購股權計劃的詳情載於綜合財務報表附註20。

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.

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。

COMPLIANCE ADVISER'S INTEREST

The Company and ICEA Capital Limited ("ICEA") have mutually agreed to terminate their sponsorship agreement dated 16 April 2004 with effect from 31 August 2005 and Guotai Junan Capital Limited ("the Compliance Adviser") has been appointed as the new sponsor to the Company from 1 September 2005.

合規顧問之權益

本公司與工商東亞融資有限公司共同協議於二零零五年八月三十一日起終止在二零零四年四月十六日簽訂之保薦人協議及本公司於二零零五年九月一日委聘國泰君安融資有限公司為替任合規顧問。

The Company has been notified by the Compliance Adviser that as at 31 December 2005, neither 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 2005.

於二零零五年十二月三十一日，合規顧問已知會本公司，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。

Pursuant to the agreement dated 31 August 2005 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 1 September 2005 to 31 December 2006.

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 financial statements prior to recommending such reports and financial statements to the Board for approval.

The Group's audited results for the year ended 31 December 2005 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Code on Corporate Governance Practice set out in Appendix 15 of the GEM Listing Rules (the "Code on Corporate Governance Practices") effective for accounting periods commencing on or after 1st January, 2005 has replaced the minimum standard of good practice for issuers and their directors stated in GEM Listing Rules 5.35 to 5.45 relating to the general administrative obligations of board of directors and relevant matters. The Company has applied the principles set out in the Code on Corporate Governance Practices and complied with all the code provisions, details of which please refer to the Corporate Governance Report set out in pages 21 to 27 of this annual report.

根據本公司及合規顧問於二零零五年八月三十一日訂立之協議，合規顧問因於二零零五年九月一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。

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二零零五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。

企業管治常規守則

於二零零五年一月一日或之後的會計期間開始生效的創業板上市規則附錄十五企業管治常規守則（「《企業管治常規守則》」），已取代載於創業板上市規則第5.35條至5.45條規定的發行人及其董事必須遵守的與董事會一般管理責任（及有關事項）有關的良好常規訂立最低標準。本公司已應用企業管治常規守則列載的原則，並已遵守所有守則條文。詳情載於本年報之企業管治報告第21頁至27頁內。

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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the financial year ended 31 December 2005, 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.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 20 to the consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 3 May 2006 to 8 May 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 2 May 2006.

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。

董事進行證券交易之標準守則

截至二零零五年十二月三十一日止年度，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。

薪酬政策

本集團僱員之薪酬政策乃由薪酬委員會根據彼等之績效、資格和能力制訂。

本公司董事之酬金乃由薪酬委員會經考慮本公司之經營業績、個人表現及可比較市場統計數字後釐訂。

本公司已採納購股權計劃，作為對董事及合資格僱員之獎勵。有關計劃之詳情載於綜合財務報表附註20。

暫停辦理股份過戶登記

本公司將由二零零六年五月三日至二零零六年五月八日(包括首尾兩天)暫停辦理股份過戶登記手續。股東如欲獲派末期股息，請於二零零六年五月二日下午四時正將一切過戶文件連同有關之股票送交本公司在香港之股份過戶登記處，香港皇后大道東183號合和中心46樓香港中央證券登記有限公司，辦理過戶登記手續。

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2005.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 27 to the consolidated financial statements.

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

SUN PISHU*CHAIRMAN*

Hong Kong, 24 March 2006

足夠公眾持股量

本公司於截至二零零五年十二月三十一日止年度內均有維持足夠公眾持股量。

結算日後事項

有關結算日後之重大事項詳情載於綜合財務報表附註27。

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，二零零六年三月二十四日

Deloitte.

德勤

TO THE SHAREHOLDERS OF LANG CHAO INTERNATIONAL LIMITED

(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Lang Chao International Limited (the "Company") and its subsidiaries (hereafter collectively referred to as the "Group") from pages 43 to 88 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 consolidated financial statements which give a true and fair view. In preparing consolidated 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 consolidated 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 Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the circumstances of 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浪潮國際有限公司(「本公司」)及其附屬公司(以下統稱「本集團」)第43至88頁之綜合財務報表，該等綜合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

編製真實兼公平之綜合財務報表乃 貴公司董事之責任。在編製該等真實兼公平之綜合財務報表時，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，對該等綜合報表作出獨立意見，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香港核數準則進行審核工作。審核範圍包括以抽查方式查核與綜合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綜合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 consolidated financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2005 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, 24 March 2006

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，就該等綜合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綜合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，該等綜合財務報表足以真實兼公平地顯示 貴集團於二零零五年十二月三十一日之綜合財務狀況，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，二零零六年三月二十四日

綜合收益表

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

		NOTES 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重列)
Turnover	營業額	6	729,561	635,827
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		(697,161)	(616,619)
Purchase rebates	採購回扣		—	19,449
			(697,161)	(597,170)
Gross profit	毛利		32,400	38,657
Other income	其他收入		3,626	124
Administrative expenses	行政開支		(8,879)	(16,435)
Interest expenses	利息支出		(436)	(16)
Share of profit of associates	應佔聯營公司純利		2,447	—
Profit before taxation	除稅前純利		29,158	22,330
Taxation	稅項	8	(4,943)	(4,668)
Profit for the year	年內純利	9	24,215	17,662
Dividend	股息	12	14,733	12,000
Earnings per share	每股盈利			
Basic	基本	13	5.34 港仙	4.79 港仙
Diluted	攤薄		4.87 港仙	4.79 港仙

Consolidated Balance Sheet

綜合資產負債表

At 31 December 2005

於二零零五年十二月三十一日

		NOTES 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	14	603	1,039
Interests in associates	聯營公司權益	15	21,602	—
			22,205	1,039
Current assets	流動資產			
Inventories	存貨	16	88,126	45,098
Trade receivables	貿易應收賬款	17	2,966	18,494
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	17	35	759
Amount due from a fellow subsidiary	應收一間同集團附屬公司款額	17	10,200	7,440
Amount due from ultimate holding company	應收最終控股公司款額	17	2	—
Bank balances and cash	銀行結餘及現金	17	165,405	33,592
			266,734	105,383
Current liabilities	流動負債			
Trade payables	貿易應付賬款	18	64,294	35,967
Other payables and accrued liabilities	其他應付賬款及累計負債	18	5,349	2,695
Amount due to ultimate holding company	應付最終控股公司款額	18	—	391
Amount due to a fellow subsidiary	應付一間同集團附屬公司款額	18	916	—
Taxation payable	應繳稅項		1,573	1,778
			72,132	40,831
Net current assets	流動資產淨額		194,602	64,552
			216,807	65,591
Capital and reserves	資本及儲備			
Share capital	股本	19	4,911	4,000
Reserves	儲備		116,794	61,591
Total equity	權益總額		121,705	65,591
Non-current liability	非流動負債			
Redeemable convertible preferred shares	可贖回可換股優先股	21	95,102	—
			216,807	65,591

Consolidated Statement of Changes in Equity

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綜合權益變動報表

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

		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Special reserve 特殊儲備 HK\$'000 千港元	Preferred shares equity reserve 優先股 股本儲備 HK\$'000 千港元	Translation reserve 滙兌儲備 HK\$'000 千港元	Retained profits 累積純利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2004	於二零零四年 一月一日	1,000	—	92	—	—	17,297	18,389
Profit for the year and total recognised gain for the year (restated)	年內純利及 本年度已 確認之利潤 (重報)	—	—	—	—	—	17,662	17,662
Placing of shares	配售股份	1,000	35,000	—	—	—	—	36,000
Issue of shares by capitalisation of share premium account	以溢價發行股份	2,000	(2,000)	—	—	—	—	—
Share issue expenses (restated)	發行股份費用 (重報)	—	(2,960)	—	—	—	—	(2,960)
Dividend paid	已派股息	—	—	—	—	—	(3,500)	(3,500)
At 31 December 2004 as restated	於二零零四年 十二月三十一日 (重報)	4,000	30,040	92	—	—	31,459	65,591
Exchange differences arising on translation of foreign operations	外地營運所 產生之 滙兌差異	—	—	—	—	(221)	—	(221)
Profit for the year	年內純利	—	—	—	—	—	24,215	24,215
Total recognise (loss) gain for the year	本年度已確認之 損益利潤	—	—	—	—	(221)	24,215	23,994
Placing of shares	配售股份	520	18,200	—	—	—	—	18,720
Share issue expenses	發行股份費用	—	(146)	—	—	—	—	(146)
Issue of shares for the acquisition of Timeone Technology Limited	發行股份之 收購 Timeone	391	18,768	—	—	—	—	19,159
Equity component of the redeemable convertible preferred shares (note 21)	可贖回可 換股優先股 之權益 (附註 21)	—	—	—	6,387	—	—	6,387
Dividend paid	已派股息	—	—	—	—	—	(12,000)	(12,000)
At 31 December 2005	於二零零五年 十二月三十一日	4,911	66,862	92	6,387	(221)	43,674	121,705

The special reserve 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.

