



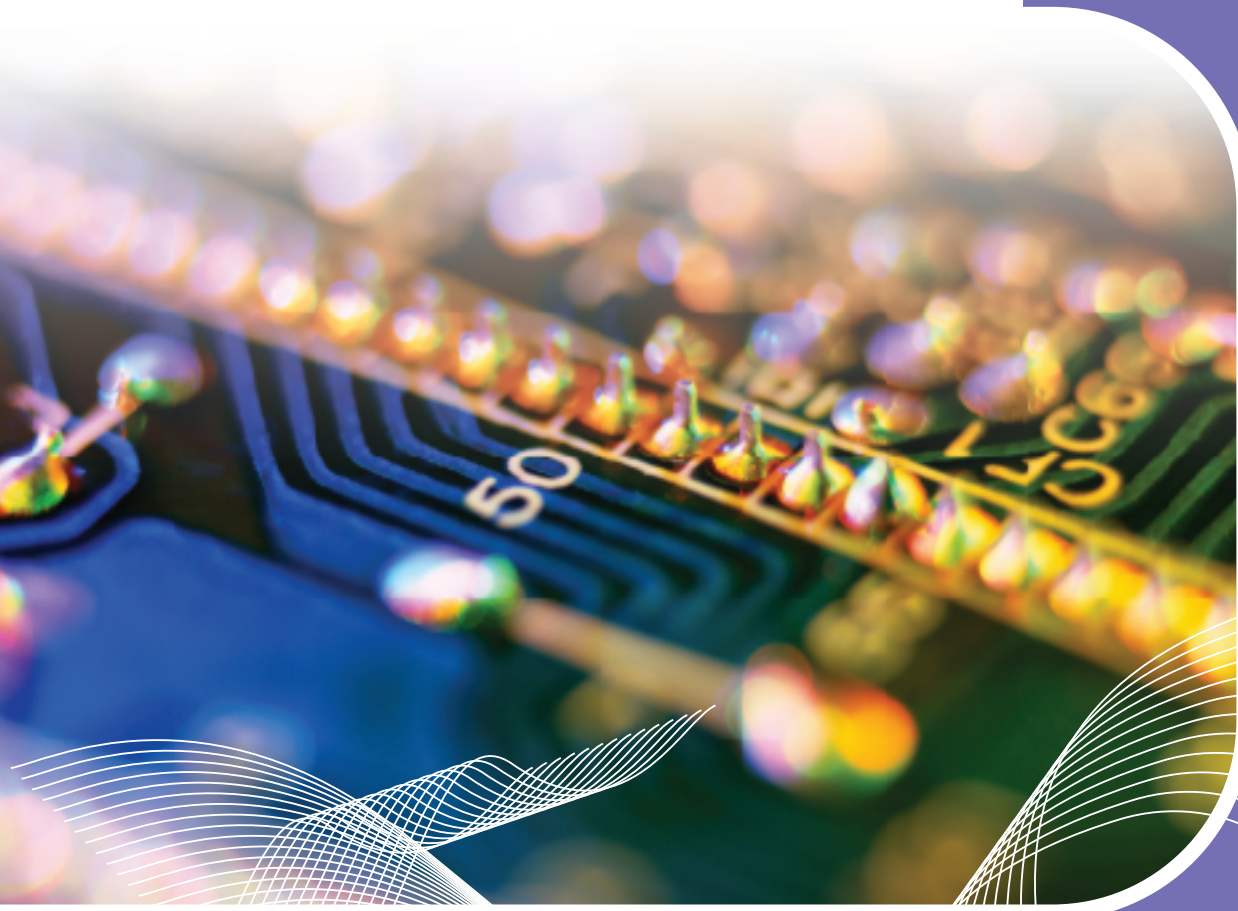
宁波屹东电子股份有限公司

NINGBO YIDONG ELECTRONIC COMPANY LIMITED*

(於中華人民共和國註冊成立的股份有限公司)

(a joint stock limited company incorporated in the People's Republic of China)

股份代號 stock code: 8249



Annual Report 2005

二零零五年年報

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

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

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

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This report, for which the directors (the “Directors”) of Ningbo Yidong Electronic Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this 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 report misleading; and (3) all opinions expressed in this 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之市場，尤其在創業板上市的公司毋須有過往盈利記錄，亦毋須預測未來盈利。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。有意投資的人士應瞭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經驗豐富的投資者。

鑑於創業板上市的公司屬於新興性質，在創業板買賣的證券可能會較在聯交所主板買賣之證券承受較大市場波動風險，同時無法保證在創業板買賣的證券會有高流通量之市場。

創業板發佈資料的主要方法為在聯交所為創業板而設的互聯網網頁上刊登。創業板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，有意投資人士應注意彼等須閱覽創業板網頁 (<http://www.hkgem.com>)，方能取得創業板上市發行人的最新資料。

聯交所對本報告的內容概不負責，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報告全部或任何部分內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

本報告包括之資料乃遵照聯交所創業板證券上市規則（「創業板上市規則」）的規定而提供有關寧波屹東電子股份有限公司（「本公司」）的資料，本公司各董事（「董事」）願就本報告共同及個別承擔全部責任。董事經作出一切合理查詢後確認，就彼等所深知及確信：(1) 本報告所載資料在各重大方面均屬準確及完整，且無誤導成分；(2) 本報告並無遺漏任何其他事實，致使本報告所載任何內容產生誤導；及(3) 本報告所表達的一切意見乃經審慎周詳考慮後作出，並建基於公平和合理的基準及假設。

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Corporate Information

公司資料

EXECUTIVE DIRECTORS

Mr. Wang Ya Qun (*Chairman*)
 Mr. Liu Xiao Chun
 Mr. Chen Zheng Tu
 Mr. Chen Da Jun (appointed on 31 March 2006)
 Mr. Wang Pei Zhang (resigned on 31 March 2006)

NON-EXECUTIVE DIRECTOR

Mr. Li Ming

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Zhen Ming
 Mr. Ding Gang Yi
 Mr. Mok Wai Man, Derek
 Mr. Wang Ning (appointed on 31 March 2006)

SUPERVISORS

Mr. Zhang Xing Jiang
 Mr. Chen Qian
 Ms. Wang Ying

MEMBERS OF THE AUDIT COMMITTEE

Mr. Ding Gang Yi (*Chairman*)
 Mr. Tang Zhen Ming
 Mr. Mok Wai Man, Derek

COMPLIANCE OFFICER

Mr. Wang Ya Qun

QUALIFIED ACCOUNTANT

Mr. Hung Ee Tek

COMPANY SECRETARY

Mr. Hung Ee Tek

AUTHORIZED REPRESENTATIVES

Mr. Liu Xiao Chun
 Mr. Hung Ee Tek

LEGAL ADVISERS TO THE COMPANY

Zhejiang Shiguang (As to PRC Law)

執行董事

王亞群先生 (主席)
 劉曉春先生
 陳正土先生
 陳達均先生 (於二零零六年三月三十一日獲委任)
 王佩章先生 (於二零零六年三月三十一日辭任)

非執行董事

李明先生

獨立非執行董事

唐振明先生
 丁剛毅先生
 莫偉民先生
 王寧先生 (於二零零六年三月三十一日獲委任)

監事

張興江先生
 陳謙先生
 王穎女士

審核委員會成員

丁剛毅先生 (主席)
 唐振明先生
 莫偉民先生

監察主任

王亞群先生

合資格會計師

洪維德先生

公司秘書

洪維德先生

授權代表

劉曉春先生
 洪維德先生

本公司法律顧問

浙江時興律師事務所 (中國法律)

AUDITORS

Deloitte Touche Tohmatsu

核數師

德勤•關黃陳方會計師行

REGISTERED OFFICE

No.65 Siming East Road
Yuyao City
Zhejiang Province
China

註冊辦事處

中國
浙江省
余姚市
四明東路65號

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 917-918 9/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

香港主要營業地點

香港
灣仔
港灣道6-8號
瑞安中心
9樓917-918室

COMPANY HOMEPAGE/WEBSITE

www.yidongelec.com

公司主頁／網站

www.yidongelec.com

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Abacus Share Registrars Limited

香港H股過戶登記處

雅柏勤證券登記有限公司

PRINCIPAL BANKER

Industrial and Commercial Bank of China

主要往來銀行

中國工商銀行

GEM STOCK CODE

8249

創業板股份代號

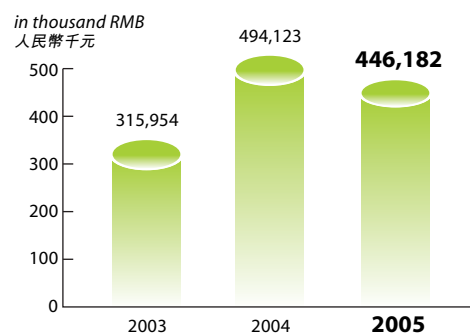
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Financial Highlights

財務概要

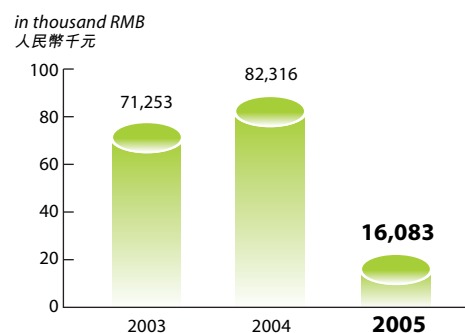
Turnover

營業額



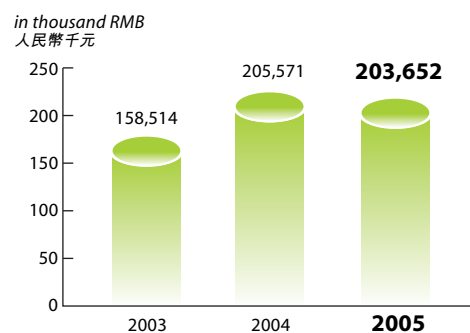
Profit Before Tax

除稅前溢利



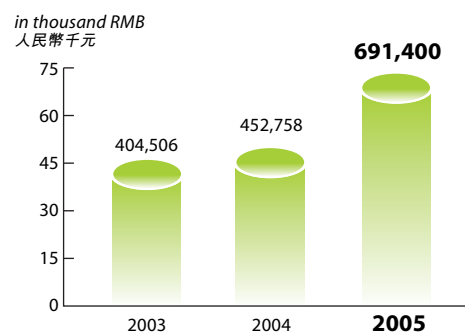
Equity attributable to equity holders of the Company

本公司股東應佔權益



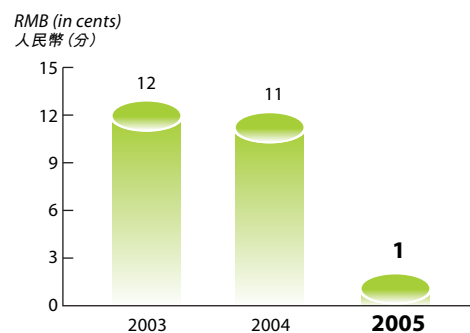
Total Assets

總資產



Earnings Per Share (Basic)

每股盈利 (基本)



Chairman's Statement

主席報告



Wang Ya Qun

王亞群

Chairman

主席

The Group is grateful to its shareholders and friends for their concern and support. Since its listing in 2003, the Group has expanding its operations from the manufacturing of a single product of consumer electronics controller systems to PHS and GSM phones, as well as the research and development of TFT-LCD TV. To date, the Group has established a comprehensive consumer electronics product mix. Given a strong foundation of technology know-how and market distribution network for brand operation, the Group is seriously considering the establishment of its own brands. However, in view of the increased operational risks involved, the Group will undergo thorough consideration and overall planning before deciding on entering into such markets. At present, the Group will consolidate and further develop its existing production and processing business model, as well as expand its production capacities and distribution network, so as to maximise the return for its shareholders.

At the beginning of 2006, the Group obtained approval from the State Development and Reform Commission for the grant of a licence for the manufacture of GSM phones, which enabled the Group to manufacture and sell mobile phones under its own brand and prepare for the production of 3G mobile phones. In addition, the Group has independently developed TFT-LCD TV ranging from 17 inches to 37 inches. These achievements marked the Group's gradual development as a medium-sized high technology manufacturer of intelligent electronically-controlled consumer products. The yearly average GDP of the PRC has been recording an increase of 8.5% or more for years. In light of the increasing personal income GDP per capita and the subsequent blooming demand for consumer electronics products, the Group is striving to seize the growth opportunities to consolidate and expand its market. Meanwhile, the Group also built up an elite team of talents in the field of technology research and development ("R&D"), which contributed to the remarkable achievements in the R&D of consumer electronics products. As a result, the Group was included in the top places among China's Potential 100 by Forbes China for two straight years in 2005 and 2006.

感謝各位股東和社會各界朋友對本集團的關心和支持。本集團自從二零零三年上市以來，從生產單一的消費電子控制系統，到小靈通、GSM手機的生產，以至LCD液晶電視機的產品開發，已形成較為完善的消費電子產品系列。在技術及市場網路上已經滿足經營本集團品牌的基礎，本集團正積極思考自有品牌的經營，但由於經營風險相對提高，本集團必須經過全盤考慮及佈局才會進入該等市場。現階段本集團將鞏固及發展現有的生產加工模式，擴大生產能力及銷售管道建設，為股東爭取最大的回報。

本集團於二零零六年初接到發改委的批覆，公佈本集團獲得GSM手機生產的牌照，今後將可生產及經營自有品牌的手機，同時為3G手機的生產做好準備，加上本集團已自主研發出17吋至37吋的LCD電視機，本集團已逐步邁向消費型智慧電子控制產品的中型高科技公司方向發展。中國本地生產總值的年均值接連數年增長超越8.5%或以上，隨著人均收入的提高，對消費型電子產品需求殷切，本集團正抓緊現有發展機遇，使本集團的銷售市場得以鞏固和擴大，同時本集團聚集了一批科研精英，使消費電子產品的研發取得理想成果，因此本集團連續於二零零五及二零零六兩年入選《福布斯》「中國潛力100」企業，並位列前茅。

In response to the ever-growing market demand for the Group's products, the Group purchased approximately 110 acres of land in Yuyao Economic Development Zone in proximity to its current plant in early 2005. The parcel of land was identified as the future location of the Group's new production base. During 2005, substantial resources were devoted to expedite the construction work. The Group expects to commence Phase I migration and trial production in the fourth quarter of 2006. The Group has already committed over RMB100 million in the new plant, which will commence operation in September 2006 and serve as a modernised production facility of sustainable development for the processing of mobile phones, TFT-LCD TV, computer-controller and other intelligent consumer electronics products.

In 2005, the Group devoted aggressive efforts in expanding its distribution channels and became one of the designated suppliers of intelligent controllers for lottery machines of WMS Company in the US. As for mobile phones, the Group entered into an agreement with ZTE Corporation for the production of not less than 500,000 mobile phones each year. Nevertheless, the Group's results was affected during the active pursuit of distribution network expansion. To a certain extent, this was attributable to insufficient credit risk assessment when identifying quality customers and the lack of strict control over management expenditures in the course of aggressive expansion of distribution outlets. The Group will strive to strengthen internal control and management, enhance efficiency and build up a professional team with expertise and corporate culture.

In 2005, the Group underwent certain operational restructuring. Adjustments of various extents were made to product mix, market structure and the operation team. Thanks to the efforts of our management and staff, the Group managed to make certain achievement against a backdrop of rapidly changing operating environment and intense market competition. I would like to express my heartfelt gratitude to our shareholders, customers and suppliers for their continued support.

Wang Ya Qun
Chairman

Shenzhen, The People's Republic of China
31 March 2006

為了配合本集團不斷增加的市場需求，於二零零五年初本集團成功購入位於現有廠房附近的余姚經濟開發區約110畝土地，該等土地已規劃為未來本集團新的生產基地，二零零五年本集團積極投入資源，加緊施工建設，預計於二零零六年第四季度可以進行第一期搬遷並投入試產，投入新廠房的建設資金已超過人民幣1億元，新建廠房將於二零零六年九月份正式啟用，為未來的手機、LCD電視機、電腦控制器及其他消費智慧電子產品的加工生產提供了可供持續發展的現代化生產場所。

本集團於二零零五年積極拓展銷售管道，已成為美國WMS公司博彩機智能控制系統指定供應商之一，另外於手機市場的銷售，其中與中興通訊股份有限公司簽訂了一項每年不少於五十萬部的手機生產協議，但在不斷開發銷售網路的過程中，對挑選具有素質客戶的信貸風險評估不足，同時由於急切開發不同地點的銷售網站，對管理費用的開支缺乏嚴格的控制，給集團業績造成一定的影響，本集團將積極加強內控管理、提高效率、建設為一支具有專業素質及企業文化的團隊。

二零零五年為本集團業務結構調整的年度，在產品類型、市場結構及經營團隊出現一定幅度的調整，在通信產業急速變化及面對競爭激烈的市場環境中仍能取得一定的成果，實有賴於本集團管理層及員工們所作出的努力，本人並對股東、客戶及供應商不斷的支持表示衷心的感謝。

主席
王亞群

中華人民共和國 深圳
二零零六年三月三十一日

Management's Discussion and Analysis

管理層討論及分析

BUSINESS AND OPERATIONS REVIEW

Turnover

For the year ended 31 December 2005, the Group recorded a turnover of approximately RMB446,182,000 (2004: RMB494,123,000), representing a decrease of approximately 9.7% over the previous year. The decrease in the Group's turnover is mainly attributable to adjustments in the Group's product mix. Other than the mobile phone, the controllers recorded a relatively significant drop in sales. While the demand for the production and sales of mobile phones continued to increase, the growth rate in the production of mobile phones was relatively lower than that of decrease rate in sales of other controllers, which contributed to the decline in turnover.

The following tables analysed the Group's turnover by business activity and geographical region for each of the three years ended 31 December 2005:

業務及營運回顧

營業額

截至二零零五年十二月三十一日止年度，本集團錄得營業額約人民幣446,182,000元（二零零四年：人民幣494,123,000元），較上年度下跌約9.7%。本集團營業額出現倒退，主要由於本集團調整了產品銷售結構，除流動電話外的控制器的銷售跌幅較大，製造及銷售流動電話的需求則不斷上升，但由於製造流動電話的增長較銷售其他控制器的銷售下跌幅度為低，因此令營業額出現下跌現象。

下表為截至二零零五年十二月三十一日止三個年度各年，本集團按業務活動及地區劃分的營業額分析：

By business activity	以業務活動分類	Year ended 31 December 2003 截至二零零三年 十二月三十一日止年度		Year ended 31 December 2004 截至二零零四年 十二月三十一日止年度		Year ended 31 December 2005 截至二零零五年 十二月三十一日止年度	
		RMB'000 人民幣千元	%	RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
Air-conditioner controller systems	空調器控制器系統	173,567	54.9	144,862	29.3	20,706	4.7
Refrigerator controller systems	電冰箱控制器系統	3,937	1.3	2,974	0.6	23,072	5.1
Smoke extractor controller systems	抽油煙機控制器系統	3,238	1.0	2,614	0.5	2,024	0.5
Fan controller systems	電風扇控制器系統	-	-	184	0.0	-	-
Television controller systems	電視機控制器系統	20,131	6.4	31	0.0	264	0.1
Manufacture of mobile phone controller systems and assembly of mobile phones	製造流動電話 控制器系統及 裝嵌流動電話	88,474	28.0	317,433	64.3	390,558	87.5
Other controller systems	其他控制器系統	26,607	8.4	26,025	5.3	9,558	2.1
TOTAL	合計	315,954	100.0	494,123	100.0	446,182	100.0

By geographical region	以地區分類	Year ended 31 December 2003 截至二零零三年 十二月三十一日止年度		Year ended 31 December 2004 截至二零零四年 十二月三十一日止年度		Year ended 31 December 2005 截至二零零五年 十二月三十一日止年度	
		RMB'000 人民幣千元	%	RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
Zhejiang Province	浙江省	132,048	41.8	113,208	22.9	117,541	26.3
Shandong Province	山東省	35,703	11.3	30,859	6.2	9,058	2.0
Guangdong Province	廣東省	87,828	27.8	137,041	27.7	93,679	21.0
Jiangsu Province	江蘇省	47,066	14.9	67,541	13.7	13,587	3.1
Shanghai	上海	9,278	2.9	74,052	15.0	19,624	4.4
Hong Kong	香港	-	-	68,100	13.8	172,825	38.8
Taiwan	台灣	-	-	-	-	18,484	4.1
Others*	其他地區*	4,031	1.3	3,322	0.7	1,384	0.3
TOTAL	合計	315,954	100.0	494,123	100.0	446,182	100

* Others include Beijing, Henan Province and Shanxi Province and other overseas districts.

* 其他地區包括北京市、河南省、山西省等省及其他海外地區。



As at 31 December 2005, the Group's turnover was RMB446,182,000 (2004: RMB494,123,000), representing a decrease of 9.7% from the previous year. During the year, the Group reinforced the development of its mobile phone business. Through adjustments to the existing production facilities and the expansion of sales network in regions such as Shanghai, Shenzhen and Hong Kong, the sales of mobile phones recorded robust growth. Upon establishment of our sale office in Hong Kong, sales surged from approximately RMB317 million in the previous year to RMB391 million for the year, representing a rise of 23.3%. The Group's exports increased to approximately RMB170 million this year from RMB68 million last year. On the other hand, the business of other controllers and related products recorded a relatively substantial decrease. Turnover decreased from RMB177 million last year to RMB56 million this year, representing a decrease of 68.4%. The decrease was due to a shrink in market share of the Group due to its reluctance in adopting price-reduction policy as other manufactures, who slashed prices and brought down the gross profit to an unreasonable level.

For the year ended 31 December 2005, the cost of sales of the Group amounted to RMB400,598,000 (2004: RMB389,494,000), representing a modest increase of 2.9% as compared with the previous year. Gross profit margin was 10.2% (2004: 21.2%). Due to the thin profit margin of the mobile phone business and the shrink in market shares of the controllers business which enjoyed a higher margin, there was a decline in gross profit margin. In response to intense competition in the mobile phone business, the Group will tighten control measures on procurement costs to mitigate the impact of price competition.

Other revenues mainly include processing income, which recorded an increase of 56.9% over previous year. Selling expenses recorded a mild increase. Administrative expenses rose by 35.8% over the previous year, which was attributable to the recruitment of additional administrative staff for the establishment of a legal entity. Furthermore, businesses restructuring of the Group also gave rise to provision for impairment of certain inventories and receivables and an increase in relevant costs.

As at 31 December 2005, finance costs of the Group amounted to RMB10,786,000 (2004: RMB4,567,000), which represented an increase of 1.4 times and was mainly attributable to the construction of new facilities and the rising demand for other working capital.

截至二零零五年十二月三十一日，本集團的營業額為人民幣446,182,000元（二零零四年：人民幣494,123,000元）較去年度下跌9.7%。本年度本集團加強了對流動電話業務的開發，透過對現有生產設施的調整，及增添銷售網點的開發，其中包括上海、深圳及香港等地區，大大加強了流動電話銷售業務的增長，透過香港成立的銷售辦事處，有關銷售額從去年的約人民幣3.17億元增加至本年度的約人民幣3.91億元，上升23.3%。對外出口業務從出年的人民幣68,000,000元增加至本年度約人民幣1.7億元；其他控制器及相關產品的業務跌幅較大，相關營業額從去年的約人民幣1.77億元下跌至本年度約人民幣56,000,000元，跌幅68.4%，由於各製造商採取價格下調政策，使有關產品的毛利下跌至不合理水平，本集團並沒有採取削價政策，導致市場萎縮。

截至二零零五年十二月三十一日，本集團的銷售成本為人民幣400,598,000元（二零零四年：人民幣389,494,000元），較去年微升2.9%，毛利率10.2%（二零零四年：21.2%）。由於流動電話業務的邊際利潤較低，相對毛利較高的控制器業務今年出現萎縮，導致毛利率出現下降，面對流動電話業務的激烈競爭，本集團將加強採購成本控制等措施，減低價格競爭帶來的衝擊。

其他收入主要包括加工費用等收入，較去年上升56.9%，銷售費用較去年出現輕微上升，行政費用較去年增加35.8%，主要因為本集團透過成立法人公司，增聘管理行政人員所致；另外由於本集團對業務架構的調整，導致部份存貨及應收帳款需要計提減值準備，亦導致了相關成本的上升。

截至二零零五年度十二月三十一日，本集團的融資成本為人民幣10,786,000元（二零零四年：人民幣4,567,000元）上升1.4倍，有關融資主要用於新建廠房的建設及其他營運資金需求上升所致。

As at 31 December 2005, profits attributable to shareholders of the Group amounted to RMB7,241,000 (2004: 56,317,000). The decrease in profits attributable to shareholders was principally due to a decrease in gross profit margin arising from adjustments in product mix and a rise in administrative expenses arising from the expansion of sales channels. Since the amount of impairment provisions for such items as inventories and receivables was recognised in the fourth quarter, profits for the whole year of 2005 was less than that for the period ended 30 September 2005.

