

NOTES TO THE ACCOUNTS (Continued)

24 PROVISIONS

	Group		Company	
	Onerous Contracts		Onerous Contracts	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	95,125	-	31,857	-
Provision for onerous contracts	-	95,277	-	31,857
Less: utilised during the year	(30,173)	-	(21,175)	-
Less: settlement of onerous contracts	(37,395)	-	-	-
Less: write back of surplus upon settlement	(11,832)	-	-	-
Exchange difference	181	(152)	-	-
At 31 December	15,906	95,125	10,682	31,857
Analysis of total provisions				
Non-current	1,045	62,052	-	10,682
Current	14,861	33,073	10,682	21,175
	15,906	95,125	10,682	31,857

25 SHORT TERM BANK LOANS

	Group		Company	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Short term bank loans, secured	-	22,842	-	-
Short term bank loans, unsecured	2,338	526,526	-	450,000
	2,338	549,368	-	450,000

26 PENSIONS OBLIGATIONS

	Group	
	2004	2003
	HK\$'000	HK\$'000
Obligations on:		
- pensions - defined contribution plans (note (a))	5,584	6,188
- pensions - defined benefits plans (note (b))	16,215	11,372
	21,799	17,560

Notes:

(a) Pensions - defined contribution plans

Forfeited contributions totalling HK\$7,479,000 (2003: HK\$2,981,000) were utilised during the year.

Contributions totalling HK\$5,584,000 (2003: HK\$6,188,000) were payable to the fund at the year end and are included in accounts payable and accruals.

NOTES TO THE ACCOUNTS (Continued)

26 PENSIONS OBLIGATIONS (Continued)

(b) Pensions - defined benefits plans

The group operates a defined benefit retirement scheme providing benefits to eligible employees located in Taiwan under the local regulations.

The pension plan is a final salary defined benefit plan. The assets of the funded plan are held independently of those of the group, being invested through a central trust fund. The plan is valued by a qualified actuary annually using the projected unit credit method. The latest valuation of the defined benefit plan in Taiwan was carried out as of 31 December 2004 by Client View Management Consulting Co., Ltd.. This valuation showed that the aggregate past service liabilities were fully covered by net assets available for benefits.

The amounts recognised in the balance sheet are determined as follows:

	Group	
	2004	2003
	HK\$'000	HK\$'000
Present value of funded obligations	44,903	29,449
Fair value of plan assets	(17,231)	(13,974)
	27,672	15,475
Unrecognised actuarial losses	(11,457)	(4,103)
Liability in the balance sheet	16,215	11,372

The amounts recognised in the consolidated profit and loss account were as follows:

	Group	
	2004	2003
	HK\$'000	HK\$'000
Current service cost	5,600	5,338
Interest cost	1,058	911
Expected return on plan assets	252	(367)
Total, included in staff costs (note 4)	6,910	5,882

The actual return on plan assets was HK\$370,000 (2003: HK\$232,000).

Movement in the liability recognised in the balance sheet:

	Group	
	2004	2003
	HK\$'000	HK\$'000
At 1 January	11,372	7,642
Exchange differences	417	162
Total expense - as shown above	6,910	5,882
Contributions paid	(2,484)	(2,314)
At 31 December	16,215	11,372

NOTES TO THE ACCOUNTS (Continued)

26 PENSIONS OBLIGATIONS (Continued)

(b) Pensions - defined benefits plans (Continued)

The principal actuarial assumptions used were as follows:

	Group	
	2004	2003
	%	%
Discount rate	3.50	3.50
Expected rate of return on plan assets	2.50	2.75
Expected rate of future salary increases	3.00	2.50

27 SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each	Nominal value
		HK\$'000
Authorised:		
At 1 January 2004 and 31 December 2004	1,300,000,000	65,000
Issued and fully paid:		
At 1 January 2004 and 31 December 2004	438,000,000	21,900

NOTES TO THE ACCOUNTS (Continued)