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。

46 Consolidated Cash Flow Statement

綜合現金流量報表

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

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重報)
OPERATING ACTIVITIES	經營業務		
Profit before taxation	除稅前純利	29,158	22,330
Adjustments for:	按下列各項調整：		
Share of profit of associates	應佔聯營公司純利	(2,447)	—
Interest income	利息收入	(569)	(25)
Interest expense	利息支出	436	16
Depreciation	折舊	439	266
Write-down of inventories	存貨撇減	2,382	146
Operating cash flows before movements in working capital	營運資金變動前經營現金流量	29,399	22,733
Increase in inventories	存貨增加	(45,410)	(14,968)
Decrease (increase) in trade receivables	貿易應收賬款減少 (增加)	15,528	(15,060)
Decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收賬款減少	724	1,179
(Increase) decrease in amount due from a fellow subsidiary	應收一間同集團附屬公司款項 (增加) 減少	(2,760)	64
Decrease in amount due from immediate holding company	應收直接控股公司款項減少	—	9,334
Increase (decrease) in trade payables	貿易應付賬款增加 (減少)	28,327	(11,982)
Increase in other payables and accrued liabilities	其他應付賬款及累計負債增加	2,640	2,138
Decrease in amount due to ultimate holding company	應付最終控股公司款項減少	(393)	(622)
Increase in amount due to a fellow subsidiary	應付一間同集團附屬公司款項增加	916	—
Cash generated from (used in) operations	源自 (動用) 營運產生現金	28,971	(7,184)
Interest paid	已付利息	—	(16)
Income taxes paid	已付所得稅	(5,148)	(6,852)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	源自 (動用) 營運業務產生的現金淨額	23,823	(14,052)
INVESTING ACTIVITIES	投資業務		
Purchase of property, plant and equipment	購買物業、廠房及設備	(3)	(1,273)
Interest received	已收取利息	569	25
NET CASH FROM (USED IN) INVESTING ACTIVITIES	源自 (動於) 投資業務的現金淨額	566	(1,248)

綜合現金流量報表

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

		NOTE 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重報)
FINANCING ACTIVITIES	融資業務			
Acquisition of a subsidiary	收購一間附屬公司	22	18	—
Proceeds from placement of shares	發行股份的所得款		18,720	36,000
Proceeds from issuance of redeemable convertible preferred shares	發行可贖回可換股優先股的所得款		101,053	—
Share issue expenses	上市費用		(146)	(2,960)
Dividend paid	股息派發		(12,000)	(3,500)
Decrease in amounts due to directors	應付董事款額減少		—	(628)
NET CASH FROM FINANCING ACTIVITIES	源自融資業務的現金淨額		107,645	28,912
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值物增加淨額		132,034	13,612
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	年初現金及現金等值物		33,592	19,980
Effect of foreign exchange rate changes	外匯匯率改變之影響		(221)	—
CASH AND CASH EQUIVALENTS AT END OF YEAR	年終現金及現金等值物		165,405	33,592
Bank balances and cash	銀行結餘及現金			

綜合財務報表附註

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

1. GENERAL

The Company is a public listed company and the shares of the Company have been listed on the Growth Enterprise Market ("GEM") since 29 April 2004. 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 Lang Chao Group Limited ("LC Corporation"), a company established in the People's Republic of China ("PRC").

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

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

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

1. 一般資料

本公司為一家公眾有限公司，其股份於二零零四年四月二十九日在香港聯合交易所創業板上市。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。

本綜合財務報表以港元列示，港元亦為本公司之功能貨幣。

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。

2. 採用香港財務報告準則

於本年度，本集團首次採用多項由香港會計師公會(「香港會計師公會」)新頒佈之香港財務報告準則(「香港財務報告準則」)、香港會計準則(「香港會計準則」)及詮釋(在下文統稱為「新香港財務報告準則」)，該等準則適用於二零零五年一月一日或以後開始之會計期間。應用新香港財務報告準則致令綜合收入報表、綜合資產負債表及綜合權益變動表之呈列方式有所改變。特別是應佔聯營公司之稅項的改變。採納新香港財務報告準則引致會計政策轉變而須反映在本年及往年會計期間的編製及呈列如下：

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Share-based payments

In the current year, the Group has applied HKFRS 2 "Share-based payment" ("HKFRS 2") which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. The Group's share options were all vested before 1 January 2005 and the Group had applied the transitional provision of HKFRS 2. Hence, no prior period adjustment has been required and there is no effect on the financial statements in both years.

Financial instruments

In the current year, the Group has applied HKAS 32 "Financial instruments: Disclosure and presentation" ("HKAS 32"). HKAS 32 requires retrospective application. HKAS 39 "Financial instruments: Recognition and measurement", which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 are summarised below:

Redeemable convertible preferred shares

The principal impact of HKAS 32 on the Group is in relation to the redeemable convertible preferred shares ("Preferred Shares") issued by the Company that contain both liability and equity components. The impact of the application of HKAS 32 is an increase in finance cost of approximately HK\$54,000 and the recognition of preferred shares equity reserve of approximately HK\$6,387,000 in the current year.

2. 採用香港財務報告準則(續)

以股份為基準之付款

本年度，本集團已採用香港會計報告準則第2號「以股份為基準之付款」(「HKFRS 2」)，其中規定本集團於以股份或配股權作為交換購買貨物或取得服務(「股本結算交易」)，或交換價值相當於指定數目股份或配股權之其他資產(「現金結算交易」)時，須予確認之開支。HKFRS 2對本集團之主要影響為有關授出購股權當日就本公司董事及僱員購股權之公平值於歸屬期列為開支之做法。本集團之購股權均已於二零零五年一月一日前歸屬，而本集團已使用HKFRS 2之過渡性條文。因此，毋須作出前期調整，而對兩個年度之財務報表並無影響。

金融工具

本年度，本集團已採用HKAS 32。HKAS 32規定須作出追溯性應用。對由二零零五年一月一日或之後開始之年度期間生效之HKAS 39，一般不準許對財務資產及負債以追溯性基準確認或取消確認。由於實施HKAS 32而產生之主要影響概述如下：

可贖回可換股優先股

HKAS 32對本集團之主要影響乃有關本公司所發行而含有負債及股本成份之優先股。採用HKAS 32之影響是本年度財務成本增加54,000港元及確認優先股股本儲備約6,387,000港元。

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2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)**Financial instruments** (continued)*Cost of equity transactions*

Under HKAS 32, the Group records transaction costs of an equity transaction as a deduction from equity. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. Transaction costs that relate jointly to more than one transaction (for example, costs of a concurrent offering of some shares and a stock exchange listing of other shares) are allocated to these transactions using a basis of allocation that is rational and consistent with similar transactions.

On applying HKAS 32, an adjustment of approximately HK\$5,180,000 relating to listing expenses has been reversed from share premium and included in administrative expenses for the year ended 31 December 2004.

Goodwill

Goodwill arising on acquisitions is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current year.