SIGNIFICANT INVESTMENT HELD AND ACQUISITION

As at 31 December 2005, save as disclosed in this report, the Group did not have any significant investment and acquisition.

CHANGES IN THE COMPOSITION OF THE COMPANY

During the year, the Group established Shenzhen Haiyi Communications Technology Co., Ltd (「Haiyi Communications」) which focuses on the sales of mobile phones. The registered share capital of Haiyi Communications was RMB5,000,000, and the company was owned as to 65% by the Group.

FINANCIAL REVIEW

Current assets and liabilities

As at 31 December 2005, the Group had current assets of RMB432,552,000 (2004: RMB300,804,000), representing an increase of 43.8%, when compared with previous year which was mainly attributable to the rise in receivables arising from the expansion of sales channels. Another important factor for the increase in current assets was the increase in cash and cash equivalents of the Group. As at 31 December 2005, the Group had current liabilities of RMB475,019,000 (2004: RMB232,252,000), which represented an increase of over 100% and was mainly due to the increase in short-term bank loans for the construction of new facilities and working capital. In addition, looser credit policy of the suppliers also gave rise to an increase in short-term bills payable. As at 31 December 2005, the unutilised bank loan facilities and cash flow generated in the ordinary course of business were sufficient for the capital requirement of daily operations and the new facilities despite its net current liability status.

截至二零零五年度十二月三十一日，本集團股東應佔溢利為人民幣7,241,000元（二零零四年：人民幣56,317,000元），下跌的主要因為調整產品結構導致毛利出現下跌，行政費用因為擴大銷售管道而上升及融資成本上升所致。由於部份存貨及應收帳款，減值準備等因素於第四季度才確定其減值金額，因此截至二零零五年年度的溢利較截至二零零五年九月三十日的溢利為低。

所持有重大投資及收購

於二零零五年十二月三十一日，除於本報告已披露外本集團並無任何重大投資及重大收購。

本公司架構變動

於本年度，本集團成立深圳市海億通訊技術有限公司（「海億通訊」），專門從事銷售流動電話手機業務。海億通訊的註冊資本為人民幣5,000,000元，本集團佔當中65%股本權益。

財務回顧

流動資產及負債

於二零零五年十二月三十一日，本集團的流動資產為人民幣432,552,000元（二零零四年：人民幣300,804,000元）較上年度上升43.8%，上升的主要因為應收帳款因為開拓新的銷售管道而增加。另外，本集團的現金及現金等值項目的上升亦是導致流動資產上升的主要原因，於二零零五年十二月三十一日，本集團的流動負債為人民幣475,019,000元（二零零四年：人民幣232,252,000元），上升超過1倍，上升的主要原為用於新廠房建設及營運資金的短期銀行貸款上升所致。另一方面，供應商給予較寬鬆的信貸政策，亦導致了短期應付票據上升，於二零零五年十二月三十一日，雖然本集團出現淨流動負債情況，但未用銀行貸款額度及正常營運業務所提供的現金流，足夠一般營運及新建廠房資金所需。

Finance and banking facilities

As at 31 December 2005, the Group had cash and bank balances of RMB113,577,000 (2004: RMB86,541,000), short-term bank loans of RMB170,760,000 (2004: RMB73,000,000), and net borrowings, of RMB57,183,000 (2004: net cash of RMB13,541,000) respectively. The borrowings were secured by certain property, plant and equipments and bank deposits of the Group. The Group will seek to replace the existing short-term bank facilities by certain long-term bank loans and secure bank loans with lower costs, so as to improve the Group's financial position and reduce financial costs.

Gearing ratio

The Group's gearing ratio as at 31 December 2005 was 24.7% (2004: 16.1%), which is expressed as a percentage of the total bank borrowings over the total assets.

Contingent liabilities and commitments

Contingent liabilities and commitments of the Group during the year are set out in notes 36 and 38 to the consolidated financial statements.

Capital structure and financial resources

As at 31 December 2005, the Group had net assets of approximately RMB210,515,000 (2004: RMB213,824,000). The Group's operations and investments are financed principally by our internal resources, bank borrowings and shareholders' equity.

Foreign exchange risk

The Group's income and expenses were denominated in RMB while certain procurement transactions were settled in US dollars. The Group regulated its outstanding foreign exchange balance by conducting sales settled in US dollars to reduce its foreign exchange exposure. Since the existing bank loans are repayable in RMB, there was no material foreign exchange risk. The Group will review and monitor foreign exchange risk from time to time and may enter into forward swap contracts to hedge such risks where appropriate.

融資及銀行信貸

於二零零五年十二月三十一日，本集團現有流動現金及銀行結餘為人民幣113,577,000元（二零零四年：人民幣86,541,000元），短期銀行借款為人民幣170,760,000元（二零零四年：人民幣73,000,000元），淨借貸約為人民幣57,183,000元（二零零四年：淨現金人民幣13,541,000元），有關借貸以本集團若干物業、廠房及設備及銀行存款作為抵押。本集團將爭取安排若干長期銀行貸款以替代現有短期銀行借款的安排，同時將積極爭取成本較低的銀行貸款，以改善本集團的財務狀況及降低融資成本。

資本負債比率

本集團於二零零五年十二月三十一日的資本負債比率為24.7%（二零零四年：16.1%），乃以銀行借貸總額除以資產總值的百分比列示。

或然負債及承擔

本集團年內的或然負債及承擔詳情載於綜合財務報表附註36及38。

資本結構及財務資源

於二零零五年十二月三十一日，本集團的資產淨值約為人民幣210,515,000元（二零零四年：人民幣213,824,000元）。本集團的營運及投資主要由其內部資源、銀行借貸及股東資本撥付。

外匯風險

本集團的收入及支出主要以人民幣為結算工具，部份採購需以美元支付。本集團透過部份以美元結算的銷售、調節及平衡外匯結餘金額，以減低匯兌風險；由於現有銀行貸款均以人民幣為償還貨幣，因此並不存在外匯結算重大的風險。本集團將不時檢討及監察外匯兌換等風險，於適當時期訂立適當的遠期調期合約，以對沖有關風險。

EMPLOYEES AND REMUNERATION POLICIES

An analysis of employees of the Group by their duties for each of the three years ended 31 December 2003, 2004 and 2005 is set out below:

Functions

		Headcount for the year ended 31 December		
		人數		
		截至十二月三十一日止年度		
		2003 二零零三年	2004 二零零四年	2005 二零零五年
Sales and marketing	銷售及市場推廣	31	55	85
R&D	研發	43	52	60
Production (including quality control)	生產(包括質量控制)	629	722	877
Finance and administration	財務及行政	65	81	90
Procurement	採購	17	20	30
		785	930	1,142

僱員及酬金政策

截至二零零三、二零零四及二零零五年十二月三十一日止三個年度各年，本集團僱員以職務分類的分析如下：

職能

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2005, the Group had 1,142 employees (2004: 930 employees). Remuneration is determined by reference to market terms and the performance, qualifications and experience of individual employee. Discretionary bonuses based on individual performance will be paid to employees in recognition and reward of their contribution. Other benefits include contributions to retirement scheme.

STAFF QUARTERS

Workers and staff of the Group are provided with accommodation within the vicinity of the Group's production facilities premises at No. 65 Siming Road East, Yuyao City. The Directors confirm that, apart from the above accommodation, there was no other housing benefit provided by the Group to its staff.

僱員及酬金政策

於二零零五年十二月三十一日，本集團有1,142名僱員（二零零四年：930名僱員）。酬金是經參考市場條款及個別僱員的表現、資格及經驗而釐定。按個別表現釐定之酌情花紅將付予僱員，作為其貢獻之肯定及獎勵。其他福利包括向退休計劃供款。

員工宿舍

本集團的工人及員工獲提供宿舍，地點在本集團位於余姚市四明東路65號的生產設施物業的鄰近地區。董事確認，除上述宿舍外，本集團並無向其員工提供其他房屋福利。

RELATIONSHIP WITH EMPLOYEES

The Group has not experienced any significant labour disputes or strikes which have led to the disruption of its normal business operations. The Directors consider that the Group maintains good relationship with its employees.

與僱員的關係

本集團概無經歷任何重大勞資糾紛或罷工，導致其日常業務運作受干擾。董事認為，本集團與其僱員的關係良好。

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical Details of Directors, Supervisors and Senior Management are set out on page 22 to page 25.

董事、監事及高級管理人員履歷

董事、監事及高級管理人員履歷載於第22至25頁。

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, Supervisors and the five highest paid individuals in the Company are set out in note 12 to the accounts.

董事、監事及五名最高薪人士的酬金

董事、監事及五名最高薪人士的酬金詳情載於財務報表附註12。

PROSPECTS

In early 2006, the Group obtained a licence for the production of 3G mobile phones under its own brand. In addition, the development project of LCD TV has entered a mature stage. These developments coupled with the commencement of operation of new production facilities position the Group well in face of the expected economic growth of the PRC. Looking ahead, the Group will continue to leverage on its R&D capabilities, well-established customers base and highly-recognized product portfolio to further fortify its position in intelligent electronic consumer product market.

前景

於二零零六年初，本集團已獲得可生產自有品牌的3G手機牌照，而LCD電視機產品的開發已成熟，加上新投入的新建廠房等生產設施，配合中國預期的經濟增長，展望未來，本集團將繼續善用本身研發能力、已具規模之客戶基礎及備受推崇之產品，以進一步擴展於智能電子消費產品市場之地位。

Comparison of Business Objectives with Actual Business Progress

業務目標與實際業務進度的比較

Comparison of Business Objectives with ACTUAL BUSINESS PROGRESS
To attain our long-term business goal, the Group has set out implementation plans on pages 83 to 86 of the prospectus of the Company dated 30 October 2003. The following is a summary comparison of the actual business progress for the period from 1 January 2005 to 31 December 2005:

為達到長期業務目標，本集團已於本公司日期為二零零三年十月三十日的招股章程第83至86頁載列有關執行計算。二零零五年一月一日至二零零五年十二月三十一日期間之實際業務進度比較概述如下：

Business objective as set out in the prospectus

招股章程所載業務目標

Actual business progress

實際業務進展

1. Expansion on production capability and volume

擴大生產能力及產量

From 1 January 2005 to 30 June 2005

由二零零五年一月一日至二零零五年六月三十日

Continue with the batch production of controller systems for medium-sized TFT-LCD devices

繼續批量生產用於中型TFT-LCD裝置的控制器系統

Small batch production has been commenced

已小批量生產

Continue with the batch production of controller systems for telecommunication devices such as mobile phones

繼續批量生產用於流動電話等電信裝置的控制器系統

Batch production has been commenced

已批量生產

Continue with the batch production of fuzzy automatic controller systems for car head lamps and car doors

繼續批量生產用於車頭燈及車門的模糊自動控制啟系統

This project has been postponed due to market changes

由於市場變動，計劃已延遲

From 1 July 2005 to 31 December 2005

由二零零五年七月一日至二零零五年十二月三十一日

Continue with the batch production of controller systems for medium-sized TFT-LCD devices

繼續批量生產用於中型TFT-LCD裝置的控制器系統

Small batch production has been commenced

已小批量生產

Continue with the batch production of controller systems for telecommunication devices such as mobile phones

繼續批量生產用於流動電話等電信裝置的控制器系統

Batch production has been commenced

已批量生產

Continue with the batch production of fuzzy automatic controller systems for car head lamps and car doors

繼續批量生產用於車頭燈及車門的模糊自動控制啟系統

This project has been postponed due to market changes

由於市場變動，計劃已暫時擱置

Business objective as set out in the prospectus

招股章程所載業務目標

Actual business progress

實際業務進展

2. Strengthening of R&D capability and development of new products

加強研發能力及開發新產品

From 1 January 2005 to 30 June 2005

由二零零五年一月一日至二零零五年六月三十日

Continue with R&D on fuzzy frequency conversion controller systems for large and medium scale centralised air conditioning systems and prepare for testing and trial production and small batch production

繼續研發用於中型及大型中央空調系統的模糊轉頻控制器系統及籌備測試和試產及小批量生產

Under research
研究仍在進行中

Continue with R&D on controller systems for telecommunication devices

繼續研發用於電信裝置的控制器系統

Under research and development
正在研發中

Continue with R&D on controller systems for large-sized TFT-LCD devices and prepare for testing and trial production and small batch production

繼續研發用於大型TFT-LCD裝置的控制器系統及籌備測試和試產及小批量生產

Preparing for batch production
已準備批量生產

Acquire additional equipment, such as oscilloscopes

購買額外設備，例如示波器設備

2 sets of equipment have been purchased
已購買2台

Increase the number of R&D personnel by approximately 3 staff

增加約3名研發人員

3 R&D staff were recruited
已聘請3名研發人員

From 1 July 2005 to 31 December 2005

由二零零五年七月一日至二零零五年十二月三十一日

Continue with R&D on fuzzy frequency conversion controller systems for large scale centralised air conditioning systems

繼續研發用於大型中央空調系統的模糊轉頻控制器系統

Under research
研究仍在進行中

Continue with R&D on controller systems for telecommunication devices

繼續研發用於電信裝置的控制器系統

Under research and development
正在研發中

Acquire additional equipment such as oscilloscopes and fuzzy frequency equipment

購買額外設備，例如示波器及模糊頻率設備

2 sets of equipment have been purchased
已購買2台

Increase the number of R&D personnel by approximately 3 staff

增加約3名研發人員

3 R&D staff were recruited
已聘請3名研發人員

Business objective as set out in the prospectus

招股章程所載業務目標

Actual business progress

實際業務進展

3. Sales and marketing

銷售及市場推廣

From 1 January 2005 to 30 June 2005

由二零零五年一月一日至二零零五年六月三十日

Make regular visits and meet with existing customers
定期造訪現有客戶及舉行會議

Implemented as planned
已按計劃實行

Attend local and international exhibitions and trade shows
參與本地及國際展覽會及交易會

The Company has attended the Consumer Electronics Show (CES) in Las Vegas, Hong Kong Electronics Fair and Electronics Fair in Chongqing
本公司已參加拉斯維加斯電子展、香港電子展和重慶電子展覽會

Advertise in trade magazines and other media
在貿易雜誌及其他媒體刊登廣告

The Company has advertised and broadcasted interviews in major PRC mass media, such as Beijing TV Station, Hangzhou TV Station and placed outdoor advertisements in highways
本公司已於中國主要大眾傳播媒體推出廣告及專訪，例如，北京電視台、杭州電視台、高速公路戶外廣告

Assess and consider setting up a branch company in the United States
評估及考慮在美國設立一間分公司

The branch company has not been established due to market changes
由於市場變動暫未設立

Increase the number of sales personnel by approximately 3 staff
增加約3名銷售人員

3 sales staff were recruited
已增加3名

From 1 July 2005 to 31 December 2005

由二零零五年七月一日至二零零五年十二月三十一日

Assess and consider setting up sales points in strategically designated areas where appropriate
評估及考慮在策略指定地區（如適合）設立銷售點

Implemented as planned
已按計劃進行

Make regular visits and meet with existing customers
定期造訪現有客戶及舉行會議

Implemented as planned
已按計劃進行

Pursue strategic relationship with reputable customers
尋求與聲譽昭著的客戶建立策略關係

Implemented in phases as planned
已按計劃逐步落實

Advertise in trade magazines and other media
在貿易雜誌及其他媒體刊登廣告

Advertised in the major PRC mass media as planned
在中國主要媒體，按計劃落實

Business objective as set out in the prospectus

招股章程所載業務目標

Actual business progress

實際業務進展

4. Enhancement of management system and trainings for employees

提升管理系統及提供僱員培訓計劃

From 1 January 2005 to 30 June 2005

由二零零五年一月一日至二零零五年六月三十日

Review and assess the progress of implementing effective internal monitoring system

檢討及評估執行有效內部監控系統的進度

The review and assessment plan has been implemented

已實施檢討及評估計劃

Continue with normal practice and implementing plans on trainings for technical staff

繼續執行慣例及技術人員培訓計劃

Training programs has been launched

已開始培訓計劃

From 1 July 2005 to 31 December 2005

由二零零五年七月一日至二零零五年十二月三十一日

Review and improve on production and quality control system, and vertical and horizontal integration

檢討及改進生產與品質控制系統及縱向與橫向合併

Implemented as planned

已按計劃進行

Continue with implementing plans on trainings for management and technical staff

繼續執行管理及技術人員的培訓計劃

Implemented as planned

已按計劃進行

Use of Proceeds

所得款項用途

USE OF PROCEEDS OF THE SHARE OFFER

The net proceeds from the public listing had been applied in the following areas:

股份發售所得款項用途

來自上市的所得款項淨額已作以下用途：

		Originally planned up to 31 December 2005 截至二零零五年 十二月三十一日止 原訂計劃	Actual amount used up to 31 December 2005 截至二零零五年 十二月三十一日止 實際已用金額
Expansion on production capability and volume	擴大生產能力及產量	HK\$28.5 million 28,500,000港元	HK\$28.5 million 28,500,000港元
Strengthening of R&D capacity and development of new products	加強研發能力及開發新產品	HK\$16.0 million 16,000,000港元	HK\$16.0 million 16,000,000港元
Sales and marketing	銷售及市場推廣	HK\$7.5 million 7,500,000港元	HK\$7.5 million 7,500,000港元
Enhancement of management system and trainings offered to employees	提升管理系統及向僱員提供培訓	HK\$1.5 million 1,500,000港元	HK\$1.5 million 1,500,000港元

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all applicable provisions under the Code on Corporate Governance Practices as set out in the GEM Listing Rules except for certain deviations as disclosed herein. The Company will continue to review and improve the practices of its corporate governance and internal control so as to safeguard the shareholders' interests.

BOARD OF DIRECTORS

As at 31 December 2005, the Board comprises eight members, including the chairman and three executive directors, one non-executive director and three independent non-executive Directors (the "INED(s)"). Each of the members possesses sufficient experience and qualification which enable them to discharge their duties properly.

The chairman is responsible for the formulation and review of the Group's overall development strategies. The daily operation is delegated to the executive directors. None of the INEDs is interested in the business of the Group and their independence has to be confirmed upon appointment or reappointment. Currently, there is no financial, business, family or other relevant material relationship among the existing directors.

According to the articles of association of the Company, all the directors shall be elected at the general meeting of the shareholders and the term of office shall be three years, renewable upon reappointment or re-election.

Board meetings are conducted on a periodic basis and with reference to the operation needs. During the year, the board held nine meetings and the attendance of the directors is set out on page 20.

AUDIT COMMITTEE

The principal duties of the Audit Committee are to audit and oversee the financial reporting and internal control system of the Group. The Audit Committee comprises three non-executive members, namely Mr. Ding Gang Yi (Chairman of the committee), Mr. Tang Zhen Ming and Mr. Mok Wai Man. Mr. Mok is a committee member with professional accounting qualification. Four meetings were held during the year and the attendance of the committee members is set out on page 20.

REMUNERATION OF DIRECTORS

As the number of the directors is limited, remuneration committee has not yet set up by the Company. The remuneration policy of the directors is formulated by the Board and subject to approval by the shareholders at the general meeting. The Board takes into account of the respective duties, performance and contribution to the Company of each of the directors with reference to the market rates when deciding their remuneration.

企業管治常規

除本報告披露之偏離情況外，本公司一直遵守創業板上市規則所載企業管治常規守則所有條文，並持續檢討及改善企業管治及內部監控常規，以保障股東的利益。

董事會

於二零零五年十二月三十一日，董事會由八位成員組成，分別為主席及其他三位執行董事、一位非執行董事及三位獨立非執行董事。董事會成員均具有足夠經驗及資歷履行有關任命。

主席先生負責製訂及檢討本集團的整體策略發展，日常營運則由其他執行董事負責，各位獨立非執行董事並無涉及本集團的任何業務利益，並於出任及留聘有關任命時確認彼之獨立地位，此外，現有董事成員間並無財務、業務、家族或其他相關重大關係。

根據本公司的公司章程細則規定，所有董事須於股東大會上選舉產生，任期三年，於任期屆滿時重選連任。

董事會定期及按業務所需舉行會議，年內，董事會舉行了九次會議，第20頁刊載董事出席記錄。

審核委員會

審核委員會之主要職責為審查及監控本集團之財務報告程序及內部監控系統。審核委員會由三位獨立非執行董事組成，其中包括丁剛毅先生（該委員會主席），唐振明先生及莫偉民先生，莫先生為具有會計專業資格的委員。年內舉行了四次會議，第20頁刊載了各委員的出席記錄。

董事薪酬

鑑於董事成員數目不多，本公司暫未成立薪酬委員會，董事會負責釐定董事薪酬政策及由股東大會通過，於製訂各位董事薪酬時，董事會根據各董事的職務範圍、表現及對本公司的貢獻，以及參考市場數據而製訂。

On 31 March 2006, Wang Ning was appointed as the INED. In the opinion of the Board, the remuneration determination has been with a high degree of independence. Yet on the long-term basis, it believes that the establishment of the remuneration committee can enable the introduction of a reasonable and encouraging remuneration policy which is beneficial to the Group's development.

NOMINATION OF DIRECTORS

The Nomination Committee has not yet set up by the Board. As a result, the nomination for a new member has to be considered and approved by all members of the Board. The candidate for the addition to the Board shall possess appropriate qualification and experience and shall only be duly appointed after the consideration and assessment of the Board.

During the year under review, Mr. Chen Da Jun and Mr. Wang Ning were recommended to join the board member as Executive Director and INED respectively, and their appointments were made after the detailed assessment by the Board.

ATTENDANCE OF MEETINGS

As at 31 December 2005, the numbers of meetings held by the Board and the Audit Committee and the respective attendance of the directors are as follow:

<i>Executive Directors</i>	執行董事		
Mr. Wang Ya Qun (Chairman)	王亞群先生 (主席)	9/9	—
Mr. Liu Xiao Chun	劉曉春先生	9/9	—
Mr. Chen Zheng Tu	陳正土先生	9/9	—
Mr. Wang Pei Zhang	王佩章先生	9/9	—
<i>Non-executive Directors</i>	非執行董事		
Mr. Li Ming	李明先生	9/9	—
<i>Independent Non-executive Directors</i>	獨立非執行董事		
Mr. Tang Zhen Ming	唐振明先生	1/9	4/4
Mr. Ding Gang Yi	丁剛毅先生	1/9	4/4
Mr. Mok Wai Man, Derek.	莫偉民先生	1/9	4/4

於二零零六年三月三十一日，本公司委任王寧為獨立非執行董事，董事會認為就薪酬釐定方面已具有相當獨立性，但長遠而言，董事會認為成立薪酬委員會可製定合理及具激勵性的董事薪酬方案，對本集團的發展具有積極的意義。

董事提名

董事會目前暫未設立提名委員會，因此提名新董事須經董事會全體考慮及決定，新增董事成員必須具有適合的資歷及經驗，並通過董事會的討論及評估才正式委任。

於回顧年度內，陳達均先生（執行董事）及王寧先生（獨立非執行董事）被推薦入董事會，彼等任命已經過董事會的詳細評估而委任。

會議出席記錄

截至二零零五年十二月三十一日，董事會議次數、審核委員會會議次數及各董事的出席記錄如下：

		Number of meeting (attended/held) 會議次數 (出席/舉行)	
		The Board 董事會	The Audit Committee 審核委員會
<i>Executive Directors</i>	執行董事		
Mr. Wang Ya Qun (Chairman)	王亞群先生 (主席)	9/9	—
Mr. Liu Xiao Chun	劉曉春先生	9/9	—
Mr. Chen Zheng Tu	陳正土先生	9/9	—
Mr. Wang Pei Zhang	王佩章先生	9/9	—
<i>Non-executive Directors</i>	非執行董事		
Mr. Li Ming	李明先生	9/9	—
<i>Independent Non-executive Directors</i>	獨立非執行董事		
Mr. Tang Zhen Ming	唐振明先生	1/9	4/4
Mr. Ding Gang Yi	丁剛毅先生	1/9	4/4
Mr. Mok Wai Man, Derek.	莫偉民先生	1/9	4/4

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealing set out in Rule 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions conducted by the Company's directors. After making specific enquires to all the board members, the Board confirmed that all the directors have been complied with the relevant code of conduct and all applicable dealing standards.

RESPONSIBILITIES OF DIRECTORS AND AUDITORS IN RESPECT OF THE FINANCIAL STATEMENTS

The respective responsibilities of the directors and the auditors towards the shareholders in respect of the financial statements and audited financial statements are set out in page 34.

INTERNAL CONTROL

The Company regularly review its internal control system in order to ensure its effectiveness. Reviews on the financial, operation and risk management measures are conducted on a periodic basis so as to maintain the standard of effective management.