28 RESERVES

(a) Group

	Share premium	General reserve	Capital reserve	Legal reserve	Exchange fluctuation reserve	Capital redemption reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2004	602,026	70,000	864	7,831	(26,468)	40,118	2,579,276	3,273,647
Arising on consolidation								
- subsidiaries	-	-	-	-	5,993	-	-	5,993
- jointly controlled entities	-	-	-	-	91	-	-	91
Exchange translation differences	-	-	-	-	(2,881)	-	2,881	-
Profit for the year	-	-	-	-	-	-	719,415	719,415
Transfers	-	-	-	1,415	-	-	(1,415)	-
2003 Final dividend paid (note 10)	-	-	-	-	-	-	(262,800)	(262,800)
2004 Interim dividend paid (note 10)	-	-	-	-	-	-	(87,600)	(87,600)
At 31 December 2004	602,026	70,000	864	9,246	(23,265)	40,118	2,949,757	3,648,746
Representing:								
2004 Final dividend proposed							350,400	
Others							2,599,357	
Retained earnings at 31 December 2004							2,949,757	
Company and subsidiaries	602,026	70,000	864	9,246	(15,191)	40,118	3,185,609	3,892,672
Jointly controlled entities	-	-	-	-	(7,529)	-	(53,030)	(60,559)
Associated companies	-	-	-	-	(545)	-	(182,822)	(183,367)
At 31 December 2004	602,026	70,000	864	9,246	(23,265)	40,118	2,949,757	3,648,746

NOTES TO THE ACCOUNTS (Continued)

28 RESERVES (Continued)

(a) Group (Continued)

	Share premium	General reserve	Capital reserve	Legal reserve	Exchange fluctuation reserve	Capital redemption reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2003	602,026	70,000	1,171	7,468	(1,869)	40,118	2,533,418	3,252,332
Arising on consolidation								
- subsidiaries	-	-	-	-	(5,773)	-	-	(5,773)
- jointly controlled entities	-	-	-	-	1,504	-	-	1,504
- associated companies	-	-	-	-	686	-	-	686
Exchange translation differences	-	-	-	-	(21,016)	-	21,016	-
Profit for the year	-	-	-	-	-	-	440,998	440,998
Transfers	-	-	(307)	363	-	-	(56)	-
2002 Final dividend paid	-	-	-	-	-	-	(328,500)	(328,500)
2003 Interim dividend paid (note 10)	-	-	-	-	-	-	(87,600)	(87,600)
At 31 December 2003	602,026	70,000	864	7,831	(26,468)	40,118	2,579,276	3,273,647
Representing:								
2003 Final dividend proposed							262,800	
Others							2,316,476	
Retained earnings at 31 December 2003							<u>2,579,276</u>	
Company and subsidiaries	602,026	70,000	864	7,831	(18,303)	40,118	2,642,629	3,345,165
Jointly controlled entities	-	-	-	-	(7,620)	-	(46,933)	(54,553)
Associated companies	-	-	-	-	(545)	-	(16,420)	(16,965)
At 31 December 2003	602,026	70,000	864	7,831	(26,468)	40,118	2,579,276	3,273,647

NOTES TO THE ACCOUNTS (Continued)

28 RESERVES (Continued)

(b) Company

	Share premium	General reserve	Capital redemption reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2004	602,026	70,000	40,118	2,250,033	2,962,177
Profit for the year	-	-	-	648,509	648,509
2003 Final dividend paid (note 10)	-	-	-	(262,800)	(262,800)
2004 Interim dividend paid (note 10)	-	-	-	(87,600)	(87,600)
At 31 December 2004	602,026	70,000	40,118	2,548,142	3,260,286
Representing:					
2004 Final dividend proposed				350,400	
Others				2,197,742	
Retained earnings at 31 December 2004				<u>2,548,142</u>	
At 1 January 2003	602,026	70,000	40,118	2,428,959	3,141,103
Profit for the year	-	-	-	237,174	237,174
2002 Final dividend paid	-	-	-	(328,500)	(328,500)
2003 Interim dividend paid (note 10)	-	-	-	(87,600)	(87,600)
At 31 December 2003	602,026	70,000	40,118	2,250,033	2,962,177
Representing:					
2003 Final dividend proposed				262,800	
Others				1,987,233	
Retained earnings at 31 December 2003				<u>2,250,033</u>	

In accordance with local laws and regulations of a subsidiary, the subsidiary is required to transfer the gain on deemed disposal of its associated company to the capital reserve. The capital reserve in connection with the gain on deemed disposal of its associated company can only be used to cover operating losses.

In accordance with local laws of a subsidiary, the subsidiary is required to set aside 10% of annual net income less any accumulated deficit as legal reserve to the extent that the legal reserve amounts to total contributed share capital. The application of the legal reserve is restricted to covering operating losses and conversion into share capital.

The capital redemption reserve and share premium account of the group were set up in accordance with the requirements of the Hong Kong Companies Ordinance.

Distributable reserves, include retained earnings and general reserve, of the company at 31 December 2004, calculated under section 79B of the Hong Kong Companies Ordinance and amounted to HK\$2,618,142,000 (2003: HK\$2,320,033,000).