2. 採用香港財務報告準則 (續)**金融工具** (續)*股本交易成本*

根據HKAS 32，本集團將股本交易之交易成本在股本中扣除。倘股本交易之交易成本乃股本交易直接產生之遞增成本，則股本交易之交易成本將作為一項折扣由股本中扣減，否則不予扣減。與多過一項交易共同有關之交易成本（例如提呈發售部分股份和其他股份在交易所上市同時發生之成本）則採用與類似交易之合理及一貫分配基準分配予該等交易。

於採用HKAS 32時，已將一筆約5,180,000港元有關上市開支之調整由股份溢價賬中對銷並計入截至二零零四年十二月三十一日止年度之行政開支。

商譽

由收購所產生之商譽於初步確認後按成本減累計減值虧損（如有）計算。由於會計政策之此變動，於本年度並無計入商譽攤銷。

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Group has not early applied the following new standards and interpretations ("INTs") that have been issued but are not yet effective:

HKAS 1 (Amendment)	Capital disclosure ¹
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures ⁵
HKAS 21 (Amendment)	Net investment in a foreign operation ⁵
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions ⁵
HKAS 39 (Amendment)	The fair value option ⁵
HKAS 39 and HKFRS 4 (Amendments)	Financial guarantee contracts ⁵
HKFRS 6	Exploration for and evaluation of mineral resources ⁵
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC) - INT 4	Determining whether an arrangement contains a lease ⁵
HK(IFRIC) - INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds ⁵
HK(IFRIC) - INT 6	Liabilities arising from participating in a specific market - waste electrical and electronic equipment ⁶
HK(IFRIC) - INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²

- 1 Effective for annual periods beginning on or after 1 January 2007.
- 2 Effective for annual periods beginning on or after 1 March 2006.
- 3 Effective for annual periods beginning on or after 1 June 2006.
- 4 Effective for annual periods beginning on or after 1 May 2006.
- 5 Effective for annual periods beginning on or after 1 January 2006.
- 6 Effective for annual periods beginning on or after 1 December 2005.

2. 採用香港財務報告準則 (續)

本集團並無提前採納以下該等已頒佈但仍未生效之新香港財務報告準則及香港財務報告準則詮釋(「詮釋」)。

香港會計準則第1號(修訂)	資本披露 ¹
香港會計準則第19號(修訂)	精算損益、集團計劃及披露 ⁵
香港會計準則第21號(修訂)	於外地經營投資淨額 ⁵
香港會計準則第39號(修訂)	預測集團內公司間交易之現金流量對沖會計處理 ⁵
香港會計準則第39號(修訂)	選擇以公平值入賬 ⁵
香港會計準則第39號及香港財務報告準則第4號(修訂)	財務擔保合約 ⁵
香港財務報告準則第6號	礦產資源勘探及評估 ⁵
香港財務報告準則第7號	金融票據：披露 ¹
香港財務報告準則—詮釋4	釐定安排是否包括租賃 ⁵
香港財務報告準則—詮釋5	終止運作、復原及環境修復基金產生權益之權利 ⁵
香港財務報告準則—詮釋6	參與特定市場、廢棄電力及電子設備產生之負債 ⁶
香港財務報告準則—詮釋7	根據香港會計準則第29號「惡性通貨膨脹經濟中的財務報告」採用重列法 ²

- 1 於二零零七年一月一日或之後開始之年度期間生效。
- 2 於二零零六年三月一日或之後開始之年度期間生效。
- 3 於二零零六年六月一日或之後開始之年度期間生效。
- 4 於二零零六年五月一日或之後開始之年度期間生效。
- 5 於二零零六年一月一日或之後開始之年度期間生效。
- 6 於二零零五年十二月一日或之後開始之年度期間生效。

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2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Group has considered these standards, interpretations and amendments but does not expect they will have material effect on how the results of the operations and financial position of the Group are prepared and presented.

3. SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are initially measured at revalued amounts or fair values, as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

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 the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2. 採用香港財務報告準則 (續)

本集團已考慮該等準則、詮釋及修訂，並預期對本集團所編製及呈列之經營業績及財務狀況不會有重大影響。

3. 主要會計政策**編製基準**

綜合財務報表乃根據香港會計師公會發出之香港財務報告準則編製。此外，綜合財務報表載列香港聯合交易所有限公司創業板證券上市規則及公司條例規定之適用披露。

綜合財務報表乃按歷史成本基準編製，惟若干於下述會計政策所解釋之金融票據按重估價值或公平值計算者除外。

綜合賬目之基準

綜合財務報表包括本公司及其附屬公司之財務報表。

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。

如有需要，本集團會對附屬公司之財務報表作出調整，使其會計政策與本集團其他成員公司所採用者保持一致。

本集團內所有公司間之交易、結餘、收入及費用已於綜合賬目時對銷。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments in associates

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

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

Goodwill

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

Goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet. Goodwill arising on an acquisition of an associate is included in the cost of the investment of the associate.

3. 主要會計政策 (續)

於聯營公司之權益

聯營公司之業績、資產及負債乃以會計權益法綜合入財務資料。根據權益法，於聯營公司之投資乃按成本於綜合資產負債表中列賬，並就本集團分佔該聯營公司之損益及權益變動之收購後變動作出調整，以及減去任何已識別之減值虧損。當本集團分佔某聯營公司之虧損相等於或超出其於該聯營公司之權益（其包括任何長期權益，而該長期權益實質上構成本集團於該聯營公司之投資淨額之一部份），則本集團不再繼續確認其分佔之進一步虧損。額外分佔之虧損乃被撥備，而負債僅以本集團已產生法定或推定責任或代表該聯營公司作出付款者為限被確認。

倘集團公司與本集團一間聯營公司進行交易，本集團於有關聯營公司權益之損益將予以撇銷。

商譽

收購一間附屬公司或聯營公司產生之商譽乃指收購成本超逾本集團於收購當日應佔相關附屬公司或聯營公司可識別資產、負債及或然負債公平值之權益之差額。有關商譽乃按成本減任何累計減值虧損列賬。

收購附屬公司產生之資本化商譽乃於資產負債表內分開列賬。收購聯營公司產生之商譽列入相關聯營公司之投資成本。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***Goodwill** *(continued)*

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

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

3. 主要會計政策 (續)**商譽 (續)**

就減值測試而言，收購所產生之商譽乃被分配到各有關賺取現金單位，或賺取現金單位之組別，預期彼等從收購之協同效應中受益。已獲配商譽之賺取現金單位每年及凡單位有可能出現減值之跡象時進行減值測試。就於某個財政年度之收購所產生之商譽而言，已獲配商譽之現金賺取單位於該財政年度完結前進行減值測試。當賺取現金單位之可收回金額少於該單位之賬面值，則減值虧損被分配，以削減首先分配到該單位，及其後以單位各資產之賬面值為基準按比例分配到該單位之其他資產之任何商譽之賬面值。商譽之任何減值虧損乃直接於收益表內確認。商譽之減值虧損於其後期間不予撥回。

其後出售附屬公司或聯營公司，則被資本化之商譽之應佔金額於出售時計入釐定損益之金額。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts.

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

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Service income is recognised when services are provided.

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

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment loss.

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.

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

3. 主要會計政策 (續)

收入確認

收入乃按已收或應收代價之公平值計算，相當於於日常業務過程中所提供之貨物及服務經扣除折扣後之應收金額。

產品銷售乃於產品付運及其所有權轉移後予以確認。

財務資產產生之利息收入乃按時間基準，並參照尚未償還本金額及按所適用之實際利率孳生，而實際利率為透過財務資產之預期可用年期將估計日後現金收據實際折讓至該資產之賬面淨值之比率。

服務收入乃於提供服務時予以確認。

採購回扣已於確立享有回扣時予以確認。

物業、廠房及設備

物業、廠房及設備按成本減累計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。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時取消確認。資產取消確認產生之任何收益或虧損(按該項目之出售所得款項淨額及賬面值間之差額計算)於該項目取消確認之年度計入收益表。

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3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***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. An 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.

3. 主要會計政策 (續)**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。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Foreign currencies

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

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

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

3. 主要會計政策 (續)

外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣（外幣）進行之交易均按交易日期之適用匯率換算為功能貨幣（如該實體經營所在主要經濟地區之貨幣）記賬。於各結算日，以外幣為定值之貨幣項目均按結算日之適用匯率重新換算。按公平值以外幣定值之非貨幣項目乃按於公平值釐定當日之適用匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

於結算及換算貨幣項目時產生之匯兌差額均於彼等產生期間內於損益賬中確認，惟組成本集團海外業務之投資淨額部份之貨幣項目所產生之匯兌差額除外，在此情況下，有關匯兌差額乃於綜合財務報表中確為股本權益。以公平值定值之非貨幣項目經重新換算後產生之匯兌差額於該期間列作損益，惟換算直接於股本內確認盈虧之非貨幣項目產生之差額除外，在此情況下，匯兌差額亦直接於股本權益內確認。

就呈列綜合財務報表而言，本集團海外經營業務之資產及負債乃按於結算日之適用匯率換算為本公司之列賬貨幣（如港元），而其他收入及支出乃按該年度之平均匯率進行換算，除非匯率於該期間內出動大幅波動則作別論，於此情況下，則採用於換算當日之適用匯率。所產生之匯兌差額（如有）乃確認作股本之匯兌儲備。該等匯兌差額乃於海外業務被出售之期間內於損益賬內確認。

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3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***Borrowing costs**

All borrowing costs are recognised as and included in interest expense in the income statement in the year in which they are incurred.