AUDITORS

The Audit Committee of the Company is responsible for the appointment of the external auditors, including the engagement of non-auditing tasks and fees. During the year under review, Grant Thomson resigned as auditors and the Company has appointed Deloitte Touche Tohmatsu to fill the casual vacancy. As at 31 December 2005, the Group appointed the auditors and the fees paid in respect of the audit of the Group's financial statements amounted to RMB1,248,000.

董事進行證券交易

本公司已採納創業板上市規則第5.48至第5.67條所載買賣規定作為本公司董事進行證券交易之操守守則，經向全體董事作出具體查詢後，董事會確認，彼等一直遵守有關操守準則及有關進行證券交易所規定的交易準則。

董事及核數師對財務報表的責任

董事就財務報表的責任及外部核數師就審核財務報表對股東的責任刊載於第34頁。

內部監控

本公司定期審查本集團之內部監控系統，確保內部監控系統有效運作，並定期檢討財務、營運及風險管理措施以達至有效的管理水平。

核數師

本公司審核委員會負責外部核數師的委任，包括非核數範圍的任命及費用。於回顧年度，本公司委任德勤•關黃陳方會計師事務所以取代於年內辭任的均富會計師行，截至二零零五年十二月三十一日，本集團已委聘的核數師，就審核本集團的財務報表收取人民幣1,248,000元費用。

Directors, Supervisors and Senior Management

董事、監事及高級管理人員

Directors

The Board currently consists of 9 Directors including 4 executive Directors, 1 non-executive Director and 4 independent non-executive Directors.

Executive Directors

Mr. Wang Ya Qun, aged 44, is a founder of the Group, an executive Director and the chairman of the Board. Mr. Wang obtained a Master's degree in engineering from the Beijing Institute of Technology in March 1994. Apart from his technical knowledge and experience, he has over 3 years of experience in manufacturing and management gained in various corporations such as China Changcheng Group Co., Ltd. and Ningbo Handa before founding Yidong Electronic in August 2000. He is responsible for overseeing the overall operation, sales and marketing, and strategic planning of the Group. Mr. Wang is also the compliance officer of the Company.

Mr. Liu Xiao Chun, aged 38, is an executive Director and the vice chairman of the Company. Mr. Liu graduated from the Beijing Chemical Fibre Industrial Institute in July 1987 with a bachelor's degree in engineering majoring in automation of manufacturing process, and obtained a master's degree in Business Administration from The University of Hong Kong in 2005. Mr. Liu had worked with Beijing Printing and Dyeing Factory, Dongguang Chuangwei Electronics Co., Ltd., Shenzhen Zhongshanglong Enterprise Development Co., Ltd., and has over 13 years of experience in manufacturing and management and is responsible for the sales and marketing of the Company. Currently, he is also a director of China Ruilian. He joined the Group in December 2001.

Mr. Chen Zheng Tu, aged 54, is a founder of the Group and an executive Director. Mr. Chen had worked with Yuyao 2nd Automobile Electrical Equipment Factory and has over 22 years of experience in the manufacturing industry. He is responsible for the strategic planning and corporate promotion of the Company.

Mr. Chen Da Jun, aged 52, is an executive Director. Mr. Chen holds a master's degree in Economics from Sun Yat-sen University. Mr. Chen served Guangzhou Free Trade Zone Construction and Development Company China Electronic Chamber of Commerce and China Ruilian Corporation and accumulated over 24 years of experience in production and management. Mr. Chen is responsible for production, administration and operations of the Group. He joined the Group in September 2005.

董事

董事會現由九名董事組成，包括四名執行董事、一名非執行董事及四名獨立非執行董事。

執行董事

王亞群先生，44歲，本集團創辦人之一，並為執行董事兼董事會董事長。王先生於一九九四年三月取得北京理工大學工程碩士學位。除擁有技術知識和經驗外，在二零零零年八月創立屹東電子之前，彼於不同企業（例如中國長城集團公司及寧波漢達等）積逾三年製造及管理經驗。彼負責本集團的整體營運、銷售及市場推廣及策略性計劃。王先生亦為本公司之監察主任。

劉曉春先生，38歲，本公司執行董事兼副董事長。劉先生於一九八七年七月畢業於北京化纖工學院，取得工程學士學位，主修生產過程自動化，於二零零五年取得香港大學工商管理碩士學位。劉先生曾任職北京印刷廠、東莞創維電子有限公司、深圳市中商隆實業發展有限公司，在製造及管理方面擁有超過十三年經驗，負責本公司的銷售及市場推廣。目前，彼亦為中國瑞聯董事。彼於二零零一年十二月加入本集團。

陳正土先生，54歲，本集團創辦人之一，並為執行董事。陳先生曾在余姚市汽車電器二廠工作，於製造業積逾二十二年經驗，並負責本公司的策略性策劃及企業推廣。

陳達均先生，52歲，執行董事兼執行總裁。彼持有中山大學經濟學碩士學位。陳先生曾任廣州保稅區建設開發公司、中國電子商會及中國瑞聯集團任職，在製造及管理方面擁有超過24年經驗，負責執行本集團的生產、行政及營運工作。彼於二零零五年九月加入本集團。

Mr. Wang Pei Zhang, aged 52, is an executive Director. He completed a postgraduate course in business administration of the Capital Economics and Trade University in December 1999. Mr. Wang had worked with Tianjin Greatwall Electronics Corp. and Tianjin Great Wall (Group) Corporation and has over 29 years of experience in manufacturing and management, and is responsible for the strategic planning of the Company. He joined the Group since December 2001.

Non-executive Director

Mr. Li Ming, aged 43, is a non-executive Director. Mr. Li graduated from Jiangxi Finance Institute majoring in planning statistics in July 1985. He had worked with Dongguang Chuangwei Electronics Co., Ltd. and with China Electronic Chamber of Commerce since 1992. He has over 11 years of experience in the electronics industry. Currently, he is also the Chairman of China Ruilian. He joined the Group in December 2001.

Independent non-executive Directors

Mr. Tang Zhen Ming, aged 42, is an independent non-executive Director. He graduated from the Beijing Institute of Technology with a doctorate degree in engineering in March 1994. He had worked with Beijing Institute of Technology Industrial Company and is now working with Beijing ChinaSoft FE International Information Technology Ltd.. He has over 8 years of experience in management and administration. He joined the Group as an independent non-executive Director in December 2001.

Mr. Ding Gang Yi, aged 40 is an independent non-executive Director. He graduated from the Beijing Institute of Technology with a doctorate degree in engineering in September 1993. He is currently an associate professor and the Sub-Dean of the School of Software of the Beijing Institute of Technology. He joined the Group as an independent non-executive Director in December 2001.

Mr. Mok Wai Man, Derek, aged 32, is a Certified Practising Accountant and is a member of CPA Australia. Mr. Mok graduated from Monash University of Australia in 1996 with a Bachelor's Degree of Accounting. Mr. Mok had worked with an international audit firm for four years and is currently working as a professional in a reputable asset management company in Hong Kong. Prior to his current appointment, Mr. Mok had worked in the Corporate Planning and Investment Department of Sun Hung Kai Properties Limited for almost four years.

王佩章先生，52歲，執行董事。彼於一九九九年十二月完成首都經濟貿易大學的工商管理深造課程。王先生曾在天津市長城電子公司及天津長城（集團）有限公司工作，在製造及管理方面擁有超過二十九年經驗，負責本公司的策略性策劃工作。彼於二零零一年十二月加入本集團。

非執行董事

李明先生，43歲，非執行董事。李先生於一九八五年七月畢業於江西財經學院，主修計劃統計。彼曾任職東莞創維電子有限公司，自一九九二年起在中國電子商會任職。彼於電子行業擁有超過十一年經驗。目前，彼亦為中國瑞聯的董事長。彼於二零零一年十二月加盟本集團。

獨立非執行董事

唐振明先生，42歲，獨立非執行董事。彼於一九九四年三月畢業於北京理工大學，取得工程博士學位。彼曾在北京理工大學產業總公司任職，而目前則在北京中軟遠東國際信息技術有限公司工作，在管理及行政方面擁有超過八年經驗。彼於二零零一年十二月加入本集團，出任獨立非執行董事。

丁剛毅先生，40歲，獨立非執行董事。彼於一九九三年九月畢業於北京理工大學，取得工程博士學位。彼現時為北京理工大學軟件學院副教授兼副院長。彼於二零零一年十二月加入本集團，出任獨立非執行董事。

莫偉民先生，32歲，執業會計師，並為澳洲執業會計師公會會員。莫先生於一九九六年畢業於澳洲莫納斯大學，持有會計學士學位。莫先生曾於一間國際核數師行任職四年，現為一間香港知名資產管理公司的專業人員。在是項委任前，莫先生曾任職新鴻基地產發展有限公司的公司策劃及投資部門近四年。

Mr. Wang Ning, aged 51, is an independent non-executive Director and senior economist. Mr. Chen graduated from Renmin University of China in 1982 majoring in economics. Mr. Wang is currently the Deputy Chairman of China Electronic Chamber of Commerce of the Ministry of Information Industry and has special expertise the marketing, network transmission and after-sale services in the electronic product sector. He joined the Group as an independent non-executive Director in March 2006.

Supervisors

Mr. Zhang Xing Jiang, aged 37, is a Supervisor and does not hold any other position in the Group. He is currently the manager of corporate banking of Industrial and Commerce Bank of China, Yuyao City Branch and has over 8 years of experience in the banking sector.

Mr. Chen Qian, aged 34, is a Supervisor and does not hold any other position in the Group. He has completed a postgraduate course in finance in the Hunan Finance College in February 1999. He is currently also a director of a company in Xian mainly engaged in the R&D and sales of electronic chemicals.

Ms. Wang Ying, aged 46, is a Supervisor and the manager of the R&D department of the Group. Please refer to the section "Senior management" below for details of her qualifications and experience.

Senior management

Mr. Zhang Wen Gang, aged 40, is the financial manager of the Group. Mr. Zhang had worked with Yuyao Light Industry Machine Factory, Yuyao Kuangshan Machine Factory, and Yuyao 2nd Light Industry Co., Ltd. and has over 15 years of experience in accounting and financial work. He is involved in the accounting aspects of the Group. He joined the Group in May 2001.

Mr. Sun Li Chun, aged 41, is the assistant to the general manager of the Group. He graduated from the Tianjin Business College with a bachelor's degree in engineering in July 1989. Mr. Sun had worked with Ningbo Handa and has over 3 years of experience in sales and marketing. He joined the Group in August 2000 and is responsible for overseeing the sales and marketing of the Group.

王寧先生，51歲，獨立非執行董事。王先生於一九八二年畢業於中國人民大學，主修經濟，為高級經濟師。現任信息產業部中國電子商會常務副會長，對電子產品的市場營銷、網絡傳播、售後服務等領域具有專業的研究。彼於二零零六年三月加入本集團，出任獨立非執行董事。

監事

張興江先生，37歲，監事，並無出任本集團任何其他職位。彼現時為中國工商銀行余姚市分行企業銀行經理，於銀行界擁有超過八年經驗。

陳謙先生，34歲，監事，並無出任本集團任何其他職位。彼於一九九九年二月完成湖南財經學院財務深造課程。彼現亦為西安一家主要從事電子化工品的研發及銷售公司的董事。

王穎女士，46歲，監事兼本集團研發部經理。有關其資歷及經驗請參閱下文「高級管理層」一節。

高級管理層

張文剛先生，40歲，本集團財務經理。張先生曾任職余姚輕工機械廠、余姚礦山機械廠及余姚二輕工業總公司，於會計及財務工作方面擁有超過十五年經驗。彼參與本集團的會計工作。彼於二零零一年五月加入本集團。

孫立春先生，41歲，本集團總經理助理。彼於一九八九年七月於天津商學院修畢工程學士學位。孫先生曾在寧波漢達任職，在銷售及市場推廣方面擁有超過三年經驗。彼於二零零零年八月加入本集團，負責監督本集團的銷售及市場推廣工作。

Ms. Wang Ying, aged 46, is the manager of R&D Department. She graduated from Tai Yuan Industrial Institute in August 1982 with a bachelor's degree in engineering majoring in electronic engineering. She is a senior engineer and had worked with Liujibu Taiyuan Fenxi Machinery Factory and Hangzhou Dongbao Air Conditioner Factory. She has over 17 years of experience in R&D. Ms. Wang is responsible for overseeing the R&D Department of the Group. She joined the Group in April 2001.

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Hung Ee Tek, aged 43, is also the chief financial controller of the Group. Mr. Hung has over 18 years of experience in auditing, accounting and corporate finance. He holds a master's degree in China Studies from The Hong Kong University of Science & Technology and a master's degree in International Accounting from The City University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Hung joined the Group in March 2006.

王穎女士，46歲，研發部經理。彼於一九八二年八月畢業於太原工學院，取得工程學士學位，主修電子工程。彼為高級工程師，曾任職六機部太原汾西機器廠及杭州東寶空調器廠，於研發方面擁有超過十七年經驗。王女士負責監督本集團研發部。彼於二零零一年四月加入本集團。

合資格會計師及公司秘書

洪維德先生，43歲，兼任本集團首席財務總監，彼具有逾十八年核數、會計及企業融資工作方面之經驗，彼持有香港科技大學中國研究文學碩士學位及香港城市大學國際會計文學碩士學位，現為香港會計師公會及英國特許公認會計師公會會員。洪先生於二零零六年三月加入本集團。

Report of the Directors

董事會報告書

The Directors submit their report together with the audited accounts for the year ended 31 December 2005.

董事呈交其報告及截至二零零五年十二月三十一日止年度的經審核財務報表。

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are the design, manufacture and sale of intelligent controller systems for various consumer electrical and electronic appliances and the assembly of mobile phones. Details of the principal activities of its subsidiaries are set out in note 42 to the accounts.

主要業務及按地域分析的業務

本公司的主要業務為設計、製造及銷售可用於多種消費電器及電子用品的智能控制器系統以及裝嵌流動電話。有關其附屬公司主要業務的詳情載於財務報表附註42。

Analysis of the Group's performance for the year by business and geographic segments is set out in note 8 to the accounts.

本集團本年度按業務及地域分類的業績分析載於財務報表附註8。

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement account on page 35.

業績及分派

本集團截至二零零五年十二月三十一日止年度的業績載於第35頁的綜合損益表。

The interim dividend was RMB0.007 per share (2004: RMB0.007 per share). The Directors do not recommend the payment of any final dividend (2004: RMB0.012 per share). The total dividend paid for the whole year amounted to RMB3,500,000 (2004: RMB4,500,000).

中期股息每股人民幣0.007元（二零零四年：每股人民幣0.007元）。董事不建議派發任何末期股息（二零零四年：每股人民幣0.012元）。全年合共派發股息人民幣3,500,000元（二零零四年：人民幣4,500,000元）。

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group are set out in note 15 to the accounts.

物業、廠房及設備

本集團的物業、廠房及設備變動詳情載於財務報表附註15。

SHARE CAPITAL

Details of the share capital of the Company are set out in note 34 to the accounts.

股本

本公司的股本詳情載於財務報表附註34。

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2005, calculated under the Company Law of the People's Republic of China (the "PRC"), the jurisdiction in which the Company was established, amounted to RMB93,304,000.

可供分派儲備

於二零零五年十二月三十一日，根據中華人民共和國（「中國」）（即本公司成立所在司法權區）的公司法計算，本公司的可供分派儲備為人民幣93,304,000元。

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company and no restriction against such rights under the laws of the PRC, which will oblige the Company to offer new shares on a pro-rate basis to existing shareholders.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last five financial years since its incorporation is set out on page 101 to page 102.

PURCHASE, SALE OF REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

SHARE OPTIONS

As at the date of this report, no option has been granted or agreed to be granted by the Company to any of its Directors, Supervisors or employees of the Company or its subsidiaries.

DIRECTORS

The Directors who held office during the year and up to the date of this report are:

Executive Directors

Mr. Wang Ya Qun
Mr. Liu Xiao Chun
Mr. Chen Zheng Tu
Mr. Chen Da Jun (appointed on 31 March 2006)
Mr. Wang Pei Zhang (resigned on 31 March 2006)

Non-executive Director

Mr. Li Ming

Independent non-executive Directors

Mr. Tang Zhen Ming
Mr. Ding Gang Yi
Mr. Mok Wai Man, Derek
Mr. Wang Ning (appointed on 31 March 2006)

優先購買權

根據本公司的公司章程細則，概無優先購買權的條文，而根據中國法律，並無限制該等權利的條文而規定本公司有義務按現有股東的股權比例，提呈發售新股份。

財務資料摘要

自本集團註冊成立以來，其最近五個財政年度的業績、資產及負債的概要載於第101頁至第102頁。

購買、出售或贖回上市證券

年內，本公司概無贖回其任何股份。本公司或其任何附屬公司於年內亦無購買或出售本公司任何股份。

購股權

於本報告刊發日期，本公司概無向本公司或其附屬公司任何董事、監事或僱員授出或同意授出購股權。

董事

於本年度及截至本報告書刊發日期止，在職董事為：

執行董事

王亞群先生
劉曉春先生
陳正土先生
陳達均先生（於二零零六年三月三十一日獲委任）
王佩章先生（於二零零六年三月三十一日辭任）

非執行董事

李明先生

獨立非執行董事

唐振明先生
丁剛毅先生
莫偉民先生
王寧先生（於二零零六年三月三十一日獲委任）

DIRECTORS *(continued)***Supervisors**

Mr. Zhang Xing Jiang
Mr. Chen Qian
Ms. Wang Ying

Members of the audit committee

Mr. Ding Gang Yi (*Chairman*)
Mr. Tang Zhen Ming
Mr. Mok Wai Man, Derek

In accordance with Articles 89 and 112 of the Company's Articles of Association, all the Directors and Supervisors shall be elected at the shareholders' general meeting for a term of three years. A director or supervisor may serve consecutive terms if re-elected upon the expiration of the terms.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biographical details of Directors, Supervisors and senior management are set out on page 22 to page 25.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of three years from his/her date of appointment as a Director or, as the case may be, as a Supervisor and thereafter subject to termination by either party giving not less than one month's written notice to the other party.

Save as disclosed above, no Directors or Supervisors who are proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Apart from the Directors' and Supervisors' service contracts disclosed above, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director or a Supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事 *(續)***監事**

張興江先生
陳謙先生
王穎女士

審核委員會成員

丁剛毅先生 (*主席*)
唐振明先生
莫偉民先生

根據本公司的公司章程細則第89及第112條，所有董事及監事須於股東大會上選舉產生，任期三年。董事或監事可於任期屆滿時重選連任。

董事、監事及高級管理人員的履歷

董事、監事及高級管理人員的簡歷載於第22頁至第25頁。

董事及監事的服務合約

各董事及監事已分別與本公司訂立服務合約，任期由其各自獲委任為董事或（視情況而定）獲委任為監事之日起計為期三年，其後可由任何一方向另一方發出不少於一個月書面通知終止。

除上述所披露者外，概無擬於應屆股東週年大會重選連任的董事或監事，與本公司訂有任何不可於一年內免付賠償（法定賠償除外）而終止的服務合約。

董事及監事於合約的權益

除上文所披露的董事及監事的服務合約外，於本年度終結或年內任何時間，概無相對於本集團業務屬為重大，且本公司或其附屬公司為其中一方，及本公司的一名董事或監事於當中直接或間接擁有重大權益的合約存在。

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS IN THE SHARES OF THE COMPANY

At 31 December 2005, the interests and long positions of each Director, Chief Executive and Supervisor of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rules 5.40 to 5.58 of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"), were as follows:

Ordinary shares of RMB0.10 each of the Company as at 31 December 2005:

Name of Director/ Chief Executive/ Supervisor 董事/ 行政總裁/ 監事姓名	Number of Domestic Shares of RMB0.10 each (the "Domestic Shares") held 所持每股面值 人民幣0.10元 的內資股 ([內資股]) 數目	Nature of interest 權益性質	Long/short position 好/淡倉	Approximate percentage of shareholding in same class of securities 佔同類別 證券概約 持股百分比	Approximate percentage of shareholding in the registered capital 於註冊資本 概約持股 百分比
Mr. Wang Ya Qun 王亞群先生	129,500,000 Domestic Shares (note 2) 129,500,000股內資股 (附註2)	Beneficial owner 實益擁有人	Long position 好倉	35.0%	25.9%
Mr. Li Ming 李明先生	129,500,000 Domestic Shares (note 2) 129,500,000股內資股 (附註2)	Interest of controlled corporation (note 1) 受控制公司的權益 (附註1)	Long position 好倉	35.0% (note 1) (附註1)	25.9%
Mr. Chen Zheng Tu 陳正土先生	92,500,000 Domestic Shares (note 2) 92,500,000股內資股 (附註2)	Beneficial owner 實益擁有人	Long position 好倉	25.0%	18.5%

董事、行政總裁及監事於本公司股份的權益

於二零零五年十二月三十一日，本公司各董事、行政總裁及監事於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債券中，擁有本公司根據證券及期貨條例第352條規定須存置的登記冊所記錄的權益及好倉，或根據創業板證券上市規則（「創業板上市規則」）第5.40至5.58條所述董事進行交易的最低標準已知會本公司及聯交所的權益及好倉如下：

於二零零五年十二月三十一日本公司每股面值人民幣0.10元的普通股：

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS IN THE SHARES OF THE COMPANY *(continued)*

Notes:

- (1) Mr. Li Ming is not a registered shareholder of the Company. His indirect shareholding interest in 129,500,000 shares of the Company is held through Shenzhen Ruilian Investment Co., Ltd. ("Shenzhen Ruilian"), which holds a 90.0% direct interest in China Ruilian Holding Corp. ("China Ruilian"), a registered shareholder of the Company.

Both Shenzhen Ruilian and China Ruilian are established and based in the PRC. Mr. Li Ming and Mr. Liu Xiao Chun hold a direct interest of 42.0% and 26% respectively in Shenzhen Ruilian.

- (2) Domestic Shares of a nominal value of RMB0.10 each, in the registered capital of the Company, which are subscribed for or credited as fully-paid in Renminbi.

Mr. Wang Ya Qun holds non-beneficial interests in A-tech Technology (HK) Limited (formerly known as Fine Best Technology Limited), a subsidiary of the Group, on behalf of the Company.

Save as disclosed above, at no time during the year did the Directors, Chief Executives and Supervisors (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations (within the meaning of SFO).

Apart from the above, at no time during the year was the Company or its subsidiaries a party to any arrangement enabling the Directors, Chief Executives and Supervisors of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

董事、行政總裁及監事於本公司股份的權益

(續)

附註:

- (1) 李明先生並非本公司登記股東。彼於本公司129,500,000股の間接股權是透過深圳瑞聯實業集團有限公司(「深圳瑞聯」)持有。深圳瑞聯擁有中國瑞聯實業集團有限公司(「中國瑞聯」)90.0%直接權益，而中國瑞聯為本公司登記股東。

深圳瑞聯及中國瑞聯均為於中國成立及以中國為基地。李明先生及劉曉春先生分別直接持有深圳瑞聯42.0%及26%權益。

- (2) 本公司註冊股本中每股面值人民幣0.10元的內資股乃以人民幣認購或入賬列作繳足。

王亞群先生代表本公司於本集團附屬公司屹科科技(香港)有限公司(前稱耀好科技有限公司)持有非實益權益。

除上文披露者外，於本年度的任何時間，概無董事、行政總裁及監事(包括其配偶及未滿十八歲的子女)於本公司或其相聯法團(定義見證券及期貨條例)的股份擁有任何權益，或已獲授或已行使可認購本公司或其相聯法團(定義見證券及期貨條例)股份的任何權利。

除上文披露者外，於年內任何時間，本公司或其附屬公司概無訂立任何安排，致使本公司董事、行政總裁及監事持有本公司或其相聯法團的股份、相關股份或債券任何權益或淡倉。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

According to the register of substantial shareholders maintained under section 336 of the SFO, as at 31 December 2005, the Company had been notified the following substantial shareholders' were interested in 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors, Chief Executives and Supervisors.

主要股東於本公司股份的權益

按根據證券及期貨條例第336條規定存置的主要股東登記冊顯示，於二零零五年十二月三十一日，本公司獲知會以下主要股東擁有本公司已發行股本5%或以上權益。這些權益並無計入上文所披露有關董事、行政總裁及監事的權益內。

Name of shareholder 股東名稱	Number of shares held 所持股份數目	Nature of interest 權益性質	Long/short position 好/淡倉	Approximate percentage of shareholding in same class of securities 佔同類別證券概約持股百分比	Approximate percentage of shareholding in the registered capital 佔註冊資本概約持股百分比
China Ruilian 中國瑞聯	129,500,000 Domestic Shares (note 1 above) 129,500,000股內資股 (上文附註1)	Beneficial owner 實益擁有人	Long position 好倉	35%	25.9%
Shenzhen Ruilian 深圳瑞聯	129,500,000 Domestic Shares (note 1 above) 129,500,000股內資股 (上文附註1)	Interest of controlled corporation 受控制公司權益	Long position 好倉	35%	25.9%
Martin Currie China Hedge Fund Limited	21,345,000 H Shares (note 1) 21,345,000股H股 (附註1)	Investment manager 投資經理	Long position 好倉	16.4%	4.3%
Martin Currie Investment Management Limited	21,345,000 H shares (note 1) 21,345,000股H股 (附註1)	Investment manager 投資經理	Long position 好倉	16.4%	4.3%
UBS AG	21,345,000 H shares (note 1) 21,345,000股H股 (附註1)	Person having a security interest in shares 於股份擁有抵押權益之人士	Long position 好倉	16.4%	4.3%
Dai Huan	8,200,000 H Shares (note 1) 8,200,000股H股 (附註1)	Beneficial owner 實益擁有人	Long position 好倉	6.3%	1.6%

Note:

(1) "H Share(s)" represent overseas listed foreign share(s) of a nominal value of RMB0.10 each in the registered capital of the Company, which are listed on the GEM and subscribed for and traded in Hong Kong dollars.

附註：

(1) 「H股」為本公司註冊股本中每股面值人民幣0.10元的海外上市外資股，於創業板上市，並以港元認購及買賣。

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales

– the largest customer	15.5%
– five largest customers combined	40.5%

Purchases

– the largest supplier	13.2%
– five largest suppliers combined	30.8%

BOARD PRACTICES AND PROCEDURES

Throughout the year, the Company has been in compliance with the Board Practices and Procedures as set out in rules 5.34 to 5.45 of the GEM Listing Rules, which applied before the amendment of the GEM Listing Rules relating to the Code on Corporate Governance Practices and Corporate Governance Report on 1 January 2005. The Company will prepare a Corporate Governance Report in accordance with Rule 18.44 of the GEM Listing Rules for the financial year ending 31 December 2005.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all independent non-executive Directors are independent.

CONNECTED TRANSACTION

Details of connected transactions of the Group with China Ruilian, a Shareholder of the Company are set out in note 41 to the accounts.

管理層合約

年內概無訂立或現存有關於本公司全部或任何主要部分業務的管理及行政合約。

主要客戶及供應商

本年度本集團主要客戶及供應商應佔的銷售及採購百分比如下：

銷售

– 最大客戶	15.5%
– 五大客戶合計	40.5%

採購

– 最大供應商	13.2%
– 五大供應商合計	30.8%

董事會常規及程序

年內，本公司一直遵守創業板上市規則第5.34至5.45條所載董事會常規及程序。該等規則於創業板上市規則於二零零五年一月一日就企業管治常規及企業管治報告方面作出修訂前適用。本公司將會根據創業板上市規則第18.44條，就截至二零零五年十二月三十一日止財政年度編製企業管治報告。

本公司已接獲各獨立非執行董事根據創業板上市規則第5.09條作出有關其獨立性之年度確認。本公司認為所有獨立非執行董事均屬獨立。

關連交易

本集團與股東方中國瑞聯的關連交易載於財務報表附註41。

COMPETING INTERESTS

None of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in any business that directly or indirectly competes with the business of the Group or has any other conflicts of interest.

COMPLIANCE ADVISER'S INTERESTS

Pursuant to the sponsorship agreement dated 31 October 2003 between the Company and Guotai Junan Capital Limited ("Guotai Junan"), Guotai Junan has been appointed as the retained compliance adviser of the Company as required under the GEM Listing Rules at a fee from 14 November 2003 to 31 December 2005.

To the best knowledge of Guotai Junan, neither Guotai Junan nor its directors, employees or associates (as defined in in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interest in the securities of the Company or any other member of the Group or any rights to subscribe for or to nominate persons to subscribe for the securities of the Company or any other member of the Group as at 31 December 2005.

AUDITORS

Grant Thornton were the auditors of the Company for the year ended 31 December 2004 and they resigned as auditors on 17 May 2005. Deloitte Touche Tohmatsu was appointed to fill the casual vacancy on 23 September 2005.

Deloitte Touche Tohmatsu retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Wang Ya Qun
Chairman

Shenzhen, The PRC, 31 March 2006

競爭權益

董事、本公司管理層股東及彼等各自的聯繫人士（定義見創業板上市規則）概無於直接或間接與本集團業務競爭的任何業務中擁有權益，亦無任何其他利益衝突。

監察顧問之權益

根據本公司與國泰君安融資有限公司（「國泰君安」）日期為二零零三年十月三十一日的保薦人協議，國泰君安已按照創業板上市規則規定獲委任為本公司持續監察顧問，由二零零三年十一月十四日至二零零五年十二月三十一日止，並就此收取費用。

就國泰君安所深知，於二零零五年十二月三十一日，國泰君安或其董事、僱員或聯繫人士（定義見創業板上市規則第6.35條附註3）概無於本公司或本集團任何其他成員公司的證券中，擁有任何權益或可認購或提名他人認購本公司或本集團任何其他成員公司證券的任何權利。

核數師

均富會計師行為本公司截至二零零四年十二月三十一日止年度之核數師，惟已於二零零五年五月十七日辭任核數師職務。德勤•關黃陳方會計師行於二零零五年九月二十三日獲委任以填補空缺。

德勤•關黃陳方會計師行將告退，並符合資格及願意應聘連任。

代表董事會

主席
王亞群

中國深圳，二零零六年三月三十一日

Report of the Auditors

核數師報告書

Deloitte.

德勤

TO THE SHAREHOLDERS OF NINGBO YIDONG ELECTRONIC COMPANY LIMITED

(a joint stock company established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Ningbo Yidong Electronic Company Limited ("the Company") and its subsidiaries ("the Group") on pages 35 to 100 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 the 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 financial statements and to report our opinion solely to you, as a body, 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.

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

31 March 2006

致寧波屹東電子股份有限公司

(於中華人民共和國註冊成立的股份有限公司)

全體股東

本核數師已完成審核刊載於第35頁至第100頁的寧波屹東電子股份有限公司(「本公司」)及其附屬公司(「本集團」)綜合財務報表,該等財務報表乃按照香港公認會計原則編製。

董事與核數師各自的責任

貴公司董事有責任編製真實與公平的綜合財務報表。在編製該等真實及公平的綜合財務報表時,董事必須採用合適的會計政策,並貫徹應用該等會計政策。

本核數師的責任是根據審核的結果,對該等財務報表作出獨立意見,並僅向整體股東報告,除此之外,本報告不作其他用途。本核數師不會就本報告的內容向任何其他人士負責或承擔任何責任。

意見的基礎

本核數師已按照香港會計師公會頒布的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憑證,亦包括評估董事於編製該等綜合財務報表時所作出的重大估計和判斷,所採用的會計政策是否適合貴公司及貴集團的具體情況,及有否貫徹運用並足夠地披露該等會計政策。

本核數師在策劃和進行審核工作時,均以取得一切本核數師認為必需的資料及解釋為目標,以便獲得充分的憑證,就該等綜合財務報表是否有重要錯誤陳述作合理確定。在得出意見時,本核數師亦已評估該等綜合財務報表所載資料在整體上是否足夠。本核數師相信,我們的審核工作已為下列意見提供合理基礎。

意見

本核數師認為,綜合財務報表均真實與公平地反映貴公司及貴集團於二零零五年十二月三十一日結算時之財務狀況,及貴集團截至該日止年度的溢利和現金流量,並已按照香港公司條例的披露規定適當編製。

德勤·關黃陳方會計師行

執業會計師

香港

二零零六年三月三十一日

Consolidated Income Statement

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 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (restated) (重列)
Revenue	收益	7	446,182	494,123
Cost of sales	銷售成本		(400,598)	(389,494)
Gross profit	毛利		45,584	104,629
Other income	其他收入	7	30,296	19,314
Selling and distribution costs	銷售及分銷成本		(4,402)	(4,280)
Administrative expenses	行政費用		(44,481)	(32,747)
Finance costs	融資成本	9	(10,786)	(4,567)
Share of losses of associates	應佔聯營公司虧損		(128)	(33)
Profit before tax	除稅前溢利	10	16,083	82,316
Income tax expenses	所得稅開支	11	(12,032)	(27,176)
Profit for the year	年內溢利		4,051	55,140
Attributable to:	應佔:			
Equity holders of the Company	本公司股權持有人		7,241	56,317
Minority interests	少數股東權益		(3,190)	(1,177)
			4,051	55,140
Dividends	股息	13	3,500	9,500
Earnings per share	每股盈利	14		
Basic	基本		RMB1.45 cents 人民幣1.45分	RMB11.26 cents 人民幣11.26分
Diluted	攤薄		N/A 不適用	N/A 不適用

Consolidated Balance Sheet

綜合資產負債表

at 31 December 2005
二零零五年十二月三十一日

		Notes 附註	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (restated) (重列)
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	217,305	116,941
Prepaid lease payments	預付租賃款	16	38,223	30,896
Goodwill	商譽	17	–	3,177
Interests in associates	聯營公司權益	19	–	387
Deferred tax assets	遞延稅項資產	20	3,320	553
			258,848	151,954
Current assets	流動資產			
Inventories	存貨	21	82,930	86,658
Trade and bills receivables	應收貿易賬款及票據	22	158,197	61,522
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	23	61,066	64,187
Prepaid lease payments	預付租賃款	16	941	685
Amount due from a shareholder	應收股東款項	24	7,798	–
Amounts due from minority shareholders	應收少數股東款項	26	1,307	272
Amounts due from associates	應收聯營公司款項	25	3,904	639
Amounts due from directors	應收董事款項	27	89	5
Amounts due from related companies	應收關連公司款項	28	343	295
Tax recoverable	可收回稅項		2,400	–
Pledged bank deposits	已抵押銀行存款	29	46,709	4,423
Bank balances and cash	銀行結餘及現金		66,868	82,118
			432,552	300,804
Current liabilities	流動負債			
Trade and bills payables	應付貿易賬款及票據	30	217,338	107,812
Other payables and accruals	其他應付賬款及應計費用	31	75,913	45,433
Amount due to a shareholder	應付股東款項	24	4,330	547
Amounts due to minority shareholders	應付少數股東款項	26	93	93
Amounts due to associates	應付聯營公司款項	25	420	–
Amounts due to directors	應付董事款項	27	48	760
Dividend payable	應付股息		4,460	20
Tax payable	應付稅項		–	3,890
Bank borrowings	銀行借貸	32	170,760	73,000
Current portion of deferred revenue	遞延收入即期部分	33	1,657	697
			475,019	232,252

		Notes 附註	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (restated) (重列)
Net current (liabilities) assets	流動(負債)資產淨值		(42,467)	68,552
Total assets less current liabilities	總資產減流動負債		216,381	220,506
Non-current liabilities	非流動負債			
Deferred revenue	遞延收入	33	5,866	6,682
			210,515	213,824
Capital and reserves	資本及儲備			
Share capital	股本	34	50,000	50,000
Reserves	儲備		153,652	155,571
Equity attributable to equity holders of the Company	本公司股權持有人應佔權益		203,652	205,571
Minority interests	少數股東權益		6,863	8,253
			210,515	213,824

The financial statements on pages 35 to 100 were approved and authorised for issue by the Board of Directors on 31 March 2006 and are signed on its behalf by:

第35至100頁的財務報表已於二零零六年三月三十一日經董事會批准及授權刊發，並由下列人士簽署：

WANG YA QUN

王亞群

DIRECTOR

董事

LIU XIAO CHUN

劉曉春

DIRECTOR

董事

Consolidated Statement of Changes in Equity

綜合權益變動表

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

		Attributable to equity holders of the Company								
		本公司股權持有人應佔								
		Statutory			Statutory				Minority	
		Share	Capital	Statutory	public	Translation	Retained	Total	Minority	Total
		capital	reserve	surplus	welfare	reserve	profits		interests	
		股本	資本儲備	法定公積金	法定公益金	匯兌儲備	保留溢利	總計	少數股東權益	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			(Note a)	(Note b)	(Note c)					
			(附註a)	(附註b)	(附註c)					
At 1 January 2004	於二零零四年一月一日									
- As originally stated	- 原先列賬	50,000	40,449	8,697	3,914	-	55,454	158,514	-	158,514
- Effects of changes in accounting policies (See Note 3)	- 更改會計政策的影響 (見附註3)	-	-	-	-	-	240	240	5,739	5,979
- As restated	- 重列	50,000	40,449	8,697	3,914	-	55,694	158,754	5,739	164,493
Profit and total recognised income and expenses for the year (restated)	年內溢利及已確認收入及開支總額 (重列)	-	-	-	-	-	56,317	56,317	(1,177)	55,140
Acquisition of subsidiaries	收購附屬公司	-	-	-	-	-	-	-	3,691	3,691
Final dividend - 2003	末期股息 - 二零零三年	-	-	-	-	-	(6,000)	(6,000)	-	(6,000)
Interim dividend - 2004	中期股息 - 二零零四年	-	-	-	-	-	(3,500)	(3,500)	-	(3,500)
Transfer to reserve funds	轉撥往儲備金	-	-	6,196	2,788	-	(8,984)	-	-	-
At 31 December 2004 and at 1 January 2005 as restated	於二零零四年十二月三十一日及二零零五年一月一日 (重列)	50,000	40,449	14,893	6,702	-	93,527	205,571	8,253	213,824
Exchange differences arising on translation of foreign operations and net income recognised directly in equity	因換算海外業務而產生的匯兌差額及直接在權益確認的收入淨額	-	-	-	-	340	-	340	-	340
Profit for the year	年內溢利	-	-	-	-	-	7,241	7,241	(3,190)	4,051
Total recognised income and expenses for the year	年內已確認收入及開支總額	-	-	-	-	340	7,241	7,581	(3,190)	4,349
Establishment of subsidiaries	成立附屬公司	-	-	-	-	-	-	-	1,800	1,800
Final dividend - 2004	末期股息 - 二零零四年	-	-	-	-	-	(6,000)	(6,000)	-	(6,000)
Interim dividend - 2005	中期股息 - 二零零五年	-	-	-	-	-	(3,500)	(3,500)	-	(3,500)
Transfer to reserve funds	轉撥往儲備金	-	-	637	319	-	(956)	-	-	-
At 31 December 2005	於二零零五年十二月三十一日	50,000	40,449	15,530	7,021	340	90,312	203,652	6,863	210,515

Note:

(a) Capital reserve

Capital reserve includes the share premium arising from the issue of H shares after deduction of the respective share issuance costs of the Company.

(b) Statutory surplus reserve

The Articles of Associations of the Company and its subsidiaries established in the People's Republic of China (the "PRC") require the appropriation of 10% of their profit after taxation determined under the PRC accounting standards each year to the statutory surplus reserve until the balance reaches 50% of the registered share capital. According to the provision of the Company's Articles of Association, under normal circumstances, the statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the Company's production and operation. For the capitalisation of statutory surplus reserve into share capital, the remaining amount of such reserve shall not be less than 25% of the registered share capital.

(c) Statutory public welfare fund

Pursuant to the PRC Company Law, the Company and its subsidiaries established in the PRC shall make allocation from its profit after taxation determined under the PRC accounting standards at the rate of 5% to 10% to the statutory public welfare fund. The statutory public welfare fund can only be utilised on capital items for employees' collective welfare. Individual employees have the right to use these facilities, but the titles to which will remain with these companies.

附註：

(a) 資本儲備

資本儲備包括本公司發行H股產生的股份溢價及已扣除相關股份發行成本。

(b) 法定公積金

本公司及其在中華人民共和國（「中國」）成立的附屬公司的公司章程細則規定，每年必須將其按照中國會計準則計算的除稅後溢利其中10%撥往法定公積金，直至法定公積金結餘達到註冊資本50%為止。根據本公司的公司章程細則，在一般情況下，法定公積金僅可用作抵銷虧損、撥充資本及擴展本公司的生產與營運。就將法定公積金撥充資本而言，法定公積金的餘額不得低於註冊資本25%。

(c) 法定公益金

根據中國公司法，本公司及其在中國成立的附屬公司須將按照中國會計準則計算的除稅後溢利其中5%至10%撥往法定公益金。法定公益金僅可用於僱員集體福利的資本項目。個別僱員有權動用有關設施，惟其擁有權仍歸有關公司所有。

Consolidated Cash Flow Statement

綜合現金流量表

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 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (restated) (重列)
OPERATING ACTIVITIES	經營業務		
Profit before tax	除稅前溢利	16,083	82,316
Adjustments for:	已就下列項目調整:		
Amortisation of goodwill arising from acquisition of subsidiaries	攤銷因收購附屬公司產生的商譽	-	651
Amortisation of goodwill arising from acquisition of associates	攤銷因收購聯營公司產生的商譽	-	6
Amortisation of prepaid lease payments	攤銷預付租賃款	315	283
Depreciation of property, plant and equipment	物業、廠房及設備折舊	14,075	12,206
Finance costs	融資成本	10,786	4,567
Government grants received recognised as income	已確認為收入的已收政府補助金	(856)	(2,728)
Impairment loss on goodwill arising from acquisition of subsidiaries	因收購附屬公司產生的商譽的減值虧損	3,177	138
Impairment loss on goodwill arising from acquisition of associates	因收購聯營公司產生的商譽的減值虧損	259	-
Impairment loss recognised in respect of trade receivables, deposits and other receivables	有關應收貿易賬款、按金及其他應收賬款的已確認減值虧損	3,487	1,853
Impairment loss on amounts due from minority shareholders	應收少數股東款項的減值虧損	237	-
Impairment loss on amounts due from associates	應收聯營公司款項的減值虧損	1,374	-
Interest income	利息收入	(660)	(1,128)
Loss (gain) on disposal of property, plant and equipment	出售物業、廠房及設備的虧損(收益)	43	(335)
Share of results of associates	分佔聯營公司業績	128	33
Write-down of inventories	撇減存貨	5,095	56
Operating cash flows before movements in working capital	營運資金變動前的營運現金流量	53,543	97,918
Increase in inventories	存貨增加	(1,367)	(17,880)
(Increase) decrease in trade and bills receivables	應收貿易賬款及票據(增加)減少	(97,376)	57,922
Decrease (increase) in prepayments, deposits and other receivables	預付款項、按金及其他應收賬款減少(增加)	335	(29,315)
Increase in amounts due from associates	應收聯營公司款項增加	(3,651)	(639)
Increase in amounts due to associates	應付聯營公司款項增加	420	-
Increase in amounts due from directors	應收董事款項增加	(84)	(5)
(Increase) decrease in amounts due from related companies	應收關連公司款項(增加)減少	(48)	1,910
Increase (decrease) in trade and bills payables	應付貿易賬款及票據增加(減少)	109,526	(39,897)
Increase (decrease) in other payables and accruals	其他應付賬款及應計費用增加(減少)	30,480	(9,046)
(Decrease) increase in amounts due to directors	應付董事款項(減少)增加	(712)	760
Government grants received	已收政府補助金	1,000	843

		Note 附註	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (restated) (重列)
Cash generated from operations	經營業務所得現金		92,066	62,571
PRC income tax paid	已付中國所得稅		(21,089)	(32,521)
NET CASH GENERATED FROM OPERATING ACTIVITIES	經營業務所得現金淨額		70,977	30,050
INVESTING ACTIVITIES	投資活動			
Purchase of property, plant and equipment	購買物業·廠房及設備		(114,076)	(20,111)
Increase in pledged bank deposits	已抵押銀行存款增加		(42,286)	(753)
Increase in prepaid lease payments	預付租賃款增加		(8,340)	(20,137)
Advances to minority shareholders	少數股東墊款淨額		(1,272)	(272)
Advances to associates	聯營公司墊款淨額		(988)	–
Interest received	已收利息		660	1,128
Proceeds from disposal of property, plant and equipment	出售物業·廠房及設備所得款項		36	1,596
Acquisition of subsidiaries	收購附屬公司	35	–	(10,170)
Acquisition of associates	收購聯營公司		–	(426)
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額		(166,266)	(49,145)
FINANCING ACTIVITIES	融資活動			
Repayment of bank loans	償還銀行貸款		(204,117)	(42,200)
Interest paid	已付利息		(10,786)	(4,567)
Dividend paid	已付股息		(5,060)	(9,500)
(Advance to) repayment from a shareholder	股東(所獲)償還墊款淨額		(7,798)	4,787
Advance from a shareholder	來自股東的墊款		3,783	547
New bank loans raised	新增銀行貸款		301,877	72,000
Capital contribution by minority shareholders	少數股東出資		1,800	2,450
Repayment of obligations under a finance lease	償還融資租賃承擔		–	(266)
Advance from minority shareholders	來自少數股東的墊款		–	93
NET CASH GENERATED FROM FINANCING ACTIVITIES	融資活動所得現金淨額		79,699	23,344
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目(減少)增加淨額		(15,590)	4,249
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	年初的現金及現金等值項目		82,118	77,869
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	匯率變動影響淨額		340	–
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	年終的現金及現金等值項目, 即銀行結餘及現金		66,868	82,118

Notes to the Consolidated Financial Statements

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 joint stock limited liability company established in the People's Republic of China ("PRC") and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

The principal activities of the Group are the design, manufacture and sale of intelligent controller systems for consumer electrical and electronic appliances and the assembly of mobile phones in the PRC.

2. Basis of Preparation of Financial Statements

In preparing the financial statements, the directors have given careful consideration to the future liquidity of the Group in light of its net current liabilities of RMB42,467,000 as at 31 December 2005. The Group finances its capital intensive operations by short-term bank borrowings and shareholders' equity. It tends to maintain a fair level of short-term bank borrowings which are renewed on an annual basis, as the borrowing costs of such arrangement are relatively lower. The directors are of the opinion that, after taking into account the presently available banking facilities and internal financial resources, the Group has sufficient working capital for its present requirements and will be able to meet in full its liabilities as they fall due in the foreseeable future. The opinion is based on the followings:

(1) Availability of facilities

The amounts of banking facilities available to the Group granted by various banks at 31 December 2005 was RMB347,859,000, in which RMB170,760,000 was utilised as at 31 December 2005 as disclosed in note 32.

(2) Renewed bank borrowings

Subsequent to the balance sheet date, the Group had renewed RMB65,000,000 of the Group's short term borrowings at 31 December 2005 which matured prior to the date of approval of these financial statements. These renewed bank loans will mature during January 2007 to March 2007.

Due to the reasons above, the financial statements have been prepared on a going concern basis.

1. 一般資料

本公司為於中華人民共和國（「中國」）註冊成立的公開有限責任公司，其股份在香港聯合交易所有限公司（「聯交所」）創業板上市。本公司的註冊辦事處及主要營業地點載於年報「公司資料」一節。

財務報表以本公司功能貨幣人民幣呈列。

本集團主要在中國從事設計、製造及銷售可用於多種消費電器及電子用品的智能控制器系統以及裝嵌流動電話的業務。

2. 財務報表的編製基準

於編製財務報表時，董事已審慎考慮本集團未來流動資金及截至二零零五年十二月三十一日錄得流動負債淨額人民幣42,467,000元。本集團將以短期銀行借貸及股東資金作為需要投入大量資金業務的融資。由於短期銀行借貸按年續期，且借貸成本相對較低，故此本集團傾向維持相當數量的短期銀行借貸。董事認為，經考慮現時可動用的銀行信貸及內部財務資源後，本集團具備充裕的營運資金，應付目前所需，並有能力全數償還於可預見將來到期的負債。上述意見的依據如下：

(1) 可動用的信貸

於二零零五年十二月三十一日，本集團自多家銀行取得的可動用借貸金額為人民幣347,859,000元，其中人民幣170,760,000元已於二零零五年十二月三十一日動用，詳情載於附註32。

(2) 已續期的銀行借貸

於結算日後，本集團已延續於批准財務報表當日前到期的二零零五年十二月三十一日短期借貸人民幣65,000,000元。該等已續期的銀行借貸將於二零零七年一月至二零零七年三月期間到期。

基於上述理由，財務報表乃按持續經營基準編製。

3. Application of Hong Kong Financial Reporting Standards/Changes in Accounting Policies

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (“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 (the “HKICPA”) that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied, retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group’s accounting policies in the following areas that have an effect on how the results for the current and prior accounting years are prepared and presented:

Goodwill

In the current year, the Group has applied HKFRS 3 Business Combinations which is effective for business combinations for which the agreement date is on or after 1 January 2005. In previous years, goodwill arising on acquisitions was capitalised and amortised over its estimated useful life. The Group has applied the transitional provisions in HKFRS 3. On 1 January 2005, the Group eliminated the carrying amount of the related accumulated amortisation of RMB1,455,000 with a corresponding decrease in the cost of goodwill (see Note 17). The Group has discontinued amortising such goodwill from 1 January 2005 onwards and such goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after 1 January 2005 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. Comparative figures for 2004 have not been restated (see Note 3A for the financial impact).