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 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 items that are never taxable and deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base 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 profit 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 from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

3. 主要會計政策 (續)**借貸成本**

借貸成本均於產生期間自收益賬中扣除。

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利潤，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。本集團之即期稅項負債乃按結算日已實行或大致上已實行之稅率計算。

遞延稅項指就綜合財務報表資產及負債賬面值與計算應課稅溢利所用相應稅基間之差額而確認，並以資產負債表負債法處理。遞延稅項負債通常會就所有應課稅臨時差額確認，而遞延稅項資產則於可能出現應課稅溢利以抵銷可扣稅之臨時差額時提撥。若於一項交易中，因商譽或因業務合併以外原因開始確認其他資產及負債而引致既不影響應課稅溢利亦不影響會計溢利之臨時差額，則不會確認該等資產及負債。

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

3. SIGNIFICANT 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 profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised based on tax rates that have been enacted or substantially enacted by the balance sheet date. 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.

Financial instruments

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

Financial assets

Financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Group's financial assets comprise loans and receivables and the accounting policies are set out below.

3. 主要會計政策 (續)

稅項 (續)

遞延稅項資產之賬面值於每個結算日作檢討，並在沒可能於會有足夠應課稅溢利恢復全部或部份資產價值時作調減。

遞延稅項乃按預期於負債償還或資產變現年度適用之稅率計算。遞延稅項於損益表中扣除或計入損益表，惟於遞延稅項直接在股本權益中扣除或計入股本權益之情況下，遞延稅項亦會於股本權益中處理。

金融工具

財務資產及財務負債乃當某集團實體成為工具合同條文之訂約方時在資產負債表上確認。財務資產及財務負債按公平值初步確認。收購或發行財務資產及資產負債直接應佔之交易成本(透過損益以公平值列賬之財務資產及財務負債除外)乃於初步確認時加入財務資產或財務負債之公平值或自財務資產或財務負債之公平值內扣除(如合適)。收購透過損益以公平值列賬之財務資產或財務負債直接應佔之交易成本即時於損益賬內確認。

財務資產

本集團之財務資產歸入下列四個類別之其中一個，包括以透過損益以公平值列賬之財務資產、貸款及應收款項、持有至到期日之投資及可供銷售之財務資產。所採納之與各類財務資產(包括貸款及應收款項)有關之會計政策乃載於下文。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***Financial instruments** *(continued)**Loans and receivables*

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

Financial liabilities and equity

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

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

3. 主要會計政策 (續)**稅項 (續)***貸款及應收款項*

貸款及應收款項乃於現行市場所報之固定或可釐定付款之非衍生金融工具。於初步確認後各結算日，貸款及應收款項(包括應收貿易賬款及其他應收賬款及關連公司之應收款項)均按採用實際利率法計算之已攤銷成本減任何已識別減值虧損入賬。減值虧損乃當可實質證明資產減值時於損益中確認，並按該資產之賬面值與按原先實際利率折讓之估計未來現金流量之現值間的差額計量。當資產之可收回數額增加乃確實與於確認減值後所引致之事件有關時，則減值虧損會於隨後會計期間予以回撥，惟該資產於減值被回撥之日之賬面值不得超過未確認減值時之已攤銷成本。

財務負債及股本

集團實體發行之財務負債及股本投資工具乃根據合同安排之性質與財務負債及股本投資工具之定義分類。

股本投資工具乃證明集團於扣減所有負債後之資產中擁有剩餘權益之任何合同。本集團之財務負債乃分類為於損益賬處理並按公平值列賬之財務負債及其他財務負債。就財務負債及股本工具所採納之會計政策乃載於下文。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Other financial liabilities

Other financial liabilities including, trade and other payable and amount due to related companies are subsequently measured at amortised cost, using the effective interest rate method.

Redeemable convertible preferred shares

Preferred Shares issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar convertible debts. The difference between the proceeds of the issue of the Preferred Shares and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the Preferred Shares into equity, is included in equity (Preferred Shares equity reserve).

In subsequent periods, the liability component of the Preferred Shares is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in Preferred shares equity reserve until the embedded option is exercised in which case the balance stated in Preferred shares equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in Preferred shares equity reserve will remain in the Preferred shares equity reserve. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

3. 主要會計政策 (續)

稅項 (續)

財務負債及股本 (續)

其他財務負債

其他財務負債包括貿易及其他應付金額及應付關連公司而其後使用實際利率法按經攤銷成本計算。

可贖回可換股優先股

本公司發行之優先股包括金融負債及股本部分，須於初步確認時將其分為負債及股本部分。初步確認時負債部分之公平值是根據同類型不可換股的借款之利率。發行優先股之收入與分派公平值之負債部分相差是股本部分（優先股股本儲備），代表隱含認購期權給持有人將優先股轉換為股份。

於其後期間，負債部分以實際權益法按攤銷成本列賬，負債部分轉換為本公司普通股份期權之股本部分將會保留直至隱含期權行使，這樣優先股股本儲備之結餘將會轉為股本溢價。到期日，未行使的期權之優先股股本儲備將會保留在優先股股本儲備。當轉換時或到期時的期權並不會任何損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***Financial instruments** *(continued)***Financial liabilities and equity** *(continued)*

Transaction costs that relate to the issue of the Preferred Shares are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the Preferred Shares using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration received or receivable is recognised in profit or loss.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the relevant lease terms. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expenses over the lease term on a straight line basis.

3. 主要會計政策 (續)**稅項 (續)****財務負債及股本 (續)**

發行之優先股之交易費用會以負債及股本部分來分配。股本部分之交易費會直接記入股本內。負債部分之交易費以實際權益法按攤銷成本列賬。

股本工具

本公司發行之股本工具乃按已收所得款項(扣除直接發行成本)記賬。

取消確認

若從資產收取現金流之權利已到期，或財務資產已轉讓及本集團已將其於財務資產擁有權之絕大部份風險及回報轉移，則財務資產將被取消確認。於取消確認財務資產時，資產賬面值與已收代價及已直接於股本權益確認之累計損益之總和之差額，將於損益中確認。

就財務負債而言，則於本集團之資產負債表中移除(即倘於有關合約之特定責任獲解除、取消或到期)。取消確認之財務負債賬面值與已收或應收代價之差額乃於損益中確認。

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。因訂立一項經營租約作為獎勵之已收及應收福利及以直線法按租約年期確認作租金支出減少。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***Share-based payment transactions***Equity-settled share-based payment transactions**Share options granted to employees of the Company*

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

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

Retirement benefits costs

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Allowances for inventories

The management of the Group reviews an aging analysis at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sales. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete and slow moving items.

3. 主要會計政策 (續)**以股份作為付款基準之交易***以股本結算及股份作為付款基準之交易**授予本公司僱員之購股權*

當已授出之購股權即時歸屬，則經參照授出當日已授出購股權之公平值而釐定之已收取服務之公平值，於授出當日全數確認為開支，而股本(購股權儲備賬)則相應增加。

於行使購股權時，先前已在購股權儲備賬中確認之金額將轉撥至股份溢價賬。倘購股權被沒收或於到期日尚未獲行使，則先前已在購股權儲備賬中確認之金額將繼續留在購股權儲備賬/將轉撥至保留盈餘/其他儲備。

退休福利成本

強制性公積金款項於到期後扣除為開支。

4. 關鍵會計判斷及估計不確定性之主要來源

涉及日後之主要假設及於結算日估計不明朗因素之其他主要來源(彼等均擁有導致下個財政年度之資產及負債之賬面值出現大幅調整之重大風險)亦討論如下。

存貨撥備

本集團管理層於結算日審核賬齡分析並對確認為不再適合用於生產之過時及滯銷庫存品進行撥備。管理層估計此等存貨之可變現淨值主要根據最近期之發票價格及目前市況而釐定。本集團於結算日對每種產品進行盤點，並對過時品種作出撥備。

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include amount due from/to a fellow subsidiary, trade receivables, trade payables and bank balances. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group's transactions are mainly denominated in United States dollars and Hong Kong dollars and is therefore exposed to foreign currency risk of US dollars. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. The Group's trade receivables as at 31 December 2005 are mainly due from a few customers. The management closely monitors the subsequent settlement of the customers and does not grant long credit period to them. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