3. 採用香港財務報告準則／更改會計政策

於本年度，本集團首次採用香港會計師公司（「會計師公會」）頒布的多項新訂香港財務報告準則（「香港財務報告準則」）、香港會計準則（「香港會計準則」）及詮釋（以下統稱「新香港財務報告準則」）。新香港財務報告準則於二零零五年一月一日或之後開始的會計期間生效。採用新香港財務報告後，綜合損益表、綜合資產負債表及綜合權益變動表的呈報方式有所更改。具體而言，少數股東權益及分佔聯營公司稅項的呈報方式有所更改。呈報方式的更改乃追溯應用。採用新香港財務報告準則後，本集團下列方面的會計政策有所更改，影響本會計年度及過往會計年度的編製及呈報方式：

商譽

於本年度，本集團採用香港財務報告準則第3號「業務合併」，該準則適用於協議日期為二零零五年一月一日或之後的業務合併。過往年度，因收購產生的商譽撥充資本，並按其估計可使用年期攤銷。本集團已採用香港財務報告準則第3號的過渡規定。於二零零五年一月一日，本集團撤銷相關累計攤銷的賬面值人民幣1,455,000元，而商譽成本亦相應減少（見附註17）。本集團自二零零五年一月一日起不再攤銷商譽，而商譽將至少每年評估有否減值。二零零五年一月一日後因收購產生的商譽，於首次確認後按成本減累計減值虧損（如有）入賬。更改此項會計政策後，並無在本年度財務報表扣除商譽攤銷。二零零四年的比較數字並無重列（有關財務影響見附註3A）。

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3. Application of Hong Kong Financial Reporting Standards/Changes in Accounting Policies (continued) Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 Leases. Under HKAS 17, the land element and building element of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and building elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied, retrospectively (see Note 3A for the financial impact).

Financial Instruments

In the current year, the Group has applied HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current and prior accounting periods. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

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

3. 採用香港財務報告準則／更改會計政策 (續)

自佔租賃土地權益

過往年度，自佔租賃土地及樓宇權益均計入物業、廠房及設備，並以成本法入賬。於本年度，本集團採用香港會計準則第17號「租賃」。根據香港會計準則第17號，土地及樓宇租約的土地部分及樓宇部分按租約分類個別入賬，除非租金未能可靠地劃分土地及樓宇部分，而在此情況下，整份租約一般視作融資租約。倘能可靠地劃分租金的土地及樓宇部份，則租賃土地權益將重新分類為經營租約的預付租賃款，按成本入賬，並以直線法按租期攤銷。會計政策的更改乃追溯應用（有關財務影響見附註3A）。

金融工具

於本年度，本集團採用香港會計準則第32號「金融工具：披露及呈報」及第39號「金融工具：確認及計量」。香港會計準則第32號規定須追溯應用，而於二零零五年一月一日或之後開始的年度期間生效的香港會計準則第39號一般並不容許追溯確認、終止確認或計算財務資產或負債。採用香港會計準則第32號對本會計期間及過往會計期間的本集團金融工具呈報方式並無重大影響。採用香港會計準則第39號的主要影響概述如下：

金融資產及金融負債的分類及計量

本集團已採用香港會計準則第39號有關屬於香港會計準則第39號範圍內的金融資產及金融負債分類及計量的過渡規定。

3. Application of Hong Kong Financial Reporting Standards/Changes in Accounting Policies (continued) Financial Instruments (continued)

Financial assets and financial liabilities other than debt and equity securities

From 1 January 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. Under HKAS 39, financial assets are generally classified as “financial assets at fair value through profit or loss”, “available-for-sale financial assets”, “loans and receivables” or “held-to-maturity financial assets”. Financial liabilities are generally classified as “financial liabilities at fair value through profit or loss” or “other financial liabilities”. Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition. The Group has applied the relevant transitional provisions in HKAS 39. However, there has been no material effect on how the results for the current accounting period are prepared and presented.

3A. Summary of the Effects of the Changes in Accounting Policies

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

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Non-amortisation of goodwill	非攤銷商譽	719	-
Amortisation of prepaid lease payments	攤銷預付租賃款	138	130
Increase in profit for the year	年內溢利增加	857	130

3. 採用香港財務報告準則／更改會計政策 (續)

金融工具 (續)

債務及股本證券以外的財務資產及財務負債

自二零零五年一月一日起，本集團根據香港會計準則第39號的規定將債務及股本證券以外的財務資產及財務負債（原不屬於會計實務準則第24號的範圍）分類及計量。財務資產一般分為「按公平值計入損益賬的財務資產」、「可供出售金融資產」、「信貸及應收」或「持至到期的財務資產」，而財務負債則一般分為「按公平值計入損益賬的財務負債」或「其他財務負債」。按公平值計入損益賬的財務負債按公平值計算，而公平值變動則直接在損益賬確認入賬。其他財務負債於首次確認後以實際利息法按攤銷成本入賬。本集團已採用香港會計準則第39號的有關過渡規定，惟對本會計期間的業績編製及呈報方式並無重大影響。

3A. 更改會計政策的影響概要

上述更改會計政策對本年度及過往年度業績的影響如下：

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3A. Summary of the Effects of the Changes in Accounting Policies (continued)

The cumulative effects of the application of the new HKFRSs on 31 December 2004 and 1 January 2005 are summarised below:

3A. 更改會計政策的影響概要 (續)

採用新香港財務準則對二零零四年十二月三十一日及二零零五年一月一日財務報表的累計影響概述如下：

		As at 31 December 2004 (originally stated) 於二零零四年 十二月三十一日 (原先入賬) RMB'000 人民幣千元	Retrospective adjustments 追溯調整		As at 31 December 2004 and 1 January 2005 (restated) 於二零零四年 十二月三十一日 及二零零五年 一月一日 (重列) RMB'000 人民幣千元
			HKAS 1 香港會計準 則第1號 RMB'000 人民幣千元	HKAS 17 香港會計準 則第17號 RMB'000 人民幣千元	
Property, plant and equipment	物業·廠房及設備	148,152	–	(31,211)	116,941
Prepaid lease payments	預付租賃款	–	–	31,581	31,581
Other net assets	其他資產淨值	65,302	–	–	65,302
Total effects on assets and liabilities	對資產及負債的 整體影響	213,454	–	370	213,824
Share capital	股本	50,000	–	–	50,000
Retained profits	保留溢利	93,157	–	370	93,527
Other reserves	其他儲備	62,044	–	–	62,044
Minority interests	少數股東權益	–	8,253	–	8,253
Total effects on equity	對股本權益的整體影響	205,201	8,253	370	213,824
Total effects on minority interests	對少數股東權益的 整體影響	8,253	(8,253)	–	–

3A. Summary of the Effects of the Changes in Accounting Policies (continued)

The cumulative effects of the application of the new HKFRSs to the Group's equity on 1 January 2004 are summarised below:

3A. 更改會計政策的影響概要 (續)

採用新香港財務準則對二零零四年一月一日本集團股本權益的累計影響概述如下：

		As at 1 January 2004 (originally stated)			As at 1 January 2004 (restated)
		於二零零四年 一月一日 (原先入賬)	HKAS 1 香港會計準 則第1號	HKAS 17 香港會計準 則第17號	於二零零四 年一月一日 (重列)
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Share capital	股本	50,000	–	–	50,000
Retained profits	保留溢利	55,454	–	240	55,694
Other reserves	其他儲備	53,060	–	–	53,060
Minority interests	少數股東權益	–	5,739	–	5,739
Total effects on equity	對股本權益的整體影響	158,514	5,739	240	164,493

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. Except for the financial impact on adoption of HKAS 39 and HKFRS 4 (Amendments) "Financial guarantee contracts", the directors of the Company anticipate that the application of these Standards or Interpretations will have no material impact on the financial statements of the Group. The Group is not yet in a position to reasonably estimate the impact on adoption of HKAS 39 and HKFRS 4 (Amendments).

本集團並無提早採用下列已頒布但尚未生效的新準則及詮釋。除採用香港會計準則第39號及香港財務報告準則第4號(修訂)「財務保證合約」的財務影響外，本公司董事預期採用該等準則或詮釋對本集團財務報表不會有重大影響。本集團現時無法合理地估計採用香港會計準則第39號及香港財務報告準則第4號(修訂)的影響。

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3A. Summary of the Effects of the Changes in Accounting Policies (continued)

HKAS 1 (Amendment)	Capital disclosures ¹
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures ²
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions ³
HKAS 39 (Amendment)	The fair value option ²
HKAS 39 and HKFRS 4 (Amendments)	Financial guarantee contracts ²
HKFRS 6	Exploration for and evaluation of mineral resources ²
HKFRS 7	Financial instruments: Disclosures ¹
HK (IFRIC) – INT 4	Determining whether an arrangement contains a lease ²
HK (IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds ²
HK (IFRIC) – INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment ³
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ⁴

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 January 2006.

³ Effective for annual periods beginning on or after 1 December 2005.

⁴ Effective for annual periods beginning on or after 1 March 2006.

4. Significant Accounting Policies

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

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

3A. 更改會計政策的影響概要 (續)

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)	精算收益及虧損、集團計劃及披露 ²
香港會計準則 第39號(修訂)	預測集團內公司間交易的現金流量對沖會計方式 ³
香港會計準則 第39號(修訂)	選擇以公平值入賬 ²
香港會計準則 第39號及香港 財務報告準則 第4號(修訂)	財務保證合約 ²
香港財務報告準則 第6號	礦產資源的開採和評估 ²
香港財務報告準則 第7號	金融工具：披露 ¹
香港財務報告準則 — 詮釋第4號	釐定安排是否包含租賃 ²
香港財務報告準則 — 詮釋第5號	對拆卸、復原及現境復修基金權益的權利 ²
香港財務報告準則 — 詮釋第6號	參與特殊市場—電氣及電子設備廢料—產生負債 ³
香港財務報告準則 — 詮釋第7號	應用香港會計準則第29號就嚴重通脹經濟作財務報告採用重列方法 ⁴

¹ 於二零零七年一月一日或之後開始的年度期間生效。

² 於二零零六年一月一日或之後開始的年度期間生效。

³ 於二零零五年十二月一日或之後開始的年度期間生效。

⁴ 於二零零六年三月一日或之後開始的年度期間生效。

4. 主要會計政策

綜合財務報表按歷史成本法編製，惟若干金融工具按公平值入賬（見下述會計政策）除外。

綜合財務報表乃根據香港財務報告準則編製。此外，綜合財務報表包括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的有關披露規定。

4. Significant Accounting Policies (continued)**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.

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

Goodwill**Goodwill arising on acquisitions prior to 1 January 2005**

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

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

4. 主要會計政策 (續)**綜合基準**

綜合財務報表包括本公司及其附屬公司的財務報表。

年內收購或出售的附屬公司的業績由其收購的生效日期起或計至出售的生效日期止(視乎情況而定)入綜合收益表。

本集團會適當地調整附屬公司的財務報表,以統一本集團成員公司的會計政策。

集團內公司間所有重大交易、結餘及收支於綜合財務報表時對銷。

少數股東所佔的綜合附屬公司資產淨值與本集團的股本權益分開呈列。少數股東所佔的資產淨值包括原定業務合併日期的股本權益及少數股東所佔合併以來的股本權益變動。超逾少數股東所佔附屬公司權益的少數股東所佔虧損按本集團權益分配,惟少數股東具有約束力的承擔,並可額外投資以補償虧損則除外。

商譽**二零零五年一月一日前因收購而產生的商譽**

因收購附屬公司或聯營公司(有關協議日期於二零零五年一月一日前)而產生的商譽指收購成本超逾本集團應佔相關附屬公司或聯營公司於收購當日的可識別資產與負債公平值的差額。

對於二零零五年一月一日前因收購而產生的資本化商譽,本集團自二零零五年一月一日起終止確認攤銷,而有關商譽會每年及於有跡象顯示商譽所屬的現金產生單位可能減值時評估有否減值(見下述會計政策)。

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4. Significant Accounting Policies (continued)

Goodwill (continued)

Goodwill arising on acquisitions on or after 1 January 2005

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

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

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.

4. 主要會計政策 (續)

商譽 (續)

二零零五年一月一日或之後因收購而產生的商譽

因收購附屬公司或聯營公司(有關協議日期於二零零五年一月一日或之後)而產生的商譽指收購成本超過本集團應佔相關附屬公司或聯營公司於收購當日的可識別資產、負債及或然負債的公平值。商譽乃按成本減累計減值虧損入賬。

因收購附屬公司而產生的資本化商譽在資產負債表分開呈列。因收購聯營公司而產生的資本化商譽以權益法計入有關聯營公司的投資成本。

評估減值時，因收購而產生的商譽將分配至各個或各組預期受惠於收購協同效益的相關現金產生單位。商譽所屬的現金產生單位會每年及於有跡象顯示商譽所屬的現金產生單位可能減值時評估有否減值。就財務年度因收購而產生的商譽而言，商譽所屬的現金產生單位於財務年度完結前評估有否減值。倘現金產生單位的可收回金額低於其賬面值，則減值虧損首先分配至減低該單位的商譽賬面值，其後按單位內各資產賬面值的比例分配至該單位的其他資產。商譽的任何減值虧損將直接在收益表確認入賬。商譽的減值虧損不會於其後的期間撥回。

其後出售附屬公司或聯營公司時，應佔的資本化商譽將計入出售時的盈虧。

4. Significant Accounting Policies (continued)**Interests in associates**

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

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

Revenue recognition

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

Service income is recognised when services are provided.

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.

Property, plant and equipment

Property, plant and equipment, other than buildings under construction, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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

4. 主要會計政策 (續)**聯營公司權益**

聯營公司的業務、資產及負債均以權益會計法計入財務報表。根據權益法，對聯營公司的投資按成本（已就本集團所佔溢利或虧損於收購後的變化及聯營公司權益變化作出調整，以及扣除任何已識別減值虧損）計入綜合資產負債表。倘本集團所佔聯營公司的虧損相當於或超過所佔的聯營公司權益（包括實際屬於本集團對聯營公司的投資淨額的任何長期權益），則本集團終止確認應佔的日後虧損。本集團僅於代表聯營公司承擔法定或推定責任或付款時，方會就額外分佔的虧損作出撥備及確認負債。

於集團內的任何實體與本集團的聯營公司交易時，有關溢利及虧損按本集團所佔相關聯營公司的權益對銷。

收益確認

貨品銷售於貨品付運及所有權轉移時確認入賬。

服務收入於提供服務時確認入賬。

財務資產的利息收入按時間基準根據未償還本金額及有關實際利率（即將財務資產預期可使用年期的估計日後所得現金準確貼現至資產賬面淨值的比率）計算。

物業、廠房及設備

物業、廠房及設備（在建樓宇除外）按成本減其後累計折舊及累計減值虧損入賬。

物業、廠房及設備（在建樓宇除外）以直線法按其估計可使用年期及估計剩餘價值計算折舊撥備，以撇銷其成本。

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4. Significant Accounting Policies (continued) Property, plant and equipment (continued)

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land element is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use.

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.

Leasing

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

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

Foreign currencies

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

4. 主要會計政策 (續) 物業、廠房及設備 (續)

倘租賃土地及樓宇正在發展以作生產、租賃或行政用途，則租賃土地部分將列作預付租賃款，以直線法按租期攤銷。建設期間，租賃土地的攤銷撥備將計入在建樓宇的部分成本。在建樓宇按成本減任何已識別減值虧損入賬。樓宇於可供使用時開始計算折舊。

物業、廠房及設備於出售或預期日後持續使用不會取得經濟利益時終止確認。終止確認資產而產生的收益或虧損（按出售所得款項淨額與項目賬面值的差額計算）計入終止確認年度的收益表。

租賃

根據相關條款將擁有權的絕大部分風險及回報轉移予承租人的租約，均列作融資租約。所有其他租約則列作經營租約。

根據經營租約應付的租金均以直線法按有關租期自損益賬扣除。就訂立經營租約而已收及應收的利益均以直線法按租期確認為租金開支的減少。

外幣

於編製個別集團實體的財務報表時，以該實體功能貨幣以外的貨幣（外幣）計算的交易按交易當日的匯率以功能貨幣（即該實體經營所處主要經濟體系的貨幣）入賬。於每年結算日，以外幣計算的貨幣項目均按結算日的匯率重新換算。按公平值入賬並以外幣計算的非貨幣項目按釐定公平值當日的匯率重新換算。按歷史成本以外幣計算的非貨幣項目不予重新換算。

4. Significant Accounting Policies (continued)**Foreign currencies** (continued)

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

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

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the income statement in the period in which they are incurred.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the income statement and are reported separately as other income.

Retirement benefits costs

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

4. 主要會計政策 (續)**外幣** (續)

結算貨幣項目及換算貨幣項目時產生的匯兌差額均於產生的期間在損益賬確認，惟因屬於本集團海外業務投資淨額的貨幣項目而產生的匯兌差額除外，而有關匯兌差額均在綜合財務報表內的股本權益確認入賬。因重新換算按公平值入賬的非貨幣項目而產生的匯兌差額均計入期間的損益賬，惟因重新換算直接在股本權益確認盈虧的非貨幣項目而產生的差額除外，而有關匯兌差額亦直接在股本權益確認入賬。

於呈列綜合財務報表時，本集團海外業務的資產與負債按結算日的匯率換算為本公司的呈報貨幣（即人民幣），而其收支項目則按年內的平均匯率換算，除非期內的匯率大幅波動除外，而在此情況下，則採用交易當日的匯率。匯兌差額（如有）均確認為股本權益的個別項目（匯兌儲備）。匯兌差額於出售海外業務的期間在損益賬確認。

借貸成本

所有借貸成本於產生期間在收益表確認為融資成本。

政府補助金

政府補助金於可配對相關成本所需的期間確認為收入。有關可折舊資產的補助金列作遞延收入，並於資產可使用年期撥往收入。有關開支項目的補助金均於自收入表扣除開支的同一期間確認，並個別列作其他收入。

退休福利成本

國家管理退休福利計劃及強制性公積金計劃的供款於到期應付時支銷。

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4. Significant Accounting Policies (continued)

Taxation

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

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

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

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

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

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

4. 主要會計政策 (續)

稅項

所得稅開支指即期應付稅項與遞延稅項的總和。

即期應付稅項按年內應課稅溢利計算。由於應課稅溢利不包括其他年度的應課稅收入或可扣稅開支，亦不包括毋須應課收入或不得扣稅開支，故此有別於收益表所列的純利。本集團的即期稅項按結算日已頒布或實際頒布的稅率計算。

遞延稅項按綜合財務報表內資產及負債賬面值與計算應課稅溢利所用相關稅基的差額，以資產負債表負債法入賬。遞延稅務負債一般按所有應課稅暫時差額確認，而遞延稅務資產則按可抵銷應課稅溢利的可扣減暫時差額確認。倘暫時差額因商譽或首次確認並不影響應課稅溢利及會計溢利的交易其他資產及負債（業務合併除外）而產生，則有關資產及負債不予確認。

投資附屬公司及聯營公司產生的應課稅暫時差額須確認為遞延稅務負債，惟本集團可控制撥回暫時差額的時間及有可能在可預見未來不會撥回則除外。

遞延稅項資產的賬面值於每個結算日均作檢討，並於不再可能有足夠應課稅溢利以收回全部或部分資產情況下作出調減。

遞延稅項乃按預期於負債償還或資產變現期間的適用稅率計算。遞延稅項計入收益表或自收益表扣除，惟若遞延稅項與直接計入股本權益或自股本權益扣除的項目有關，則亦會於股本權益處理。

4. Significant Accounting Policies (continued)

Research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Inventories

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

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 instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets comprise as loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policy adopted in respect of financial assets is set out below.

4. 主要會計政策 (續)

研究及開發開支

研究活動的開支於產生期間確認為開支。

存貨

存貨按成本與可變現淨值兩者的較低者入賬。成本以加權平均法計算。

金融工具

金融資產及金融負債於集團實體成為工具合約條文的訂約方時在資產負債表確認。金融資產及金融負債首先按公平值計算。直接因收購或發行金融資產及金融負債（按公平值計入損益賬的財務資產及財務負債除外）而產生的交易成本於首次確認時在金融資產或金融負債入賬或扣除（視乎情況而定）。直接因收購按公平值計入損益賬的金融資產或金融負債而產生的交易成本即時在損益賬確認。

金融資產

本集團的金融資產包括貸款及應收賬款。所有以正常方式買賣的金融資產於交易日確認及終止確認。以正常方式買賣指需要於交易當地規例或慣例制訂的時限內交付資產的金融資產買賣。有關金融資產的會計政策載於下文。

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4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (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 and bills receivables, deposits and other receivables, amounts due from a shareholder/minority shareholders/directors/associates/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 assets' 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.

The Group's financial liabilities comprise other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables, amounts due to a shareholder/minority shareholders/directors, dividend payable, tax payable and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

4. 主要會計政策 (續)

金融工具 (續)

財務資產 (續)

貸款及應收賬款

貸款及應收賬款指在活躍市場並無報價的指定或可確定付款金額的非衍生財務資產。於首次確認後的每年結算日，貸款及應收賬款（包括應收貿易賬款及票據、存款及其他應收賬款、應收股東／少數股東／董事／聯營公司／關連公司款項）以實際利率法按攤銷成本減任何已識別減值虧損入賬。當有客觀證據顯示資產減值時，減值虧損會在損益賬確認，並按資產賬面值與按原定實際利率貼現的估計日後現金流量現值之間的差額計算。倘資產可收回金額的增加可客觀地與確認減值後發生的事件有關，則減值虧損會於之後的期間撥回，惟資產於撥回減值當日的賬面值不得超逾假設並無確認減值的攤銷成本。

金融負債及股本權益

集團實體發行的財務負債及股本工具均按所訂立合約安排的內容及財務負債與股本工具的釋義分類。股本工具指任何可證明扣減所有負債後的本集團資產剩餘資產的合約。

本集團的金融負債包括其他金融負債。有關金融負債及股本工具的會計政策載於下文。

其他金融負債

其他金融負債包括應付貿易賬款及票據、其他應付賬款、應付股東／少數股東／董事款項、應付股息、應付稅項及銀行借貸，其後以實際利率法按攤銷成本計算。

股本工具

本公司發行的股本工具列作已收款項（已扣除直接發行成本）。

4. Significant Accounting Policies (continued)**Financial instruments** (continued)**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 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.

Impairment losses (other than goodwill – see the accounting policies in respect of goodwill above)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible 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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. 主要會計政策 (續)**金融工具** (續)**終止確認**

金融資產於有關自資產收取現金流量的權利屆滿或金融資產轉讓而本集團將財務資產絕大部分風險與回報轉讓時終止確認。終止確認財務資產時，資產賬面值與已收代價及直接在股本權益確認的累計收益或虧損總和的差額在損益賬確認入賬。

當有關合約列明的責任解除、取消或到期時，財務負債將自本集團的資產負債表撥出。終止確認的金融負債賬面值與已收或應收代價的差額在損益賬確認入賬。

減值虧損 (商譽除外 – 見上文有關商譽的會計政策)

於每年結算日，本集團檢討有形及無形資產的賬面值，以確定有否跡象顯示有關資產出現減值虧損。倘資產的可收回金額估計低於其賬面值，則資產賬面值將調減至其可收回金額。減值虧損即時確認為開支。

倘減值虧損其後回升，則該資產的賬面值將增至其可收回金額的經修訂估計，惟所增加的賬面值不得超逾假設過往年度並無就該資產確認減值虧損的賬面值。減值虧損的撥回即時確認為收入。

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5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the process of applying the entity's accounting policies which are described in Note 4, management has made the following judgement that have significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Depreciation and Amortisation

The Group's net book value of property, plant and equipment as at 31 December 2005 was approximately RMB217 million. The Group depreciates the property, plant and machinery on a straight line method over their estimated useful lives and after taking into account of their estimated residual value, at the rates 3.33% to 20% per annum, commencing from the date the property, plant and equipment is placed into use. The estimated useful lives and dates that the Group places the property, plant and equipment into use reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Allowances for bad and doubtful receivables

The policy for allowance for bad and doubtful receivables of the Group is based on the evaluation of collectability and recoverable amount of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As a result, an additional allowance of RMB3,487,000 has been recognised in the current year.

5. 關鍵會計判斷及估計不明朗因素的主要來源

於實體採用附註4所述的會計政策時，管理層曾作出下列對財務報表確認金額有重大影響的判斷。大有可能導致下個財政年度的資產及負債賬面值須作重大調整的未來主要假設及於結算日估計不明朗因素來源載於下文。

折舊及攤銷

本集團物業、廠房及設備於二零零五年十二月三十一日的賬面淨值約為人民幣217,000,000元。本集團自物業、廠房及設備啟用當日起，於計算估計剩餘價值後以直線法按估計可使用年期及以3.33%至20%的年率計算物業、廠房及機器的折舊。本集團物業、廠房及設備的估計可使用年期及啟用日期反映董事估計本集團日後自使用物業、廠房及設備而取得經濟利益的期間。

呆壞賬撥備

本集團的呆壞賬撥備政策乃基於應收賬款的估計可收回情況與可收回數額以及管理層判斷。評估應收賬款的最終變現需要作出重要判斷，包括各客戶的現時信貸狀況及過往還款紀錄。倘本集團客戶的財務狀況轉壞而使其無力還款，則或須作出額外撥備。因此，本年度確認額外撥備人民幣3,487,000元。

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(continued)*

Write-down of obsolete and slow-moving inventories

The management reviews an aging analysis at each balance sheet date, and makes allowances for obsolete and slow-moving inventories items identified that are no longer suitable for use in production. The management estimates the net realisable value for such finished goods, work in progress and raw materials 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 allowances for obsolete and slow-moving items. As a result, an additional allowance of RMB5,095,000 have been recognized in the current year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. As at 31 December 2005, the carrying amount of goodwill is zero as all of the unamortised goodwill has been fully impaired. Details are disclosed in Notes 17 and 18.

Income taxes

As at 31 December 2005, a deferred tax asset of approximately RMB3,320,000 in relation to deductible temporary differences has been recognised in the Group's balance sheet. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a reversal takes place.

5. 關鍵會計判斷及估計不明朗因素的主要來源 *(續)*

撇減陳舊及滯銷存款

管理層於每年結算日檢討賬齡分析，並對已確定不再適合用作生產的陳舊及滯銷存款作出撥備。管理層主要根據最近期發票價格及當時市況估計製成品、在製品及原料的可變現淨值。本集團於每年結算日檢討各項產品的存貨量，並會就陳舊及滯銷項目作出撥備。因此，本年度確認額外撥備人民幣5,095,000元。

估計商譽減值

於釐定商譽是否減值時需要估計商譽所屬現金產生單位的使用價值。計算使用價值需要本集團估計預期現金產生單位的日後現金流量，以及用作計算現值的合適貼現率。於二零零五年十二月三十一日，由於所有未攤銷商譽已全數減值，故此商譽的賬面值為零。有關詳情載於附註17及18。

所得稅

於二零零五年十二月三十一日，有關可扣稅暫時差額的遞延稅務資產約人民幣3,320,000元已在本集團的資產負債表確認。遞延稅務資產可變現與否主要取決於日後有否足夠的溢利或應課稅暫時差額可供動用。倘日後的實際溢利低於預期水平，則遞延稅務資產或會大幅撥回，並於撥回的期間在收益表確認。

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6. Financial Risk Management Objectives and Policies

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

Liquidity risk

The Group had net current liabilities of RMB42,467,000 as at 31 December 2005. Therefore the Group is exposed to liquidity risk. The management manages this exposure by maintaining the operating profits, obtaining sufficient banking facilities and renewal of existing bank loans.

Currency risk

Several subsidiaries of the Company have foreign currency sales, which expose the Group to foreign currency risk.

Certain trade receivables and borrowings of the Group are denominated in foreign currencies. 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 arise.

Fair value interest rate risk

The Group is exposed to fair value interest rate risk through the impact of rate changes on interest bearing bank borrowings at fixed rates. The interest rate and terms of repayment of bank borrowings of the Group are disclosed in Note 32. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

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 debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

6. 財務風險管理目標及政策

本集團的主要財務工具包括應收貿易賬款及票據、其他應收賬款、應付貿易賬款及票據、其他應付賬款及銀行借貸。財務工具的詳情載於有關附註。有關財務工具的詳情及減低風險的政策載於下文。管理層控制及監察有關風險，以確保及時有效地實行合適的措施。

流動資金風險

本集團於二零零五年十二月三十一日的流動負債淨額人民幣42,467,000元。本集團為控制有關風險，管理層將致力維持營運溢利、取得足夠的銀行信貸及延續現有銀行貸款。

貨幣風險

本公司的多家附屬公司以外幣進行銷售，故此本集團須面對外幣風險。

本集團若干應收貿易賬款及借貸以外幣計值。本集團現時並無制訂外幣對沖政策。然而，管理層將監察外匯風險，並會於有需要時考慮對沖重大外幣風險。

公平值利率風險

本集團面對來自定息銀行借貸利率變動的公平值利率風險。本集團銀行借貸的利率及還款期載於附註32。本集團現沒有一套利息對沖政策。但管理層已對利率轉變進行監控及於有需要時，考慮對沖重大的利率轉變的風險。

信貸風險

本集團有關交易對手未能履行截至二零零五年十二月三十一日各類已確認財務資產責任的信貸風險，以綜合資產負債表所列資產的賬面值為限。為減低信貸風險，本集團管理層授權專責小組，負責釐定信貸上限、信貸批授及其他監察程序，以確保採取跟進行動，收回逾期債項。此外，本集團亦於每年結算日檢討各項貿易債項的可收回金額，以確保就不可收回金額作出足夠的減值虧損。本公司董事認為，此舉大大減低本集團的信貸風險。

6. Financial Risk Management Objectives and Policies*(continued)***Credit risk** *(continued)*

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

7. Revenue

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less returns and trade discounts, during the year.

An analysis of the Group's revenue is as follows:

6. 財務風險管理目標及政策 *(續)***信貸風險** *(續)*

本集團的信貸風險並不高度集中，有關風險分散於多名交易對手及客戶。

7. 收益

收益指年內本集團向外界客戶出售貨品的已收及應收金額減退貨及貿易折扣。

本集團的收益分析如下：

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Revenue	收益		
Sales of controller systems for consumer electrical and electronic appliances	銷售消費電器及電子用品的控制器系統	55,622	176,690
Sales of controller systems for mobile phones and income from assembly of mobile phones	銷售流動電話控制器系統及裝嵌流動電話的收入	390,560	317,433
		446,182	494,123
Other income	其他收入		
Government grants received recognised as income (Note 33)	已確認為收入的已收政府補助金 (附註33)	856	2,728
Bank interest income	銀行利息收入	660	1,128
Processing fee income	加工費收入	27,442	13,796
Gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益	-	335
Others	其他	1,338	1,327
		30,296	19,314

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8. Business and Geographical Segments

(a) Business segments

For management purposes, the Group is currently organised into two operating divisions, namely, sales of controller systems for consumer electrical and electronic appliances and sales of controller systems for mobile phones and income from assembly of mobile phones. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

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8. 業務及地區分部

(a) 業務分部

就管理而言，本集團現時分為兩個營運部門，即銷售消費電器及電子用品的控制器系統，以及銷售流動電話控制器系統及裝嵌流動電話的收入。該等部門為本集團呈報主要分部資料的基準。

該等業務的分部資料如下：

截至二零零五年十二月三十一日止年度

		Sales of controller systems for consumer electrical and electronic appliances 銷售消費電器及 電子用品的 控制器系統 RMB'000 人民幣千元	Sales of controller systems for mobile phones and income from assembly of mobile phones 銷售流動電話 控制器系統及 裝嵌流動電話 的收入 RMB'000 人民幣千元	Unallocated 未分配 RMB'000 人民幣千元	Consolidated 綜合 RMB'000 人民幣千元
Revenue	收益	55,622	390,560		446,182
Segment results	分部業績	2,909	46,636		49,545
Unallocated revenue	未分配收益				2,262
Unallocated corporate expenses	未分配企業開支				(24,810)
Finance costs	融資成本				(10,786)
Share of results of associates	應佔聯營公司業績				(128)
Profit before tax	除稅前溢利				16,083
Income tax expenses	所得稅開支				(12,032)
Profit for the year	年內溢利				4,051

8. Business and Geographical Segments (continued)

(a) Business segments (continued)

For the year ended 31 December 2005 (continued)

8. 業務及地區分部 (續)

(a) 業務分部 (續)

截至二零零五年十二月三十一日止年度

(續)

		Sales of controller systems for mobile phones and income from assembly of mobile phones	Sales of controller systems for consumer electrical and electronic appliances	Sales of controller systems for mobile phones and income from assembly of mobile phones	Unallocated 未分配	Consolidated 綜合
		銷售流動電話 控制器系統及 裝嵌流動電話 的收入	銷售消費電器及 電子用品的 控制器系統	銷售流動電話 控制器系統及 裝嵌流動電話 的收入	未分配	綜合
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 31 December 2005	於二零零五年十二月三十一日					
BALANCE SHEET	資產負債表					
ASSETS	資產					
Consolidated total assets	綜合資產總值	104,789	390,274	196,337	691,400	
LIABILITIES	負債					
Consolidated total liabilities	綜合負債總額	10,063	235,128	235,694	480,885	
OTHER INFORMATION	其他資料					
Capital additions	增加資本	35,548	37,115	41,855	114,518	
Depreciation	折舊	1,473	11,884	718	14,075	
Impairment loss on goodwill arising on acquisition of subsidiaries	因收購附屬公司而產生的商譽減值虧損	186	2,991		3,177	
Impairment loss on goodwill arising on acquisition of associates	因收購聯營公司而產生的商譽減值虧損	-	-	259	259	
Impairment loss on amount due from associates	應收聯營公司款項減值虧損	-	-	1,374	1,374	
Impairment loss on amount due from minority shareholders	應收少數股東款項減值虧損	-	237	-	237	
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	40	3		43	
Impairment loss in respect of trade receivables, deposits and other receivables	應收貿易賬款、按金及其他應收賬款減值虧損	1,061	-	2,426	3,487	
Write-down of inventories	撇減存貨	5,095	-	-	5,095	
Amortisation of prepaid lease payment	攤銷預付租賃款	24	196	95	315	

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8. Business and Geographical Segments (continued)

(a) Business segments (continued)

For the year ended 31 December 2004

8. 業務及地區分部 (續)

(a) 業務分部 (續)

截至二零零四年十二月三十一日止年度

		Sales of controller systems for mobile phones and income from assembly of mobile phones 銷售流動電話 控制器系統及 裝嵌流動電話 的收入	Unallocated 未分配	Consolidated 綜合
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Revenue	收益	176,690	317,433	494,123
Segment results	分部業績	64,615	42,027	106,642
Unallocated revenue	未分配收益			11,812
Unallocated corporate expenses	未分配企業開支			(31,538)
Finance costs	融資成本			(4,567)
Share of results of associates	應佔聯營公司業績			(33)
Profit before tax	除稅前溢利			82,316
Income tax expenses	所得稅開支			(27,176)
Profit for the year	年內溢利			55,140

8. Business and Geographical Segments (continued)

(a) Business segments (continued)

For the year ended 31 December 2004 (continued)

8. 業務及地區分部 (續)

(a) 業務分部 (續)

截至二零零四年十二月三十一日止年度 (續)

		Sales of controller systems for mobile phones and income from assembly of mobile phones	Sales of controller systems for consumer electrical and electronic appliances	Sales of controller systems for mobile phones and income from assembly of mobile phones	Unallocated 未分配	Consolidated 綜合
		銷售流動電話 控制器系統及 裝嵌流動電話 的收入	銷售消費電器及 電子用品的 控制器系統	銷售流動電話 控制器系統及 裝嵌流動電話 的收入	RMB'000 人民幣千元	RMB'000 人民幣千元
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 31 December 2004	於二零零四年 十二月三十一日					
BALANCE SHEET	資產負債表					
ASSETS	資產					
Consolidated total assets	綜合資產總值		82,258	258,058	112,055	452,371
Interests in associates	聯營公司權益					387
						452,758
LIABILITIES	負債					
Consolidated total liabilities	綜合負債總額		58,701	83,202	97,031	238,934
OTHER INFORMATION	其他資料					
Capital additions	增加資本		5,300	10,307	4,636	20,243
Depreciation	折舊		3,009	8,819	378	12,206
Amortisation of goodwill arising from acquisition of: subsidiaries	攤銷因收購下列公司 而產生的商譽: 附屬公司		256	395	-	651
associates	聯營公司		-	-	6	6
Impairment loss on goodwill arising from acquisition of subsidiaries	因收購附屬公司而產生 的商譽減值虧損		-	-	138	138
Gain on disposal of property, plant and equipment	出售物業、廠房及 設備的收益		-	-	335	335
Impairment loss in respect of trade receivables, deposits and other receivables	應收貿易賬款、按金及其他 應收賬款減值虧損		1,853	-	-	1,853
Write-down of inventories	撇減存貨		56	-	-	56
Amortisation of prepaid lease payment	攤銷預付租賃款		75	122	86	283

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8. Business and Geographical Segments (continued)

(b) Geographical segments

The Group's sales of controller systems for consumer electrical and electronic appliances and controller systems for mobile phones and income from assembly of mobile phones are located in the PRC and Hong Kong.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services.

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
The PRC, excluding Hong Kong	中國·不包括香港	253,489	426,023
Hong Kong	香港	172,825	68,100
Taiwan	台灣	18,484	-
Others	其他	1,384	-
		446,182	494,123

An analysis of the carrying amount of segment assets, and additions to property, plant and equipment, by geographical area in which the assets are located has not been presented as they are substantially located in the PRC.

8. 業務及地區分部 (續)

(b) 地區分部

本集團銷售消費電器及電子用品的控制器系統，以及銷售流動電話控制器系統及裝嵌流動電話業務位於中國及香港。

下列載列本集團按地區市場劃分的收益分析(不論貨品/服務的來源地)：

由於分部資產以及物業、廠房及設備添置主要位於中國，故此並無按其所在地區呈列有關賬面值的分析。

9. FINANCE COSTS

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Interest on:	下列項目的利息：		
Bank and other borrowings wholly repayable within five years	須於五年內全數償還的銀行及其他借貸	10,786	4,549
Obligations under a finance lease	融資租賃承擔	-	18
		10,786	4,567

9. 融資成本

10. PROFIT BEFORE TAX

10. 除稅前溢利

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (restated) (重列)
Profit before tax has been arrived at after charging (crediting):	除稅前溢利已扣除(計入):		
Staff costs, including directors' remuneration (Note 12(a)):	員工成本(包括董事酬金) (附註12(a)):		
– Salaries, wages and other benefits	– 薪金、工資及其他福利	21,858	16,800
– Retirement benefit scheme contributions	– 退休福利計劃供款	972	807
Total staff costs	總員工成本	22,830	17,607
Auditors' remuneration	核數師酬金	1,366	853
Cost of inventories recognised as an expense	已確認為開支的存貨成本	382,869	369,374
Depreciation of property, plant and equipment	物業、廠房及設備折舊	14,075	12,206
Amortisation of prepaid lease payments	攤銷預付租賃款	757	415
Less: Amount capitalised in buildings under construction	減:撥充在建樓宇資本的金額	(442)	(132)
Amortisation of goodwill arising from acquisition of subsidiaries	攤銷因收購附屬公司而產生的商譽	–	651
Amortisation of goodwill arising from acquisition of associates	攤銷因收購聯營公司而產生的商譽	–	6
Total depreciation and amortisation	折舊及攤銷總額	14,390	13,146
Net foreign exchange losses	外匯虧損淨額	43	378
Research and development costs	研究及開發成本	2,269	1,051
Loss (gain) on disposal of property, plant and equipment	出售物業、廠房及設備的虧損(收益)	43	(335)
Impairment loss on goodwill arising from acquisition of subsidiaries	因收購附屬公司而產生的商譽減值虧損	3,177	138
Impairment loss on goodwill arising from acquisition of associates	因收購聯營公司而產生的商譽減值虧損	259	–
Impairment loss recognised in respect of trade receivables, deposits and other receivables	應收貿易賬款、按金及其他應收賬款減值虧損	3,487	1,853
Impairment loss on amounts due from associates	應收聯營公司款項減值虧損	1,374	–
Impairment loss on amounts due from minority shareholders	應收少數股東款項減值虧損	237	–
Write-down of inventories	撇銷存貨	5,095	56

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11. INCOME TAX EXPENSES

11. 所得稅開支

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Current tax:	即期稅項:		
– PRC income tax	– 中國所得稅	14,604	30,567
– Under(over)provision in prior years	– 過往年度不足(超額)撥備	195	(5,895)
Deferred tax (Note 20)	遞延稅項(附註20)	14,799 (2,767)	24,672 2,504
		12,032	27,176

No provision for Hong Kong Profits Tax has been made as the Group incurred tax losses in Hong Kong for both years.

PRC income tax is calculated at 33% of the estimated taxable profit in accordance with the income tax law in the PRC for both years. A subsidiary operating in the PRC is entitled to a tax exemption for two years commencing from its first profit-making year, followed by a 50% reduction in the PRC income tax for three years.

由於本集團於該兩個年度在香港均有稅項虧損，故此並無作出香港利得稅撥備。

中國所得稅乃根據中國所得稅法按該兩個年度的估計應課稅溢利以稅率33%計算。一間於中國經營的附屬公司享有自錄得盈利開始，首兩年免稅及其後三年獲得50%中國所得稅減免。

11. INCOME TAX EXPENSES (continued)

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

11. 所得稅開支 (續)

年內所得稅開支與收益表所列除稅前溢利的對賬如下：

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (restated) (重列)
Profit before tax	除稅前溢利	16,083	82,316
Tax at the domestic income tax rate of 33%	按國內所得稅稅率33% 計算的稅項	5,307	27,164
Tax effect of share of results of associates	應佔聯營公司業績的稅務影響	43	11
Tax effect of expenses that are not deductible in determining taxable profit	計算應課稅溢利時的不可扣稅 開支稅務影響	3,770	3,638
Tax effect of income that are not taxable in determining taxable profit	計算應課稅溢利時的毋須課稅 收入稅務影響	(6)	-
Tax effect of tax losses not recognised	未確認稅務虧損的稅務影響	19	373
Tax effect of deductible temporary differences not recognised	未確認可扣稅暫時差額的稅務影響	495	-
Recognition of deductible temporary differences previously not recognised	確認過往未確認的可扣稅暫時差額	(677)	(553)
Tax effect of tax exemptions granted	已獲稅務寬免的稅務影響	-	(11)
Income tax on concessionary rate	按優惠稅率計算的所得稅	(31)	-
Effect of different tax rates of subsidiaries operating in different jurisdictions in the PRC (note)	在中國其他司法權區營運的 附屬公司的不同稅率影響 (附註)	2,718	2,449
Under(over) provision in respect of prior years	過往年度不足(超額)撥備	195	(5,895)
Others	其他	199	-
Income tax expenses for the year	本年度所得稅開支	12,032	27,176

Note: Enterprise income tax for certain PRC subsidiaries are calculated based on the deemed taxable income at the applicable tax rate.

附註：某些中國附屬公司的企業所得稅按被視作應課稅收入以適用稅率計算。

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12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 8 (2004: 9) directors were as follows:

		Wang Ya	Liu Xiao	Chen Zheng	Wang Pei	Li Ming	Tang Zhen	Ding Gang	Mok Wai Man	Total	
2005		Qun	Chun	Tu	Zhang	Ming	Ming	Yi	Derek	2005	
二零零五年		王亞群	劉曉春	陳正土	王佩章	李明	唐振明	丁剛毅	莫偉民	總計	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Fees	袍金	-	-	-	-	-	-	-	-	-	
Other emoluments	其他酬金										
Salaries and other benefits	薪金及其他福利	325	585	-	72	-	-	-	53	1,035	
Retirement benefit scheme contributions	退休福利計劃供款	-	-	-	14	-	-	-	-	14	
Total emoluments	酬金總額	325	585	-	86	-	-	-	53	1,049	
		Wang Ya	Liu Xiao	Chen Zheng	Wang Pei	Li Ming	Tang Zhen	Ding Gang	Lam Ming	Mok Wai Man	Total
2004		Qun	Chun	Tu	Zhang	Ming	Ming	Yi	Yun	Derek	2004
二零零四年		王亞群	劉曉春	陳正土	王佩章	李明	唐振明	丁剛毅	林明勇	莫偉民	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Fees	袍金	-	-	-	-	-	-	-	-	-	
Other emoluments	其他酬金										
Salaries and other benefits	薪金及其他福利	300	742	-	82	-	-	-	-	1,124	
Retirement benefit scheme contributions	退休福利計劃供款	-	-	-	16	-	-	-	-	16	
Total emoluments	酬金總額	300	742	-	98	-	-	-	-	1,140	

No director waived any emoluments for years ended 31 December 2005 and 2004.

12. 董事、監事及僱員酬金

(a) 董事酬金

已付或應付8名(二零零四年:9名)董事的酬金如下:

截至二零零五年及二零零四年十二月三十一日止年度並無董事放棄酬金。

12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(b) Supervisors' emoluments

The emoluments paid or payable to each of the 3 (2004: 3) supervisors were as follows:

2005 二零零五年		Zhang Xing Jiang 張興江 RMB'000 人民幣千元	Chen Qian 陳謙 RMB'000 人民幣千元	Wang Ying 王穎 RMB'000 人民幣千元	Total 2005 二零零五年 總計 RMB'000 人民幣千元
Fees	袍金				
Other emoluments	其他酬金				
Salaries and other benefits	薪金及其他福利	-	-	64	64
Retirement benefit scheme contributions	退休福利計劃供款	-	-	13	13
Total emoluments	酬金總額	-	-	77	77

2004 二零零四年		Zhang Xing Jiang 張興江 RMB'000 人民幣千元	Chen Qian 陳謙 RMB'000 人民幣千元	Wang Ying 王穎 RMB'000 人民幣千元	Total 2004 二零零四年 總計 RMB'000 人民幣千元
Fees	袍金				
Other emoluments	其他酬金				
Salaries and other benefits	薪金及其他福利	-	-	27	27
Retirement benefit scheme contributions	退休福利計劃供款	-	-	5	5
Total emoluments	酬金總額	-	-	32	32

No supervisor waived any emoluments for years ended 31 December 2005 and 2004.

12. 董事、監事及僱員酬金 (續)

(b) 監事酬金

已付或應付3名(二零零四年:3名)監事的酬金如下:

2005 二零零五年		Zhang Xing Jiang 張興江 RMB'000 人民幣千元	Chen Qian 陳謙 RMB'000 人民幣千元	Wang Ying 王穎 RMB'000 人民幣千元	Total 2005 二零零五年 總計 RMB'000 人民幣千元
Fees	袍金				
Other emoluments	其他酬金				
Salaries and other benefits	薪金及其他福利	-	-	64	64
Retirement benefit scheme contributions	退休福利計劃供款	-	-	13	13
Total emoluments	酬金總額	-	-	77	77

2004 二零零四年		Zhang Xing Jiang 張興江 RMB'000 人民幣千元	Chen Qian 陳謙 RMB'000 人民幣千元	Wang Ying 王穎 RMB'000 人民幣千元	Total 2004 二零零四年 總計 RMB'000 人民幣千元
Fees	袍金				
Other emoluments	其他酬金				
Salaries and other benefits	薪金及其他福利	-	-	27	27
Retirement benefit scheme contributions	退休福利計劃供款	-	-	5	5
Total emoluments	酬金總額	-	-	32	32

截至二零零五年及二零零四年十二月三十一日止年度並無監事放棄酬金。

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12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

(c) Employees' emoluments

Of the five individuals with the highest emolument in the Group, two (2004: two) were directors of the Company whose emoluments are included in Note 12(a) above. The emoluments of the remaining three (2004: three) individuals were as follows:

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Salaries and other benefits	薪金及其他福利	631	785
Retirement benefit scheme contributions	退休福利計劃供款	15	18
		646	803

Their emoluments were within the following band:

酬金範圍如下：

		Number of employees 僱員數目	
		2005 二零零五年	2004 二零零四年
HK\$ equivalent Nil to 1,000,000	港元等值 零至1,000,000	3	3

13. DIVIDENDS

13. 股息

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Interim dividend paid/payable – RMB0.7 cent (2004: RMB0.7 cent) per share	已付／應付中期股息－每股人民幣0.7分 (二零零四年：人民幣0.7分)	3,500	3,500
Final dividend proposed – Nil (2004: RMB1.2 cents) per share	擬派末期股息－無 (二零零四年：每股人民幣1.2分)	–	6,000
		3,500	9,500

The directors do not recommend the payment of final dividend for the year ended 31 December 2005.

董事並不建議就截至二零零五年十二月三十一日止年度派付末期股息。

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to equity holders of the Company of RMB7,241,000 (2004: RMB56,317,000) and 500,000,000 shares (2004: 500,000,000 shares) in issue during the year.

No diluted earnings per share has been presented because the Company has no potential ordinary shares in issue for both years.