5. 財務風險管理目標及政策

本集團之主要財務工具包括應收／應付一間同集團附屬公司款額應收貿易及應付貿易。該等金融工具詳情於各附註披露。下文載列與該等金融工具有關之風險及如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時和有效地採取適當之措施。

貨幣風險

本集團之交易主要以美元及港幣折算。本集團現時尚無外幣對沖政策。然而，管理層監控外匯風險，並會考慮於必要時對沖重大外幣風險。

信貸風險

倘對方於二零零五年十二月三十一日未能履行彼等之承擔，則本集團就每類已確認財務資產而須承受之最大信貸風險為已於綜合資產負債表列值之資產之賬面金額反映。為最大限度地降低信貸風險，本集團管理層已委派一組人員負責制訂信貸限額、信貸審批及其他監控措施，以確保採取跟進措施收回逾期未付之債項。此外，於各結算日，本集團定期評估每項個別貿易應收款之可收回金額，以確保就不可收回金額所作出之減值虧損已足夠。本集團於二零零五年十二月三十一日之貿易應收賬款主要為應收數名客戶。管理層已密切注視該等客戶之其後結算，並不再給予該等客戶較長之信貸期。就此而言，本公司董事認為本集團之信貸風險已大幅降低。

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The Group's time deposits are deposited with banks in the PRC including Hong Kong and the Group has limited exposure to any single financial institution.

Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate bank borrowings.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

6. TURNOVER

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

7. 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.

5. 財務風險管理目標及政策 (續)

信貸風險 (續)

本集團之定期存款均存放於中國包括香港之銀行，而本集團所承受之任何單一金融機構之風險有限。

利率風險公平值

本集團之利率風險公平值主要為有關固定利率之銀行借款。

本集團現時並無利率對沖政策。然而，管理層監視利率風險，倘需要時將會考慮對沖重大利率風險。

6. 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。

7. 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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8. 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.

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 share of profit of associates	應佔聯營公司之純利之稅務影響
Tax effect of expenses that are not deductible in determining taxable profit	不可扣稅開支之稅務影響
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
Others	其他
Taxation for the year	本年度稅項

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

8. 稅項

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
4,943	4,672
—	(4)
<u>4,943</u>	<u>4,668</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。

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：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重列)
<u>29,158</u>	<u>22,330</u>
5,103	3,908
(428)	—
922	932
(654)	(4)
—	(4)
—	(164)
<u>4,943</u>	<u>4,668</u>

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。

9. PROFIT FOR THE YEAR

9. 本年度純利

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Profit for the year has been arrived at after charging:	本年度純利經扣除下列各項後得出：		
Auditors' remuneration	核數師酬金	950	310
Less: Amount reimbursed by the associates	減：聯營公司償還	(600)	—
		<u>350</u>	<u>310</u>
Cost of inventories recognised as expenses	確認為開支的存貨成本	694,779	596,498
Depreciation for property, plant and equipment	物業、廠房及設備之折舊	439	266
Directors' remuneration (Note 10)	董事酬金（附註 10）		
Fee	袍金	—	—
Other emoluments	其他酬金	2,054	2,255
Other staff costs	其他員工成本		
Salaries and other benefits	薪金及其他福利	1,702	2,952
Retirement benefit scheme contributions	退休福利計劃供款	18	19
		<u>3,774</u>	<u>5,226</u>
Interest expense on:	利息開支：		
- redeemable convertible preferred shares wholly repayable after five years	— 贖回須於五年內償還之可換股優先股	436	—
- bank overdraft wholly repayable within five years	— 須於五年內償還之銀行透支	—	16
Operating lease rentals in respect of office premises and staff quarters	辦公室及員工宿舍之經營租賃租金	270	417
Share of tax of associates (included in share of profit of associates)	應佔聯營公司稅項（包括應佔聯營公司溢利）	347	—
Write-down of inventories	存貨撇減	2,382	146
and after crediting:	及經扣除：		
Interest income	利息收入	569	25
Net foreign exchange gain	外匯收益淨額	257	—
Net consultancy service income, (net of expenses of approximately HK\$2,473,000, including a director's emolument of approximately HK\$762,000)	諮詢服務收入淨額（扣除開支約 2,473,000 港元，包括一名董事酬金約 762,000 港元）	327	—
		<u>327</u>	<u>—</u>

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9. PROFIT FOR THE YEAR (continued)

Operating lease rentals in respect of a director's accommodation amounting to HK\$60,000 (2004: HK\$61,200) for the year are included under directors' other emoluments.

10. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the nine (2004: nine) directors were as follows:

	Executive director				Non-executive director		Independent non-executive director			2005
	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	
	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	—	—	—	—	—	—	—	—	—	—
Other emoluments	—	—	—	—	—	—	—	—	—	—
Salaries and other benefits	884	450	240	280	—	—	60	60	68	2,042
Contributions to retirement benefits scheme	12	—	—	—	—	—	—	—	—	12
Total emoluments	896	450	240	280	—	—	60	60	68	2,054

9. 本年度純利(續)

年內向一名董事提供住宿之經營租賃租金達60,000港元(二零零四年: 61,200港元), 包括在董事其他酬金之內。

10. 董事酬金

向九名(二零零四年: 九名)董事支付/應付之酬金詳情如下:

10. DIRECTORS' EMOLUMENTS (continued)

		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	Sun	Wang	Zhang	Wong	Xin	Liu	Meng	Wong	
		Chi Ho	Pishu	Miao	Lei	Hung, Alex	Wei Hua	Ping Yuan	Xiang Xu	Lit Chor, Alexis	
		梁智豪	孫丕恕	王渺	張磊	王銜	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

No directors of the Company waived any remuneration during both years.

於兩年度內，並無本公司董事放棄收取任何酬金。

11. EMPLOYEES' REMUNERATION

Of the five individuals with the highest emoluments in the Group, four (2004: three) were directors of the Company whose emoluments are set out in note 10 above. The emoluments of the remaining one (2004: two) 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

2005	2004
二零零五年	二零零四年
HK\$'000	HK\$'000
千港元	千港元
364	718
12	12
376	730

The emoluments of the five highest paid individuals are within the band from nil to HK\$1,000,000.

本集團付予五位最高薪酬人士其薪金在零至1,000,000港元之範圍。

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12. DIVIDEND

Final dividend proposed HK3 cents
(2004: HK3 cents) per share

擬派之末期股息每股
3港仙（二零零四年：
3港仙）

12. 股息

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
14,733	12,000

13. EARNINGS PER SHARE

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

13. 每股盈利

每股基本及攤薄盈利乃根據下列數據計算：

Earnings

Earnings for the purpose
of basic earnings per share
Interest on redeemable
convertible preferred shares

盈利

計算每股基本盈利
所採用之盈利
可贖回可換股
優先股之利息

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重列)
24,215	17,662
436	—
24,651	17,662

Earnings for the purposes of
diluted earnings per share

計算每股攤薄盈利
所採用之盈利

Number of shares

Weighted average number of ordinary
shares for the purpose of basic
earnings per share
Effect of dilutive
potential ordinary shares:
- options
- redeemable convertible preferred shares

股本數目

計算每股基本盈利
所採用之加權平均
普通股數目
潛在攤薄購股權之影響
— 購股權
— 可贖回可換股優先股

453,519	368,493
44,168	52
8,743	—
506,430	368,545

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

13. EARNINGS PER SHARE (continued)

The following table summaries the impact on both basic and diluted earnings per share as a result of:

Reported figures before adjustments	調整前之已報數字
Adjustments arising from changes in accounting policies (see Note 2)	由會計政策變動所產生之調整 (見附註2)
Restated	重列

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 period from 29 April 2004, date of listing of share on the GEM, to 31 December 2004 and offer price of the placing of shares.