The following table summarises the impact on basic earnings per share as a result of:

14. 每股盈利

每股基本盈利乃根據年內本公司股權持有人應佔溢利人民幣7,241,000元(二零零四年:人民幣56,317,000元)及年內已發行股份500,000,000股(二零零四年:500,000,000股)計算。

由於本公司於該兩個年度並無潛在已發行股份,故此並無呈列每股攤薄盈利。

下表概述下列項目對每股基本盈利的影響:

		Impact on basic earnings per share 對每股基本盈利的影響	
		2005 二零零五年 RMB cents 人民幣分	2004 二零零四年 RMB cents 人民幣分
Figures before adjustments	調整前的數字	1.28	11.24
Adjustments arising from changes in the accounting policies described in Notes 3 and 3A	附註3及3A所述更改會計政策後作出的調整	0.17	0.02
Restated	重列	1.45	11.26

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15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Buildings in the PRC 中國樓宇 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Computer and office equipment 電腦及 辦公室設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Buildings under construction 在建樓宇 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
COST							
At 1 January 2004	成本 於二零零四年 一月一日						
- As originally stated	- 原先列賬	36,023	91,282	2,553	3,197	53	133,108
- Reclassified to prepaid lease payments	- 重新分類至 預付租賃款	(12,377)	-	-	-	-	(12,377)
- As restated	- 重列	23,646	91,282	2,553	3,197	53	120,731
Acquired on acquisition of subsidiaries	於收購附屬公司時 購入	-	615	321	-	-	936
Additions	添置	27	15,140	1,229	2,141	1,706	20,243
Disposals	出售	-	(572)	(136)	(904)	-	(1,612)
At 31 December 2004 and 1 January 2005	於二零零四年 十二月三十一日及 二零零五年一月一日	23,673	106,465	3,967	4,434	1,759	140,298
Additions	添置	1,971	1,439	1,444	422	109,242	114,518
Disposals	出售	-	-	(131)	-	-	(131)
At 31 December 2005	於二零零五年 十二月三十一日	25,644	107,904	5,280	4,856	111,001	254,685
ACCUMULATED DEPRECIATION							
At 1 January 2004	累計折舊 於二零零四年一月一日						
- As originally stated	- 原先列賬	2,305	8,467	567	921	-	12,260
- Reclassified to prepaid lease payments	- 重新分類至 預付租賃款	(758)	-	-	-	-	(758)
- As restated	- 重列	1,547	8,467	567	921	-	11,502
Charge for the year	本年度撥備	868	10,175	605	558	-	12,206
Eliminated on disposals	出售時撇銷	-	(26)	(35)	(290)	-	(351)
At 31 December 2004 and 1 January 2005	於二零零四年 十二月三十一日及 二零零五年一月一日	2,415	18,616	1,137	1,189	-	23,357
Charge for the year	本年度撥備	916	10,257	2,352	550	-	14,075
Eliminated on disposals	出售時撇銷	-	-	(52)	-	-	(52)
At 31 December 2005	於二零零五年 十二月三十一日	3,331	28,873	3,437	1,739	-	37,380
CARRYING VALUES							
At 31 December 2005	賬面值 於二零零五年 十二月三十一日	22,313	79,031	1,843	3,117	111,001	217,305
At 31 December 2004	於二零零四年 十二月三十一日	21,258	87,849	2,830	3,245	1,759	116,941

15. 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:

Buildings	3.33% – 10%
Plant and machinery	10% – 20%
Computer and office equipment	20%
Motor vehicles	20%

15. 物業、廠房及設備 (續)

上述物業、廠房及設備以直線法按下列年率計算折舊：

樓宇	3.33%至10%
廠房及設備	10%至20%
電腦及辦公室設備	20%
汽車	20%

16. PREPAID LEASE PAYMENTS**16. 預付租賃款**

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
The Group's prepaid lease payments comprise:	本集團的預付租賃款包括：		
Medium-term leasehold land in the PRC	中國中期租賃土地	39,164	31,581
Analysed for reporting purposes as:	為呈報而進行的分析：		
Non-current asset	非流動資產	38,223	30,896
Current asset	流動資產	941	685
		39,164	31,581

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17. GOODWILL

17. 商譽

		RMB'000 人民幣千元
COST		
成本		
At 1 January 2004	於二零零四年一月一日	1,177
Arising from acquisition of subsidiaries	因收購附屬公司而產生	3,593
At 31 December 2004 and 1 January 2005	於二零零四年十二月三十一日及 二零零五年一月一日	4,770
Elimination of accumulated amortisation upon the application of HKFRS 3 (see Note 3)	採用香港財務報告準則第3號 而撇銷累計攤銷(見附註3)	(1,455)
At 31 December 2005	於二零零五年十二月三十一日	3,315
AMORTISATION		
攤銷		
At 1 January 2004	於二零零四年一月一日	804
Charge for the year	年內撥備	651
At 31 December 2004 and at 1 January 2005	於二零零四年十二月三十一日及 二零零五年一月一日	1,455
Elimination of accumulated amortisation upon the application of HKFRS 3 (see Note 3)	採用香港財務報告準則第3號 而撇銷累計攤銷(見附註3)	(1,455)
At 31 December 2005	於二零零五年十二月三十一日	-
IMPAIRMENT		
減值		
At 1 January 2004	於二零零四年一月一日	-
Impairment loss recognised for the year	年內已確認減值虧損	138
At 31 December 2004 and at 1 January 2005	於二零零四年十二月三十一日及 二零零五年一月一日	138
Impairment loss recognised for the year	年內已確認減值虧損	3,177
At 31 December 2005	於二零零五年十二月三十一日	3,315
CARRYING VALUES		
賬面值		
At 31 December 2005	於二零零五年十二月三十一日	-
At 31 December 2004	於二零零四年十二月三十一日	3,177

17. GOODWILL (continued)

Until 31 December 2004, goodwill had been amortised over its estimated useful life of 5 years.

Particulars regarding impairment testing on goodwill are disclosed in Note 18.

18. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, the goodwill as set out in Note 17 has been allocated to two individual cash generating units (the "CGUs"), comprising one subsidiary engaged in manufacture of controller systems for mobile phones and assembly of mobile phones and one subsidiary engaged in manufacture of controller systems for consumer electrical and electronic appliances. The carrying amounts of goodwill at the balance sheet date allocated to these CGUs are as follows:

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Manufacture of controller systems for mobile phones and assembly of mobile phones	製造流動電話控制器系統及裝嵌流動電話		
– Shanghai E-Source Telecommunication Company Limited ("E-Source")	– 上海屹朔通信設備有限公司(「屹朔」)	–	2,991
Manufacture of controller systems for consumer electrical and electronic appliances	製造消費電器及電子用品的控制器系統		
– Ningbo Bolang Electrical Appliance Company Limited ("Bolang")	– 寧波波朗電器有限公司(「波朗電器」)	–	186
		–	3,177

For the year ended 31 December 2005, the Group recognised an impairment loss of RMB2,991,000 and RMB186,000 in relation to goodwill arising on acquisition of E-Source and Bolang, respectively.

17. 商譽 (續)

於二零零四年十二月三十一日前，商譽按其估計可使用年期5年攤銷。

商譽減值評估的詳情載於附註18。

18. 商譽減值評估

就減值評估而言，附註17所載的商譽已分配至兩個個別現金產生單位(「現金產生單位」)，包括一家從事製造流動電話控制器系統及裝嵌流動電話的附屬公司，以及一家從事製造消費電器及電子用品的控制器系統的附屬公司。

截至二零零五年十二月三十一日止年度，本集團就收購屹朔及波朗電器而產生的商譽確認減值虧損分別人民幣2,991,000元及人民幣186,000元。

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18. IMPAIRMENT TESTING ON GOODWILL (continued)

The basis of the recognition of the impairment losses on the goodwill are summarised below:

E-Source

The recoverable amount of E-Source has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 12.01%. Cash flow projections during the budget period for the CGU are based on the expected gross margins and expected expenditures during the budget period. Since net expenditure is expected from the calculation, the directors believe that the unamortised goodwill allocated to E-Source should be fully impaired and recognised in profit and loss for the year. Loss incurred by E-Source in current year amounted to RMB8,203,000.

Bolang

The recoverable amount of Bolang has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 10.52%. Cash flow projections during the budget period for the CGU is based on expected gross margins and expected expenditure during the budget period. Since net expenditure is expected from the calculation, the directors believe that the unamortised goodwill allocated to Bolang should be fully impaired and recognised in profit and loss for the year. Loss incurred by Bolang in current year amounted to RMB2,419,000.

18. 商譽減值評估 (續)

確認商譽減值虧損的基準概述如下：

屹朔

屹朔的可收回金額按使用價值計算法計算。該計算法使用以管理層批准的5年財政預算及貼現率12.01%為基準的現金流量預測。現金產生單位於預算期內的現金流量預測乃根據預算期內的預期毛利率及預期支出計算。由於計算上預期出現淨支出，因此董事相信，分配至屹朔的未攤銷商譽應全數減值，並在本年度的損益賬確認。屹朔於本年度的虧損為人民幣8,203,000元。

波朗電器

波朗電器的可收回金額按使用價值計算法計算。該計算法使用以管理層批准的5年財政預算及貼現率10.52%為基準的現金流量預測。現金產生單位於預算期內的現金流量預測乃根據預算期內的預期毛利率及預期支出計算。由於計算上預期出現淨支出，因此董事相信，分配至波朗電器的未攤銷商譽應全數減值，並在本年度的損益賬確認。波朗電器於本年度的虧損為人民幣2,419,000元。

19. INTERESTS IN ASSOCIATES

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Cost of investment in unlisted associates	非上市聯營公司投資成本	420	420
Less: Accumulated impairment	減：累計減值	(259)	-
Share of post-acquisition losses	應佔收購後虧損	161 (161)	420 (33)
		-	387

19. 聯營公司權益

19. INTERESTS IN ASSOCIATES (continued)

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

19. 聯營公司權益 (續)

於二零零五年十二月三十一日，本集團擁有下列聯營公司的權益：

Name 名稱	Class of shares held 所持股份類別	Place of incorporation/ registration and operation 註冊成立/ 註冊及營運地點	Nominal value of paid up issued/registered ordinary capital 已繳已發行/ 註冊普通 股本面值	Attributable equity interest of the Group 本集團應佔股權	Principal activities 主要業務
Shenzhen Ossay Technology Company Limited ("Ossay") 深圳市奧賽科技 有限公司(「奧賽」)	Contributed Capital 實繳股本	PRC 中國	RMB714,200 人民幣714,200元	30%	Research and development of controller systems for audio and video products 研究及開發影音產的先進 控制器系統
Yidong-Sola Technology Limited ("Sola") 屹東曜天科技 有限公司(「曜天」)	Ordinary 普通股	Hong Kong 香港	HKD400,000 400,000港元	50%	Trading of Telecommunications products 買賣電訊產品

Included in the cost of investment in unlisted associates is goodwill of Nil (2004: RMB259,000) arising from acquisition of associates in prior years. The movement of goodwill is set out below.

非上市聯營公司投資成本包括因過往年度收購聯營公司而產生的商譽人民幣零元(二零零四年: 人民幣259,000元)。商譽變動載於下文。

19. INTERESTS IN ASSOCIATES (continued)

Particulars regarding impairment testing on goodwill are as follows:

Ossay

The recoverable amount of Ossay has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 12.75%. Cash flow projections during the budget period for the CGU are based on expected gross margins and expected expenditures during the budget period. Since net expenditure is expected from the calculation, the directors believe that the unamortised goodwill allocated to Ossay should be fully impaired and recognised in profit and loss for the year. Losses incurred by Ossay in current year amounted to RMB409,000 (2004: RMB650,000).

Sola

The recoverable amount of Sola has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 11.26% expected. Cash flow projections during the budget period for the CGU is based on expected gross margins and expected expenditure during the budget period. Since net expenditure is expected from the calculation, the directors believe that the unamortised goodwill allocated to Sola should be fully impaired and recognised in profit and loss for the year. Losses incurred by Sola in current year amounted to RMB231,000 (2004: Nil).

19. 聯營公司權益 (續)

確認商譽減值虧損的基準概述如下：

奧賽

奧賽的可收回金額按使用價值計算法計算。該計算法使用以管理層批准的5年財政預算及貼現率12.75%為基準的現金流量預測。現金產生單位於預算期內的現金流量預測乃根據預算期內的預期毛利率及預期支出計算。由於計算上預期出現淨支出，因此董事相信，分配至奧賽的未攤銷商譽應全數減值，並在本年度的損益賬確認。奧賽於本年度的虧損為人民幣409,000元（二零零四年：人民幣650,000元）。

曜天

曜天的可收回金額按使用價值計算法計算。該計算法使用以管理層批准的5年財政預算及貼現率11.26%為基準的現金流量預測。現金產生單位於預算期內的現金流量預測乃根據預算期內的預期毛利率及預期支出計算。由於計算上預期出現淨支出，因此董事相信，分配至曜天的未攤銷商譽應全數減值，並在本年度的損益賬確認。奧賽於本年度的虧損為人民幣231,000元（二零零四年：無）。

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19. INTERESTS IN ASSOCIATES (continued)

Sola (continued)

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

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Total assets	資產總值	5,230	1,444
Total liabilities	負債總額	(5,611)	(1,160)
Net (liabilities) assets	(負債) 資產淨值	(381)	284
Group's share of net assets of associates	本集團應佔聯營公司資產淨值	-	128
Revenue	收益	97,100	2,726
Loss for the year	年內虧損	661	650
Group's share of losses of associates	本集團應佔聯營公司虧損	128	33

The Group has discontinued recognition of its share of losses of both associates during the year as it has no obligation to share post-acquisition losses in excess of its investment costs. The amounts of unrecognised share of losses of associates, extracted from their relevant management accounts for the year, are as follows:

由於沒有責任承擔超出投資成本之應佔收購後之虧損，本集團於年內終止確認應佔該兩家聯營公司的虧損。摘錄自年內相關管理財務報表的未確認應佔聯營公司虧損如下：

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Unrecognised share of losses of associates	未確認應佔聯營公司虧損	120	-

20. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised and movements thereon during the current and prior years:

20. 遞延稅務資產

以下為本年度及過往年度的已確認主要遞延稅務資產及相關變動：

		Accelerated accounting depreciation	Impairment loss on trade receivables, deposits and other receivables	Write-down of inventories	Others	Total
		加速會計折舊	應收貿易 賬款、按金及 其他應收賬款 減值虧損	撇減存貨	其他	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2004	於二零零四年 一月一日	-	-	-	(3,057)	(3,057)
Charge to income statement for the year	自年內收益表扣除	-	-	-	2,504	2,504
At 31 December 2004 and 1 January 2005	於二零零四年 十二月三十一日及 二零零五年一月一日	-	-	-	(553)	(553)
(Credit) charge to income statement for the year	自年內收益表(入賬) 扣除	(571)	(1,324)	(1,121)	249	(2,767)
At 31 December 2005	於二零零五年 十二月三十一日	(571)	(1,324)	(1,121)	(304)	(3,320)

As at the balance sheet date, the Group has unprovided deferred tax assets due to the unpredictability of the future profit streams arising from tax losses amounting to approximately RMB1,190,000 (2004: RMB1,131,000). All tax losses may be carried forward indefinitely.

於結算日，本集團因未能預測稅務虧損產生的日後溢利而有未撥備遞延稅務資產約為人民幣1,190,000元（二零零四年：人民幣1,131,000元）。所有稅務虧損可無限結轉。

As at the balance sheet date, the Group has deductible temporary differences of RMB6,223,000 (2004: RMB4,724,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

於結算日，本集團的可扣稅暫時差額為人民幣6,223,000元（二零零四年：人民幣4,724,000元）。由於不可能可動用可扣稅暫時差額抵銷應課稅溢利，故此並無就可扣稅暫時差額確認遞延稅務資產。

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21. INVENTORIES

21. 存貨

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Raw materials	原料	56,021	10,819
Work in progress	在製品	15,114	38,973
Finished goods	製成品	11,795	36,866
		82,930	86,658

22. TRADE AND BILLS RECEIVABLES

22. 應收貿易賬款及票據

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Trade and bills receivables	應收貿易賬款及票據	165,530	68,154
Less: accumulated impairment losses	減: 累計減值虧損	(7,333)	(6,632)
		158,197	61,522

22. TRADE AND BILLS RECEIVABLES (continued)

The Group allows an average credit period of 60 – 90 days to its trade customers. An aged analysis of the trade and bills receivables as at the balance sheet date, based on payment due date, and net of impairment losses, is as follows:

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
0 to 90 days	0至90日	91,640	54,047
91 to 180 days	91至180日	15,809	376
181 to 365 days	181至365日	49,770	7,083
Over 365 days	超過365日	978	16
		158,197	61,522

The directors consider that the fair value of the Group's trade and bills receivables at 31 December 2005 approximates to the corresponding carrying amount.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The directors consider that the fair value of the Group's deposits and other receivables at 31 December 2005 approximates to the corresponding carrying amount.

22. 應收貿易賬款及票據 (續)

本集團給予貿易客戶的信貸期平均介乎60至90日。結算日按到期付款日劃分的應收貿易賬款及票據(已扣除減值虧損)賬齡分析如下:

董事認為，於二零零五年十二月三十一日本集團應收貿易賬款及票據的公平值與其賬面值相若。

23. 預付款項、按金及其他應收賬款

董事認為，於二零零五年十二月三十一日本集團按金及其他應收賬款的公平值與其賬面值相若。

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24. AMOUNT DUE FROM (TO) A SHAREHOLDER

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Amount due from China Ruilian Holding Corp. ("China Ruilian")	應收款項 中國瑞聯實業集團 有限公司(「中國瑞聯」)	7,798	-
Amounts due to China Ruilian	應付款項 中國瑞聯	(4,330)	(547)

Amount due from (to) a shareholder is unsecured, non-interest bearing and is repayable on demand. The directors consider that the fair value of amount due from (to) a shareholder at 31 December 2005 approximates to the corresponding carrying amount.

24. 應收(應付)股東款項

應收(應付)股東款項為無抵押及免息,且須於要求時償還。董事認為,於二零零五年十二月三十一日,應收(應付)股東款項的公平值與其賬面值相若。

25. AMOUNTS DUE FROM (TO) ASSOCIATES

The amounts are unsecured, non-interest bearing and are repayable on demand.

The directors consider that the fair value of the amounts due from (to) associates at 31 December 2005 approximates to the corresponding carrying amount.

25. 應收(應付)聯營公司款項

該款項為無抵押及免息,且須於要求時償還。

董事認為,於二零零五年十二月三十一日應收(應付)聯營公司款項的公平值與其賬面值相若。

26. AMOUNTS DUE FROM (TO) MINORITY SHAREHOLDERS

The amounts are unsecured, non-interest bearing and are repayable on demand.

The directors consider that the fair value of the amounts due from (to) minority shareholders at 31 December 2005 approximates to the corresponding carrying amount.

26. 應收(應付)少數股東款項

該款項為無抵押及免息,且須於要求時償還。

董事認為,於二零零五年十二月三十一日應收(應付)少數股東款項的公平值與其賬面值相若。

27. AMOUNTS DUE FROM (TO) DIRECTORS

Amounts due from (to) directors disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

27. 應收(應付)董事款項

根據香港公司條例第161B條披露的應收(應付)董事款項如下:

		31.12.2004	31.12.2005	Maximum
		and 1.1.2005	及 1.1.2005	amount
		二零零四年	十二月三十一日	outstanding
		十二月三十一日	及二零零五年	during the year
		二零零五年	一月一日	年內最高
		十二月三十一日	一月一日	未償還金額
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
Amounts due from	應收款項			
Mr. Wang Ya Qun	王亞群先生	73	-	2,174
Mr. Wang Pei Zhang	王佩章先生	6	5	8
Mr. Liu Xiao Chun	劉曉春先生	10	-	10
		89	5	
Amounts due to	應付款項			
Mr. Wang Ya Qun	王亞群先生	(48)	(10)	
Mr. Liu Xiao Chun	劉曉春先生	-	(750)	
		(48)	(760)	

Amounts due from (to) directors are unsecured, non-interest bearing and are repayable on demand. The directors consider that the fair value of amounts due from (to) directors at 31 December 2005 approximates to the corresponding carrying amount.

應收(應付)董事款項為無抵押及免息,且須於要求時償還。董事認為,於二零零五年十二月三十一日,應收(應付)董事款項的公平值與其賬面值相若。

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28. AMOUNTS DUE FROM RELATED COMPANIES

28. 應收關連公司款項

Name of related company 關連公司名稱	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
北京屹東利華科技有限責任公司("屹東利華") Fine Best Technology Limited ("Fine Best")	304 39	295 -
	343	295

- (a) Mr. Wang Ya Qun, a director of the Company, is also a director of 屹東利華.

The amount due from 屹東利華 is unsecured, non-interest bearing and is repayable on demand. The directors consider that the fair value of amount due from 屹東利華 at 31 December 2005 approximates to the corresponding carrying amount.

- (b) Messrs. Wang Ya Qun and Liu Xiao Chun, directors of the Company, are also directors and shareholders of Fine Best.

The amount due from Fine Best is unsecured, non-interest bearing and is repayable on demand. The directors consider that the fair value of amount due from Fine Best at 31 December 2005 approximates to the corresponding carrying amount.

- (a) 本公司董事王亞群先生亦為屹東利華的董事。

應收屹東利華款項為無抵押及免息，且須於要求時償還。董事認為，於二零零五年十二月三十一日，應收屹東利華款項的公平值與其賬面值相若。

- (b) 本公司董事王亞群先生及劉曉春先生亦為Fine Best的董事兼股東。

應收Fine Best款項為無抵押及免息，且須於要求時償還。董事認為，於二零零五年十二月三十一日，應收Fine Best款項的公平值與其賬面值相若。

29. PLEDGED BANK DEPOSITS

The amounts represent deposits pledged to banks to secure short-term banking facilities granted to the Group and are therefore classified as current assets.

The pledged deposits carry interest at fixed rates ranging from 2.07% to 3% (2004: 2.07%) and will be released upon the settlement of relevant bank borrowings. The directors consider that the fair value of these at 31 December 2005 approximates to the corresponding carrying amount.

30. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on payment due date, is as follows:

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
0 to 90 days	0至90日	139,842	104,353
91 to 180 days	91至180日	43,372	1,817
181 to 365 days	181至365日	6,417	1,605
Over 365 days	超過365日	27,707	37
		217,338	107,812

The directors consider that the fair value of the Group's trade and bills payables at 31 December 2005 approximates to the corresponding carrying amount.

31. OTHER PAYABLES AND ACCRUALS

The directors consider that the fair value of the Group's other payables at 31 December 2005 approximates to the corresponding carrying amount.

29. 已抵押銀行存款

該款項指抵押予銀行的存款，以作為本集團所獲短期銀行信貸的擔保，故此列作流動資產。

已抵押存款按固定利率介乎2.07%至3%（二零零四年：2.07%）計息，並將於償還有關銀行借貸時解除。董事認為，於二零零五年十二月三十一日該資產的公平值與其賬面值相若。

30. 應付貿易賬款及票據

結算日按到期付款日劃分的應付貿易賬款及票據賬齡分析如下：

董事認為，於二零零五年十二月三十一日本集團應付貿易賬款及票據的公平值與其賬面值相若。

31. 其他應付賬款及應計費用

董事認為，於二零零五年十二月三十一日本集團其他應付賬款的公平值與其賬面值相若。

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32. BANK BORROWINGS

32. 銀行借貸

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Bank loans	銀行貸款		
– secured	– 有抵押	59,510	50,000
– unsecured	– 無抵押	111,250	23,000
		170,760	73,000

The above amounts bear interest at fixed rates ranging from 4.65% to 7.25% (2004: 4.83% to 6.37%) and are repayable within one year.

上述款項按固定利率介乎4.65%至7.25% (二零零四年: 4.83%至6.37%) 計息, 並須於一年內償還。

The Group's borrowings that are denominated in currency other than the functional currency of the relevant group entities are set out below:

本集團以有關集團實體功能貨幣以外的貨幣計值的借貸如下:

		Denominated in US dollars 以美元計值 RMB'000 人民幣千元
At 31 December 2005	於二零零五年十二月三十一日	8,510
At 31 December 2004	於二零零四年十二月三十一日	–

The directors consider that the fair value of the Group's bank borrowings at 31 December 2005 approximates to the corresponding carrying amount.

董事認為, 於二零零五年十二月三十一日本集團銀行借貸的公平值與其賬面值相若。

33. DEFERRED REVENUE

33. 遞延收益

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
At 1 January	於一月一日	7,379	9,264
Additions	添置	1,000	843
Transfer to consolidated income statement (Note 7)	轉撥至綜合收益表 (附註7)	(856)	(2,728)
At 31 December	於十二月三十一日	7,523	7,379
Analysed for reporting purposes as:	為呈報而進行的分析:		
Current liability	非流動負債	1,657	697
Non-current liability	流動負債	5,866	6,682
		7,523	7,379

(a) Government grants for research project

During the year, the Group received government grants of RMB1,000,000, which were designated for a research project. Upon completion of this project, verification report will be submitted to the government for approval and the grants will become unconditional upon approval. As the relevant project has yet to be completed at the year end, the government grants were not recognised as income and they were accounted for as liabilities at the balance sheet date.

(b) Government grants for purchase of the existing premises and equipment for production

In 2003 and 2004, the Group received government grants of RMB5,600,000 and RMB2,323,000, which were designated for the cost of acquisition of existing premises and certain equipment for production respectively. The grants were deferred and will be recognised as income on a straight-line basis over the expected useful lives of the related assets. During the year, the Group recognised government grants of RMB192,000 and RMB464,000 as income respectively for the relevant assets.