13. 每股盈利 (續)

下表概述因下述原因對每股基本及經攤薄盈利之影響：

2004			
二零零四年			
Impact on basic earning per share cents 每股基本 盈利之影響 港仙	Impact on diluted earning per share cents 每股攤薄 盈利之影響 港仙		
6.20	6.20		
(1.41)	(1.41)		
<u>4.79</u>	<u>4.79</u>		

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自二零零四年四月二十九日即在創業板上市日期至二零零四年十二月三十一日及配售股份之開價之平均市價。

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14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備

		Leasehold improvement	Furniture, fixtures and office equipment	Total
		租賃裝修 HK\$'000 千港元	傢俬及裝置 HK\$'000 千港元	合共 HK\$'000 千港元
COST				
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
Additions	增添	—	3	3
Write-off	出售	(70)	(11)	(81)
At 31 December 2005	於二零零五年 十二月三十一日	—	1,405	1,405
DEPRECIATION				
At 1 January 2004	於二零零四年一月一日	—	178	178
Charge 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
Charge for the year	本年撥備	23	416	439
Eliminated as write-off	出售時撇銷	(70)	(11)	(81)
At 31 December 2005	於二零零五年 十二月三十一日	—	802	802
NET BOOK VALUES				
At 31 December 2005	於二零零五年 十二月三十一日	—	603	603
At 31 December 2004	於二零零四年 十二月三十一日	23	1,016	1,039

14. PROPERTY, PLANT AND EQUIPMENT

(continued)

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

Leasehold improvements	Over the lease term
Furniture, fixtures and office equipment	33 $\frac{1}{3}$ %

15. INTERESTS IN ASSOCIATES (continued)

Cost of investment in associates	於聯營公司之投資成本
Share of post-acquisition profits	所佔收購後盈利份額

Included in the cost of investment in associates is goodwill of approximately HK\$1,105,000 (2004: Nil) arising on acquisition of associates during the year.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") arising from the associates that is expected to benefit from that business combination.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGUs is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecast. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

14. 物業、廠房及設備 (續)

以上物業、廠房及設備的折舊以直線法按其年折舊率如下：

租賃裝修	按租約年期計算
傢俬及裝置	33 $\frac{1}{3}$ %

15. 聯營公司之權益

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
19,155	—
2,447	—
21,602	—

於聯營公司投資之成本包括於年度收購聯營公司產生之1,105,000港元(二零零四年：無)之商譽。

於收購時由業務組合所獲得之商譽，計入預期將受惠於該業務組合之聯營公司之現金產生單位(「現金產生單位」)。

本集團每年測試其商譽減值，或倘有跡象商譽將會減值，則測試將會更頻密。

現金產生單位之可收回金額乃按使用中價值計算而釐定。使用中價值計算之主要假設為有關貼現率、增長率及售價以及於期內直接成本之預期變動。管理層估計，貼現率乃使用反映金錢時間值之現行市場評估之除稅前貼現率以及與現金產生單位有關之風險。增長率乃根據行業增長預測計算。售價及直接成本變動乃根據過往慣例及預期日後市場變動計算。

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15. INTERESTS IN ASSOCIATES

The Group prepares cash flow forecast derived from the most recent financial budget approved by management for the next five years and extrapolates cash flows for the following three years based on an estimated growth rate of 4%. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flow is 21%.

As at 31 December 2005, the Group had interests in the following associates:

Name of entity 實體名稱	Form of business structure 商業結構形式	Country of registration and operation 註冊及營運國家	Proportion of nominal value of registered capital held by the Group 由本集團持有之註冊資本賬面值百分比	Proportion of voting power held 持有投票權之百分比	Principal activities 主營業務
山東超越數控電子有限公司 (「山東超越」)	Incorporated 註冊成立公司	PRC 中國	49%	49%	Development, production and sale of computer hardware for special usages 發展、生產及銷售特別用途電腦硬件
山東浪潮商用系統有限公司 (「山東超越」)	Incorporated 註冊成立公司	PRC 中國	40%	40%	Development, production and sale of computer software and computer peripherals 發展、生產及銷售電腦軟件及電腦周邊設備

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

Total assets	總資產
Total liabilities	總負債
Net assets	資產淨值
Group's share of net assets of associates	本集團應佔聯營公司之資產淨值
Revenue for the period after acquisition	收購後期間收益
Profit for the period after acquisition	收購後期間純利
Group's share of profit of associates for the year	本年度本集團應佔聯營公司之純利

15. 聯營公司之權益 (續)

本集團由管理層批准未來五年之最近期財務預算編製現金流量預測，及根據估計增長率4%推算其後三年之現金流量。該增長率並不超過有關市場之平均長期增長率。

用於貼現預測現金流量之比率為21%。

於二零零五年十二月三十一日，本集團於下列聯營公司擁有權益：

本集團聯營公司之財務資料概要如下：

2005
二零零五年
HK\$'000
千港元
77,641
(30,182)
47,459
20,497
68,391
5,575
2,447

16. INVENTORIES

The amount represents finished goods held for sale.

17. TRADE RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

The Group allows an average credit period of 30 to 90 days to its trade customers and a credit period of 30 days to its fellow subsidiary, the following is an aged analysis of trade receivables and amount due from a fellow subsidiary at the reporting date:

Trade receivables	貿易應收賬款
0 - 30 days	0 至 30 日
31 - 60 days	31 至 60 日
61 - 90 days	61 至 90 日
Over 90 days	90 日以上
Amount due from a fellow subsidiary	應收一間同集團附屬公司之款項
0 - 30 days	0 至 30 日
31 - 60 days	31 至 60 日

Other receivables are repayable on demand.

Amount due from ultimate holding company is unsecured, interest free and repayable on demand.

The directors consider that the fair values of the current financial assets approximate to the corresponding carrying amounts.

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. Bank balances and cash of approximately HK\$156,400,000 (2004: HK\$15,000,000) were denominated in Renminbi which is not freely convertible into other currencies.

16. 存貨

金額指製成品。

17. 貿易應收賬款及其他金融資產

本集團向貿易客戶及一間同集團附屬公司分別提供平均30日至90日及30日的賒賬期。以下為貿易應收賬款及應收一間同集團附屬公司款項於結算日的賬齡分析：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
2,896	7,216
—	6,930
—	4,348
70	—
2,966	18,494
8,773	7,425
1,427	15
10,200	7,440

其他應收款是見票即付。

應收最終控股公司款項為無抵押、免息及見票即付。

董事會考慮流動金融資產之公平值與相關賬面值相若。

本集團之銀行結餘及現金包括現金及三個月或以下之短期銀行存款，其公平值與賬面值相若。約156,400,000港元（二零零四年：15,000,000港元）之銀行結餘及現金為以人民幣計值，及不可自由兌換為其他貨幣。

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18. TRADE PAYABLES AND OTHER CURRENT FINANCIAL LIABILITIES

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

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

Trade payables, other payables and accrued liabilities principally comprise amounts outstanding for trade purposes and ongoing costs. The average credit period taken for trade purchases is up to 30 days.

The amounts due to ultimate holding company and a fellow subsidiary are unsecured, interest free and repayable on demand.

The directors consider that the fair values of the current financial liabilities approximate to the corresponding carrying amounts.

18. 貿易應付賬款及其他應付金融負債

以下為貿易應付賬款於結算日的賬齡分析：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
64,224	35,967
70	—
<u>64,294</u>	<u>35,967</u>

貿易應付賬款，其他應付款及累計負債主要包括貿易用途及其日常費用。貿易購貨期平均為30天。

應付最終控股公司及一間同集團附屬公司之款項為無抵押、免息及並無固定還款期。

董事會考慮流動金融負債之公平值與相關賬面值相若。

19. SHARE CAPITAL OF THE COMPANY

19. 股本

		Number of shares	HK\$'000
		股份數目 '000	
Ordinary shares	普通股		
Authorised:	法定：		
At 1 January 2004, at HK\$0.01 each	於註冊成立日期， 每股面值 0.01 港元	100,000	1,000
Increase during the year	年內增加股本	900,000	9,000
At 31 December 2004 and 2005, at HK\$0.01 each	於二零零四年及二零零五年 十二月三十一日， 每股面值 0.01 港元	<u>1,000,000</u>	<u>10,000</u>
Issued:	已發行：		
At 1 January 2004, at HK\$0.01 each	於二零零四年一月一日， 每股面值 0.01 港元	100,000	1,000
Issue of shares by capitalisation of share premium account	把股份溢價資本化	200,000	2,000
Placing of shares	以配售之股份	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
Placing of shares (note a)	以配售之股份（附註 a）	52,000	520
Issue of shares for the acquisition of Timeone Technology Limited ("Timeone") (note b)	發行股份之收購 Timeone（附註 b）	39,100	391
At 31 December 2005, at HK\$0.01 each	於二零零五年 十二月三十一日， 每股面值 0.01 港元	<u>491,100</u>	<u>4,911</u>

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19. SHARE CAPITAL OF THE COMPANY

(continued)

Notes:

- (a) Pursuant to the meeting of the Board of Directors of the Company on 13 May 2005, the issue of 52,000,000 new shares of HK\$0.01 each for cash at HK\$0.36 per share by the way of placing was approved and the new shares were allotted to independent third parties on 1 June 2005. The proceeds were used to provide additional working capital for the Company.
- (b) On 1 June 2005, the Company issued 39,100,000 shares at a market price of HK\$0.49 per share to the vendors as consideration for the acquisition of the entire issued share capital of Timeone (Note 22).