(a) 有關研究項目的政府補助金

年內，本集團獲得指定用作研究項目的政府補助金人民幣1,000,000元。當完成該項目時，本集團將向政府呈交核證報告以供審批，而有關補助金將於獲批准時成為無條件。由於有關項目於年終時尚未完成，故此於結算日，該政府補助金並無確認為收入，並列作負債入賬。

(b) 有關購買現有物業及生產設備的政府補助金

於二零零三年及二零零四年，本集團獲得指定分別用作收購現有物業及若干生產設備的政府補助金人民幣5,600,000元及人民幣2,323,000元。該等補助金均已遞延處理，將以直線法按有關資產的預期可使用年期確認為收入。年內，本集團已分別就有關資產將政府補助金人民幣192,000元及人民幣464,000元確認為收入。

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33. DEFERRED REVENUE (continued)

(c) Government grants for the investment in information technologies

In 2004, the Group received a government grant of RMB200,000. The grant was given to the Group as an encouragement to invest in information technologies. As the condition required for such grant had been fulfilled in 2005 and no other contingencies were attached to such grant, the amount was recognised as income in the current year.

33. 遞延收益 (續)

(c) 有關投資資訊科技的政府補助金

於二零零四年，本集團獲得政府補助金人民幣200,000元。該補助金乃給予本集團作為投資資訊科技的鼓勵。由於上述補助金的條件已於二零零五年達成，且並無附帶其他或然條件，故此該款項已於本年度確認為收入。

34. SHARE CAPITAL

34. 股本

		Number of shares	Share capital
		股份數目	股本
		'000	RMB'000
		千股	人民幣千元
Issued and fully paid:	已發行及繳足：		
At 1 January 2004,	於二零零四年一月一日、		
31 December 2004 and	二零零四年十二月三十一日		
31 December 2005	及二零零五年十二月三十一日	500,000	50,000
Domestic shares (Note a)	內資股 (附註a)	370,000	37,000
H shares (Note b)	H股 (附註b)	130,000	13,000
		500,000	50,000

(a) Pursuant to an approval dated 4 June 2003 issued by the China Securities Regulatory Commission, all the shares of the Company, which were issued and fully paid, being 37,000,000 ordinary shares with a par value of RMB1.00 each, were subdivided into 370,000,000 ordinary shares with a par value of RMB0.10 each.

(b) On 14 November 2003, the Company commenced the trading of the newly issued 130,000,000 H shares of RMB0.10 each on the GEM of the Stock Exchange, including 117,000,000 H shares to institutional investors by way of placement and 13,000,000 H shares for subscription by members of the public in Hong Kong under the Public Offer at the Offer Price of HKD0.50 (equivalent to approximately RMB0.535) per share, for a total cash consideration of HKD65,000,000 (equivalent to approximately RMB69,550,000). Following the issue, the share capital and capital reserve of the Company would have been increased by approximately HKD12,150,000 (equivalent to approximately RMB13,000,000) and HKD52,850,000 (equivalent to approximately RMB56,550,000) respectively.

(a) 根據中國證券監督管理委員會於二零零三年六月四日發出的批文，本公司所有已發行及繳足股份（即37,000,000股每股面值人民幣1.00元的普通股）拆細為370,000,000股每股面值人民幣0.10元的普通股。

(b) 於二零零三年十一月十四日，本公司開始於聯交所創業板買賣130,000,000股新發行每股面值人民幣0.10元的H股，其中包括117,000,000股H股以配售方式配售予機構投資者及13,000,000股H股根據公開發售按發售價每股港幣0.50元（約相當於人民幣0.535元）向香港公眾人士提呈以供認購，現金總代價為港幣65,000,000元（約等於人民幣69,550,000元）。於發行後，本公司的股本及資本儲備分別應增加約港幣12,150,000元（約等於人民幣13,000,000元）及港幣52,850,000元（約等於人民幣56,550,000元）。

35. ACQUISITION OF SUBSIDIARIES

In 2004, the Group acquired 97.3% and 60% of the issued share capital of E-Source and Bolang, respectively, for consideration of approximately RMB11,650,000. The acquisition had been accounted for using the purchase method of accounting. The amount of goodwill arising as a result of the acquisitions was approximately RMB3,593,000.

The fair value of the identifiable assets and liabilities of the subsidiaries acquired during 2004 have no significant differences from their respective carrying amounts. The net assets acquired in the transactions, and the goodwill arising, are as follows:

		RMB'000 人民幣千元
Net assets acquired:	所收購的資產淨值：	
Property, plant and equipment	物業、廠房及設備	936
Inventories	存貨	7,377
Trade and other receivables, prepayments and deposits	應收貿易賬款及票據、預付款項及按金	25,929
Bank balances and cash	銀行結餘及現金	1,480
Trade and other payables and accruals	應付貿易及其他賬款以及應計費用	(25,724)
Bank borrowings – due within one year	銀行借貸 – 一年內到期	(700)
Minority interests	少數股東權益	(1,241)
		8,057
Goodwill	商譽	3,593
Total consideration satisfied by cash	以現金支付的總代價	11,650
Net cash outflow arising from acquisition:	收購所產生的現金流出淨額：	
Cash consideration paid	已付現金代價	11,650
Bank balances and cash acquired	所收購銀行結餘及現金	(1,480)
Net outflow of cash and cash equivalents in respect of acquisition of subsidiaries	有關收購附屬公司的現金及現金等值項目流出淨額	10,170

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

35. 收購附屬公司

於二零零四年，本集團以代價約人民幣11,650,000元收購屹朔及波朗電器的已發行股本分別97.3%及60%。收購以收購會計法入賬。收購所產生的商譽約為人民幣3,593,000元。

二零零四年收購附屬公司的可識別資產及負債公平值與其賬面值並無重大差異。有關交易所收購的資產淨值及所產生的商譽如下：

因收購屹朔及波朗電器而產生的商譽來自預期在新市場分銷本集團產品可獲盈利及預計業務合併日後產生的營運協同效益。

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35. ACQUISITION OF SUBSIDIARIES (continued)

The subsidiaries contributed RMB35,089,000 to the Group's revenue and reduced the Group's profit for the year by RMB4,391,000 between the date of acquisition and 31 December 2004.

36. CONTINGENT LIABILITIES

At 31 December 2005, the Group had given guarantee to a bank to secure banking facilities of RMB26,000,000 granted to an independent third party. The banking facilities were fully utilised by the third party at 31 December 2005. No guarantee had been given by the Group in 2004.

37. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases in respect of office premises during the year amounted to RMB562,000 (2004: RMB494,000).

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for a term of two years.

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Within one year	一年內	566	183
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	399	-
		965	183

35. 收購附屬公司 (續)

自收購日期至二零零四年十二月三十一日止期間，該等附屬公司為本集團帶來收益人民幣35,089,000元，並使本集團年內溢利減少人民幣4,391,000元。

36. 或然負債

於二零零五年十二月三十一日，本集團就一名獨立第三方所獲銀行信貸人民幣26,000,000元而向銀行提供擔保。於二零零五年十二月三十一日，該第三方已全數動用該銀行信貸。於二零零四年本集團沒有出具任何擔保。

37. 經營租約

本集團作為承租人

年內根據辦公室物業經營租約已付的最低租金為人民幣562,000元(二零零四年:人民幣494,000元)。

經營租約租金指本集團就若干辦公室物業應付的租金。租約的協定期為兩年。

於結算日，本集團根據下列日期到期的不可撤銷經營租約的未來最低租金承擔如下：

38. CAPITAL COMMITMENTS

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Commitments in respect of acquisition of property, plant and equipment	收購物業、廠房及設備的承擔		
– contracted for but not provided	– 已訂約但未撥備	49,544	–
– authorised but not contracted for	– 已授權但未訂約	–	75,180
		49,544	75,180

38. 資本承擔**39. PLEDGE OF ASSETS**

As at 31 December 2005, certain assets of the Group were pledged to secure credit facilities granted to the Group, as follows:–

- (a) legal charges over certain of the Group's medium term leasehold land with an aggregate net book value of RMB16,188,000 (2004: RMB11,037,000);
- (b) legal charges over certain of the Group's buildings with an aggregate net book value of RMB22,313,000 (2004: RMB21,258,000); and
- (c) pledge of certain bank deposits of the Group of RMB46,709,000 (2004: RMB4,423,000).

39. 資產抵押

於二零零五年十二月三十一日，本集團將下列若干資產抵押，作為本集團所獲信貸的擔保：

- (a) 本集團若干賬面淨值合共人民幣16,188,000元（二零零四年：人民幣11,037,000元）的中期租賃土地的法定抵押；
- (b) 本集團若干賬面淨值合共人民幣22,313,000元（二零零四年：人民幣21,258,000元）的樓宇的法定抵押；及
- (c) 本集團若干銀行存款人民幣46,709,000元（二零零四年：4,423,000元）的抵押。

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40. RETIREMENT BENEFIT SCHEMES

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The Group is required to make monthly contributions to the defined contribution retirement scheme calculated at 20% of the basic salaries of the employees, and employees are required to contribute 8% of their basic salaries to the retirement scheme. The Group has no obligations for further pension payments or any post retirement benefits beyond these contributions. The retirement benefits are paid directly from the scheme assets to the retired employees and are calculated by reference to their monthly basic salaries at the date of retirement and length of periods of services rendered. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

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

The total cost charged to income statement of approximately RMB972,000 (2004: RMB807,000) represents contributions payable to these schemes by the Group in respect of the current accounting period. As at 31 December 2005, contributions of approximately RMB1,039,000 (2004: RMB565,000) due in respect of the reporting period had not been paid over to the schemes.

40. 退休福利計劃

本集團在中國經營的附屬公司的僱員均須參與地方市政府管理的中央退休金計劃。本集團須每月按僱員基本薪金的20%向界定供款退休計劃供款，而僱員則須按其基本薪金的8%向退休計劃供款。除供款外，本集團毋須進一步支付退休金或任何退休後福利。退休福利直接由計劃資產付予退休僱員，有關金額按退休當日的基本月薪及服務年資計算。供款於根據中央退休金計劃規則應付時自收益表扣除。

本集團的香港附屬公司根據強制性公積金計劃（「強積金計劃」）條例為合資格參加強積金計劃的僱員設立界定強積金計劃。供款金額按僱員的基本薪金的若干百分比計算，並於根據強積金計劃規則應付時自收益表扣除。強積金計劃的資產與該附屬公司的資產分開持有，由獨立管理基金管理。該附屬公司的僱主供款於向強積金計劃供款時全數歸僱員所有。

自收益表扣除的總成本約為人民幣972,000元（二零零四年：人民幣807,000元），即本集團於本會計期間須向該等計劃作出的供款。截至二零零五年十二月三十一日，有關呈報期間尚未向該等計劃支付的逾期供款金額約為人民幣1,039,000元（二零零四年：人民幣565,000元）。

41. RELATED PARTY TRANSACTIONS

During the year, the Group had transactions with the following related parties as follows:

(a)

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
China Ruilian, a shareholder of the Company	本公司股東中國瑞聯		
Sales of goods	銷售貨品	75	—
Subcontracting fee received	已收分包費	595	—
Yidong Solar Technology Limited, an associate	聯營公司 Yidong Solar Technology Limited		
Sales of goods	銷售貨品	89,402	—
Service income received	已收服務收入	42	—
屹東利華, a related company	關連公司屹東利華		
Sales of goods	銷售貨品	980	—

(b) Advance to a related party

In 2004, the Group advanced a total sum of RMB20 million to Xian Ruilian, which is an associate of China Ruilian. The advance was unsecured, non interest bearing and was settled on 24 December 2004.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Salaries and other benefits	薪金及其他福利	1,780	1,832
Retirement benefit scheme contributions	退休福利計劃供款	120	92
Total remunerations	酬金總額	1,900	1,924

The remuneration of directors and key executives is determined by having regard to the performance of individuals and market trends.

41. 關連人士交易

年內，本集團與下列關連人士進行的交易如下：

(a)

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
China Ruilian, a shareholder of the Company	本公司股東中國瑞聯		
Sales of goods	銷售貨品	75	—
Subcontracting fee received	已收分包費	595	—
Yidong Solar Technology Limited, an associate	聯營公司 Yidong Solar Technology Limited		
Sales of goods	銷售貨品	89,402	—
Service income received	已收服務收入	42	—
屹東利華, a related company	關連公司屹東利華		
Sales of goods	銷售貨品	980	—

(b) 給予關連人士的墊款

於二零零四年，本集團向中國瑞聯的聯營公司西安瑞聯提供墊款合共人民幣20,000,000元。該墊款並無抵押及免息，並已於二零零四年十二月二十四日償還。

(c) 主要管理人員酬金

年內董事及其他主要管理人員酬金如下：

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Salaries and other benefits	薪金及其他福利	1,780	1,832
Retirement benefit scheme contributions	退休福利計劃供款	120	92
Total remunerations	酬金總額	1,900	1,924

董事及主要行政人員酬金參考個別員工的工作表現及市場趨勢而釐定。

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41. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel

(continued)

Besides, China Ruilian gave its corporate guarantee to banks to secure general banking facilities granted to the Group amounting to approximately RMB89,250,000 (2004: RMB20,000,000).

In addition, Mr. Wang Ya Qun gave its personal guarantee to banks to secure banking facilities granted to the Group amounting to approximately RMB26,850,000 (2004: Nil).

Details of balances with a shareholder, minority shareholders, associates, directors and related companies at the balance sheet date are set out in the consolidated balance sheet and in Notes 24, 25, 26, 27 and 28, respectively.

41. 關連人士交易 *(續)*

(c) 主要管理人員酬金 *(續)*

此外，中國瑞聯就本集團所獲一般銀行信貸約人民幣89,250,000元（二零零四年：人民幣20,000,000元）而向銀行提供公司擔保。

此外，王亞群先生就本集團所獲銀行信貸約人民幣26,850,000元（二零零四年：無）而向銀行提供個人擔保。

有關結算日股東、少數股東、聯營公司、董事及關連公司結餘的詳情分別載於綜合資產負債表及附註24、25、26、27與28。

42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

42. 本公司附屬公司詳情

Name of subsidiary 名稱	Class of shares held 所持股份類別	Place of incorporation/ registration and operation 註冊成立/註冊 及營運地點	Nominal value of paid up issued/ registered ordinary capital 已繳已發行/ 註冊普通股面值	Attributable equity interest held by the Company 本集團應佔股權		Principal activities 主要業務
				Directly 直接	Indirectly 間接	
				%	%	
Ningbo Yitai Electronic Company Limited 寧波屹泰電子有限公司	Contributed capital 實繳股本	PRC 中國	RMB15,000,000 人民幣15,000,000元	51%	–	Research and development and production of controller systems for display devices 研究與開發及生產顯示設備的控制器系統
Ningbo Hi-Tech Park Yitian Company Limited 寧波市科技園區屹天科技有限公司	Contributed capital 實繳股本	PRC 中國	RMB1,500,000 人民幣1,500,000元	51%	–	Inactive 暫無業務

42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY 42. 本公司附屬公司詳情 (續)

(continued)

Name of subsidiary 名稱	Class of shares held 所持股份類別	Place of incorporation/ registration and operation 註冊成立/註冊 及營運地點	Nominal value of paid up issued/ registered ordinary capital 已繳已發行/ 註冊普通股面值	Attributable equity interest held by the Company 本集團應佔股權		Principal activities 主要業務
				Directly 直接 %	Indirectly 間接 %	
Bolang 波朗電器	Contributed capital 實繳股本	PRC 中國	RMB10,000,000 人民幣10,000,000元	97.3%	–	Manufacture and sale of controller systems for small electrical appliances 製造及銷售小型電器的 控制器系統
E-Source 屹朔	Contributed capital 實繳股本	PRC 中國	RMB10,000,000 人民幣10,000,000元	97.3%	–	Research and development of controller systems for telecommunications devices 研究與開發電訊設備的 控制器系統
A-Tech Technology (HK) Limited ("A-Tech") (Formerly known as Fine Best Technology Limited) 屹科科技(香港)有限 公司(「屹科」) (前稱耀好科技有限公司)	Ordinary 普通股	Hong Kong 香港	HKD2 港幣2元	100%	–	Sale of controller systems for various consumer electrical and electronic appliances 銷售各種消費電器及 電子用品的控制器系統
Ningbo Million Bank Electronic Technical Company Limited 寧波億庫電子科技有限公司	Contributed capital 實繳股本	PRC 中國	USD6,954,008 6,954,008美元	51%	49%	Inactive 暫無業務

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42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY 42. 本公司附屬公司詳情 (續)

(continued)

Name of subsidiary 名稱	Class of shares held 所持股份類別	Place of incorporation/ registration and operation 註冊成立/註冊 及營運地點	Nominal value of paid up issued/ registered ordinary capital 已繳已發行/ 註冊普通股面值	Attributable equity interest held by the Company 本集團應佔股權		Principal activities 主要業務
				Directly 直接	Indirectly 間接	
				%	%	
Shenzhen Haiyi Communications Technology Co., Ltd	Contributed capital 實繳股本	PRC 中國	RMB5,000,000 人民幣5,000,000元	65%	–	Inactive 暫無業務
寧波博碩智能機器人 研究有限公司	Contributed capital 實繳股本	PRC 中國	RMB500,000 人民幣500,000元	90%	–	Inactive 暫無業務

43. COMPARATIVE AMOUNTS

Certain comparative amounts for the prior year have been reclassified to conform with current presentation.

43. 比較數字

上年度的若干比較數字已重新分類，以符合本年度的呈報方式。

Summary of Financial Information

財務資料摘要

for the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

RESULTS

業績

		For the year ended 31 December					
		截至十二月三十一日止年度					
		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	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
					(restated)		
					(重列)		
Revenue	收益	49,882	176,721	315,954	494,123	446,182	
Cost of sales	銷售成本	(31,393)	(109,889)	(229,158)	(389,494)	(400,598)	
Gross profit	毛利	18,489	66,832	86,796	104,629	45,584	
Other income	其他收入	109	1,047	5,781	19,314	30,296	
Distribution costs	分銷成本	(290)	(1,349)	(1,529)	(4,280)	(4,402)	
Administrative expenses	行政開支	(3,823)	(7,190)	(16,210)	(32,747)	(44,481)	
Finance costs	融資成本	(890)	(2,845)	(3,585)	(4,567)	(10,786)	
Share of results of associates	應佔聯營公司業績	-	-	-	(33)	(128)	
Profit before tax	除稅前溢利	13,595	56,495	71,253	82,316	16,083	
Income tax expenses	所得稅開支	(4,474)	(19,632)	(24,032)	(27,176)	(12,032)	
Profit for the year	年內溢利	9,121	36,863	47,221	55,140	4,051	
Attributable to:	應佔:						
Equity holders of the Company	本公司股權持有人	9,121	36,863	47,117	56,317	7,241	
Minority interest	少數股東權益	-	-	104	(1,177)	(3,190)	
		9,121	36,863	47,221	55,140	4,051	

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

ASSETS, LIABILITIES AND MINORITY INTERESTS

資產、負債及少數股東權益

		At 31 December 十二月三十一日				
		2001 二零零一年 RMB'000 人民幣千元	2002 二零零二年 RMB'000 人民幣千元	2003 二零零三年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (restated) (重列)	2005 二零零五年 RMB'000 人民幣千元
Total assets	資產總值	59,065	163,876	404,506	452,758	691,400
Total liabilities	負債總額	(47,466)	(104,562)	(240,253)	(238,934)	(480,885)
		11,599	59,314	164,253	213,824	210,515
Equity attributable to equity holders of the Company	本公司股權持有人應佔權益	11,599	56,864	158,514	205,571	203,652
Minority interests	少數股東權益	–	2,450	5,739	8,253	6,863
		11,599	59,314	164,253	213,824	210,515

Note: Figures for 2001, 2002 and 2003 have not been adjusted to reflect the changes in accounting policies as described in note 3 to the financial statements.

附註：二零零一年、二零零二年及二零零三年的數字並無就財務報表附註3所述更改會計政策而作出調整。

Notice of Annual General Meeting

股東週年大會通告

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Ningbo Yidong Electronic Company Limited (the "Company") will be held at 3/F Yuyao Hotel, No. 108 South Shunshui Road, Yuyao City, Zhenjiang Province on Monday, 22 May 2006 at 2:00 p.m. for the following purposes:

1. To consider and approve the report of the board of directors of the Company (the "Board") for the year 2005;
2. To consider and approve the audited financial statements for the year ended 31 December 2005;
3. To consider and approve the resolution on the distribution of profits after tax for the year 2005;
4. To re-appoint the auditors and to authorise the board of Directors to fix their remuneration.

By order of the Board of
Ningbo Yidong Electronic Company Limited
Wang Ya Qun
Chairman

Shenzhen, The People's Republic of China, 31 March 2006

Principal place of business in Hong Kong:
Units 917-918, 9/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

茲通告寧波屹東電子股份有限公司(「本公司」)謹訂於二零零六年五月二十二日星期一下午二時正，假座浙江省余姚市舜水南路108號余姚賓館三樓舉行股東週年大會，藉以處理以下事項：

1. 省覽及批准本公司二零零五年度的董事會(「董事會」)報告書；
2. 省覽及批准截至二零零五年十二月三十一日止年度的經審核財務報表；
3. 省覽及批准二零零五年年度的稅後利潤分配方案；
4. 續聘核數師及授權董事會釐定其酬金。

承董事會命
寧波屹東電子股份有限公司
主席
王亞群

中華人民共和國深圳，二零零六年三月三十一日

香港主要營業地點：
香港
灣仔
港灣道6-8號
瑞安中心
9樓917-918室

Notes:

1. The register of members of the Company will be closed from 23 April 2006 to 22 May 2006 (both days inclusive), during which period no transfer of shares can be registered.
2. Holders of domestic shares and H shares whose names appear on the register of members of the Company before 4:00 p.m. 22 April 2006 are entitled to attend and vote at the meeting convened by the above notice and may appoint one or more proxies to attend and, in the event of a poll, vote on their behalves. A proxy need not be a member of the Company.
3. A proxy form for the meeting is hereinwith enclosed. In order to be valid, the proxy form must be deposited by hand or post to the Company's liaison office in Hong Kong, Units 917-918, 9/F, Shui On Centre, Harbour Road, Wanchai, Hong Kong and, for holders of domestic shares of the Company, to the registered address of the Company not less than 24 hours before the time for holding the meeting or the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited together with in the proxy form.
4. Shareholders or their proxies shall produce their identity documents when attending the meeting.
5. Shareholders who intend to attend the meeting should complete and return the enclosed reply slip and return it by hand, post or by fax to the Company's liaison office in Hong Kong, Units 917-918, 9/F, Shui On Centre, Harbour Road, Wanchai, Hong Kong (fax no.: (852) 2529 2048) on or before 2 May 2006.
6. The meeting is expected to take half a day. Shareholders attending the meeting shall be responsible for their own travel and accommodation expenses.
7. The registered office address of the Company and details of the secretarial office of the board are as follows:

No. 65 Siming Road East
Yuyao City
Zhejiang Province
China

附註:

1. 本公司將於二零零六年四月二十三日至二零零六年五月二十二日期間(包括首尾兩天)暫停辦理股份過戶登記手續。
2. 凡於二零零六年四月二十二日下午四時正前名列本公司股東名冊上的內資股及H股持有人,均有權出席上述通告所召開的股東週年大會並於會上投票。該等持有人可委任一名或以上代表出席會議,若會上進行投股數投票,則可交由其委任代表投票。所委任的代表毋須是本公司的股東。
3. 隨函附上股東週年大會的代表委任表格。代表委任表格最遲須於股東週年大會舉行時間24小時前,或指定進行投股數投票表決時間24小時前,由專人或郵寄交回本公司於香港的聯絡辦事處,地址為香港灣仔港灣道6-8號瑞滙中心9樓917-918室(適用於本公司的H股持有人),或者由專人或郵寄交回本公司的註冊地址(適用於本公司的內資股持有人),方為有效。若代表委任表格乃由持有正式授權書或其他授權文件的人士簽署,則於交回代表委任表格時須一併附上該授權書或其他授權文件經公證人簽署證明的副本。
4. 股東或其代表出席股東週年大會時須出示身分證明文件。
5. 有意出席股東週年大會的股東均應填妥隨附的回條,並於二零零六年五月二日或之前由專人或郵遞或傳真方式交回本公司於香港的聯絡辦事處(地址為香港灣仔港灣道6-8號瑞安中心9樓917-918室(傳真號碼:(852) 2529 2048))。
6. 股東週年大會預期需時半天。出席股東週年大會的股東須自行負責本身的交通及住宿開支。
7. 本公司的註冊辦事處地址及董事會秘書處的詳情如下:

中國
浙江省
余姚市
四明東路65號