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

20. SHARE OPTION SCHEME

Equity-settled share options scheme

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.

19. 股本 (續)

附註：

- (a) 根據本公司董事會於二零零五年五月十三日通過批准發行配售股份每股配售股份0.36港元的配售價，發行52,000,000股新股份每股面值0.01港元，並於二零零五年六月一日配售予獨立投資者。其款項是增加公司之營運資金。
- (b) 於二零零五年六月一日，本公司發行39,100,000股以市場價0.49港元代價股份之方式償付購入Timeone全部已發行股本(附註22)。

每股所附之同等權利及享有之同等權益。

20. 購股權計劃

股權支付交易

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。

20. SHARE OPTION SCHEME (continued)

At the date of this report, the number of shares available for issue and remained outstanding under the Pre-IPO Scheme are 33,200,000 (2004: 40,000,000) representing 6.8% (2004: 10.0%) of the issued share capital of the Company. The number of shares under the Option Scheme are 40,000,000 (2004: 40,000,000) representing 8.1% (2004: 10%) of the issued share capital of the Company.

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.

20. 購股權計劃 (續)

於本報告日期，根據首次公開招股前購股權計劃可供發行及尚未行使股份之數目為33,200,000(二零零四年：40,000,000)，相當於本公司已發行股本之6.8%(二零零四年：10.0%)。根據購股權計劃下之股份數目為40,000,000(二零零四年：40,000,000)，相當於本公司已發行股本之8.1%(二零零四年：10%)。

根據首次公開招股前購股權計劃及購股權計劃可能授出之股份總數不得超過於採納首次公開招股前購股權計劃及購股權計劃當日，本公司已發行股份10%，除非已事先在股東大會上獲本公司股東批准。根據首次公開招股前購股權計劃及購股權計劃以及本公司任何其他購股權計劃獲行使而可能發行之股份總數不得超過不時已發行股份30%。就於任何十二個月期間可能授予任何合資格參與者之股份總數，不得超過本公司於任何時間已發行股份1%，除非已事先在股東大會上獲本公司股東批准。授予主要股東或本公司獨立非執行董事超過本公司已發行股份0.1%及其價值超過5,000,000港元之購股權必須事先在股東大會上獲本公司股東批准。

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20. SHARE OPTION SCHEME (continued)

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.

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 per share.

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 was HK\$0.28.

20. 購股權計劃 (續)

一般並無規定購股權行使前須持有之最少期間，但董事獲授權可於授出任何購股權時酌情施加任何該等最少期間。所有購股權之要約必須於要約發出後28日之內獲認購。於接受根據首次公開招股前購股權計劃及購股權計劃授出之每項購股權時，承授人須支付面額為1港元之不可撤回匯款作為代價。購股權可行使之期間將由董事會全權釐定，惟該期間不得超過授出購股權當日起計十年。行使價由本公司董事會釐定，並將不少於以下之最高者(i)於要約日期，股份於聯交所每日報價表上之收市價(ii)緊接要約日期前五個營業日，聯交所每日報價表上之股份平均收市價及(iii)本公司股份之面值。

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。

20. SHARE OPTION SCHEME (continued)

All the share options do not have any vesting conditions and are fully vested on the grant date. During the year, a total of 6,800,000 share options under Pre-IPO Scheme were cancelled upon resignation of an employee.

Details of specific categories of options are as follows:

	Date of grant 授出日期	Exercise period 行使期	Exercise price 行使價 HK\$ 港元
Pre-IPO Scheme 首次公開招股前 購股權計劃	8 April 2004 二零零四年四月八日	8 April 2004 to 7 April 2014 二零零四年四月八日 至二零一四年四月七日	0.324 0.324
Option Scheme 購股權計劃	28 December 2004 二零零四年十二月二十八日	28 December 2004 to 27 December 2014 二零零四年十二月二十八日 至二零一四年十二月二十七日	0.280 0.280

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

年內，本公司之僱員之購股權計劃變動如下：

Option type 股權類別	Outstanding at 1.1.2004 於二零零四年一月一日 尚未行使		Outstanding at 1.1.2005 於二零零五年一月一日 尚未行使		Cancelled during the year 年內取消	Outstanding at 31.12.2005 於二零零五年十二月三十一日 尚未行使
		Granted during the year 年內授出		Granted during the year 年內授出		
Pre-IPO Scheme 首次公開招股前購股權計劃	—	40,000,000	40,000,000	—	6,800,000	33,200,000
Option Scheme 購股權計劃	—	40,000,000	40,000,000	—	—	40,000,000
	—	80,000,000	80,000,000	—	6,800,000	73,200,000

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20. SHARE OPTION SCHEME (continued)

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 於二零零四年 一月一日	Granted during the year 年內授出	Outstanding at 1.1.2005 於二零零五年 一月一日
	Pre-IPO Scheme 首次公開招股前購股權計劃	—	24,000,000

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

21. REDEEMABLE CONVERTIBLE PREFERRED SHARES

The Company issued 132,964,342, 6% Preferred Shares at HK\$0.76 each on 8 December 2005. The Preferred Shares are denominated in Hong Kong dollars. The holder of the Preferred Shares shall have the right to convert the Preferred Shares, at any time from the date of allotment of the Preferred Shares and up to the maturity date, which is the sixth anniversary of 8 December 2005 and without payment of any additional consideration at the conversion rate of one Preferred Share to one ordinary share. If the Preferred Shares have not been converted, they will be redeemed on 8 December 2011 at par. Interest of 6% will be paid annually up until the settlement date. The details of terms of the Preference Shares are set out in the Company's circular dated 28 October 2005.

The Preferred Shares contain two components, liability and equity elements. Upon the application of HKAS 32 (see Note 3 for details), the proceeds from issue of Preferred Shares have been allocated between the liability and equity elements. Since the Preferred Shares were issued during the year, there was no impact to last year's financial statements. The equity element is presented in equity heading "Preferred shares equity reserve".

20. 購股權計劃 (續)

董事之購股權計劃(已包括上列表內)如下:

Option type 股權類別	Outstanding at 1.1.2004 於二零零四年 一月一日	Granted during the year 年內授出	Outstanding at 1.1.2005 於二零零五年 一月一日	Granted during the year 年內授出	Cancelled during the year 年內取消	Outstanding at 31.12.2005 於二零零五年 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	—	—

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。

21. 可贖回可換股優先股

於二零零五年十二月八日，本公司以每股0.76港元發行132,964,326股6%優先股。優先股以港元為單位。優先股之持有人有權由配發優先股日期二零零五年十二月八日起至到期日(六年)毋須支付任何額外代價隨按一比一之初步換股比例將優先股轉換為股份。假如優先股沒有轉換為股份，會於二零一一年十二月八日以票面值贖回。年率6%付至到期日。有關優先股之詳情已刊載於本公司在二零零五年十月二十八日之通函內。

優先股包括兩部分，分別為負債及股本部分。香港財務報告準則32金融工具：披露及編製(詳情見附註3)要將優先股分為負債及股本。由於優先股於今年才發行，故對上年度財政報表沒有影響。股本部分在股本項「優先股股本儲備」中呈現。

21. REDEEMABLE CONVERTIBLE PREFERRED SHARES (continued)

The movement of the liability component of the Preferred Shares for the year is set out below:

Liability component recognised during the year	於年內確認之負債部分
Interest charge	利息開支

The effective interest rate of the liability component is 7.38%.

The fair value of the liability component of the Preferred Shares at 31 December 2005 approximates the carrying amount.

The net proceeds from the issue of Preferred Shares have been issued between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group as follows:

Liability component	負債部分
Equity component	股本部分

22. ACQUISITION OF A SUBSIDIARY

On 1 June 2005, the Group acquired 100% issued share capital of Timeone by the issuance of 39,100,000 shares of the Company to the vendors. This transaction has been accounted for using the acquisition method of accounting.

21. 可贖回可換股優先股 (續)

於本年度，優先股負債部分之變動載列如下：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
94,666	—
436	—
<u>95,102</u>	<u>—</u>

負債部分之實際利率為7.38%。

於二零零五年十二月三十一日，優先股負債部分之公平值與其賬面值相若。

來自發行優先股之所得款項淨額分列在負債部分及股本部分，相當於將本集團之負債轉為股本之含有選擇權之公平值如下：

		HK\$'000 千港元
Liability component	負債部分	94,666
Equity component	股本部分	6,387
		<u>101,053</u>

22. 收購附屬公司

於二零零五年六月一日，本集團購入Timeone全部已發行股本以發行39,100,000股代價股份之方式償付。此交易以購買法列賬。

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22. ACQUISITION OF A SUBSIDIARY (continued)

The net assets acquired in the transaction, are as follows:

Net assets acquired:	已獲得之資產淨值：	
Interest in associates	於聯營公司之權益	18,050
Bank balances and cash	銀行結餘及現金	18
Other payable	其他應付款項	(14)
		<hr/>
		18,054
Goodwill	商譽	1,105
		<hr/>
		19,159
		<hr/> <hr/>
Total consideration, satisfied by issuance of 39,100,000 shares of the Company	總代價，透過發行本公司 39,100,000 股股份支付	19,159
		<hr/> <hr/>
Net cash inflow arising on acquisition:	於收購時產生之現金流入淨額：	
Cash and cash equivalents acquired	所獲得之現金及現金等價物	18
		<hr/> <hr/>

Note: As the consideration for the acquisition of Timeone, 39,100,000 ordinary share of the Company with par value of HK\$0.01 each were issued. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the acquisition amounted to HK\$19,159,000.

The goodwill of approximately HK\$1,105,000 represents the goodwill arising on acquisition of interest in associates during the year.

22. 收購附屬公司 (續)

以下是此交易之收購資產淨值及商譽：

Acquiree's
carrying amount
before combination
and fair value
業務合併前收購方
之賬面值及公平值
HK\$'000
港元

附註：作為收購Timeone之代價，本公司發行 39,100,000 股每股面值 0.01 港元之普通股。本公司使用收購當日之已公佈價格釐定之普通股公平值為 19,159,000 港元。

約 1,105,000 港元之商譽為於年內收購聯營公司權益而產生之商譽。

22. ACQUISITION OF A SUBSIDIARY (continued)

Timeone contributed nil revenue and approximately HK\$2,794,000 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2005, total Group profit for the period would have been approximately HK\$24,124,000 and there would be no impact to group's turnover. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2005, nor is it intended to be a projection of future results.

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	於一年內
In the second to fifth years inclusive	第二至第五年（包括頭尾兩年）

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

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.

22. 收購附屬公司 (續)

Timeone為本集團帶來零收入及帶來收購日期與結算日之間約2,794,000港元之除稅前溢利。

倘收購已於二零零五年一月一日完成，則本集團於期內之溢利總額應約為24,124,000港元，而對本集團之營業額應無影響。該備考資料只供說明，並非作為倘本集團已於二零零五年一月一日完成收購而實際上應獲取之收入及經營業績之指標，亦非擬作為日後業績之預測。

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：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
252	196
96	—
<u>348</u>	<u>196</u>

租賃租金指本集團就其辦公室應付之租金。租賃平均每兩年檢討一次而租金乃按平均年期兩年釐定。

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。

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25. RELATED PARTY TRANSACTIONS

Apart from the amounts due from and to related parties as disclosed in notes 17 and 18 respectively, the Group had entered into the following related party transactions during the year ended 31 December 2005:

Sales of goods (Note a)	貨物銷售 (附註 a)
Commission paid (Note b)	已付佣金 (附註 b)

Notes:

- (a) The Group sold the goods at cost before the deduction of purchase rebate to a fellow subsidiary of the Company, at an amount of approximately HK\$13,381,000 for the period from 1 January 2004 to 31 March 2004. During the year 2005, no such sale was noted.

On 1 April 2004, 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 to the ultimate holding company and a fellow subsidiary for the year ended 31 December 2005 amounted to approximately HK\$2,338,000 (2004: HK\$25,691,000) and HK\$106,164,000 (2004: HK\$65,547,000) respectively.

- (b) During the year, the Group paid commission amounting to approximately HK\$916,000 (2004: Nil) to a company in which the ultimate holding company is one of the shareholders. The commission paid was for the referral of business to the Group.
- (c) During the year ended 31 December 2004 and 2005, 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.

25. 關連人士交易

除綜合財務報表附註17及18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：

HK\$'000 千港元	HK\$'000 千港元
108,502	104,619
916	—

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本公司一間同集團附屬公司總值為13,381,000港元。而二零零五年並無此類銷售。

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。故截至二零零五年十二月三十一日年度止，本集團根據此協議銷售給最終控股公司總值約為2,338,000港元（二零零四年：25,691,000港元）及一間同集團附屬公司總值約為106,164,000港元（二零零四年：65,547,000港元）。

- (b) 年度內，本集團付予一個公司其中一個股東為最終控股公司之佣金約為916,000港元（二零零四年：無）。此佣金是由於介紹業務給本集團。
- (c) 截至二零零四年及二零零五年十二月三十一日止年度，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。

26. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the subsidiaries of the Company are as follows:

26. 本公司主要附屬公司詳情

本公司主要附屬公司詳情如下：

Name of company 公司名稱	Form of business structure 商業結構形式	Place of incorporation/ registration Place of 註冊成立及 登記地點	Class of share held 持有 股份類別	Paid up issued ordinary share capital/ registered capital 繳足已發行 普通股本/ 註冊資本	Proportion ownership interest held by the Company 本公司 應佔股本權益		Proportion of voting power held by the Company 本公司 持有投票權 之百分比	Principal activities 主營業務
					Directly 直接	Indirectly 間接		
Lang Chao Electronics Limited 浪潮電子有限公司	Incorporated 註冊成立公司	British Virgin Islands 英屬處女群島	Ordinary 普通股	US\$1 1美元	100%	—	100%	Investment holding 投資控股
Lang Chano (HK) Electronics Limited 浪潮(香港)電子有限公司	Incorporated 註冊成立公司	Hong Kong 香港	Ordinary 普通股	HK\$1,000,000 1,000,000港元	—	100%	100%	Trading of computer components 分銷電腦元件
浪潮(山東)電子信息有限公司	Incorporated 註冊成立公司	PRC 中國	Ordinary 普通股	HK\$55,000,000 55,000,000港元	—	100%	100%	Inactive 無業務活動
Timeone	Incorporated 註冊成立公司	British Virgin Islands 英屬處女群島	Ordinary 普通股	US\$50,000 50,000美元	—	100%	100%	Investment holding 投資控股
濟南浪潮電子科技有限公司	Incorporated 註冊成立公司	PRC 中國	Ordinary 普通股	RMB5,000,000 人民幣 5,000,000 元	—	100%	100%	Investment holding 投資控股
浪潮(濟南)信息技術有限公司	Incorporated 註冊成立公司	PRC 中國	Ordinary 普通股	US\$13,000,000 13,000,000美元	100%	—	100%	Inactive 無業務活動

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27. POST BALANCE SHEET EVENTS

On 17 February 2006, the Group entered into a subscription agreement to subscribe for approximately 30.05% of the enlarged registered capital of 浪潮集團山東通用軟件有限公司 at a consideration of RMB40,200,000. The details of the terms of subscription agreement are set out in the Company's circular dated 8 March 2006.

On 17 February 2006, the Group entered into a subscription agreement to subscribe for approximately 53.3% of the enlarged registered capital of 山東浪潮電子政務軟件有限公司 at a consideration of RMB8,000,000. The details of the terms of subscription agreement are set out in the Company's circular dated 8 March 2006.

Pursuant to an Extraordinary General Meeting held on 24 March 2006, the above transactions were approved by the shareholders of the Company.

27. 結算日後事項

於二零零六年二月十七日，本集團訂立認購協議認購浪潮集團山東通用軟件有限公司經擴大註冊股本約30.05%，認購之代價為人民幣40,200,000元。認購協議詳情刊載於本公司在二零零六年三月八日之通函內。

於二零零六年二月十七日，本集團訂立認購協議認購山東浪潮電子政務軟件有限公司經擴大註冊股本約53.3%，認購之代價為人民幣8,000,000元。認購協議詳情刊載於本公司在二零零六年三月八日之通函內。

根據二零零六年三月二十四日舉行之股東特別大會，上述交易已獲本公司股東批准。

