

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which includes all applicable Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK"). A summary of the significant accounting policies adopted by the group is set out below.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of land and buildings as set out in note 1(h).

(c) Recently issued accounting standards

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004. The group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

1. 主要會計政策

(a) 遵例聲明

本財務報表是按照香港會計師公會頒佈的所有適用的《香港財務報告準則》(包括所有適用的《會計實務準則》及解釋)、香港公認會計原則及香港《公司條例》的規定編製。本財務報表同時符合適用的《香港聯合交易所有限公司(「香港聯交所」)主板證券上市規則》披露規定。以下是本集團採用的主要會計政策概要。

(b) 財務報表的編製基準

除土地使用權及建築物按重估值入賬(見附註1(h))外,本財務報表是以歷史成本作為編製基準。

(c) 近期頒佈的會計準則

香港會計師公會已頒佈多項新訂及經修訂的《香港財務報告準則》及《香港會計準則》(統稱《新香港財務報告準則》),由二零零五年一月一日或以後開展之會計期生效。

本集團並無提前於截至二零零四年十二月三十一日止年度的財務報表中採納此等《新香港財務報告準則》。本集團已開始評估此等《新香港財務報告準則》所帶來的影響,但在此階段並未能說明此等《新香港財務報告準則》對本集團的業績及財務狀況影響是否重大。

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Subsidiaries and controlled enterprises

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(k)).

1. 主要會計政策 (續)

(d) 附屬公司及受控制企業

按照香港《公司條例》規定，附屬公司是指本集團直接或間接持有其過半數已發行股本，或控制其過半數投票權，或控制其董事會組成的公司。當本公司有權直接或間接支配附屬公司的財務及經營政策，並藉此從其活動中取得利益，則這些附屬公司將視為受本公司控制。

集團於受控制附屬公司的投資均在綜合財務報表中合併計算。

集團內部往來的餘額和集團內部交易及其產生的未變現溢利，均在編製綜合財務報表時全數抵銷。集團內部交易所產生的未變現虧損的抵銷方法與未變現溢利相同，但抵銷額只限於沒有證據顯示已轉讓資產已出現減值。

本公司資產負債表所示於附屬公司的投資，是按成本減去任何減值虧損(見附註1(k))後入賬。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(e) Associates

An associate is an entity in which the group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the group's share of the associate's net assets. The consolidated income statement reflects the group's share of the post-acquisition results of the associates for the year, including any amortisation of positive or negative goodwill charged or credited during the year in accordance with note 1(f). When the group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred obligations in respect of the associate.

Unrealised profits and losses resulting from transactions between the group and its associates are eliminated to the extent of the group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the income statement.

In the company's balance sheet, an investment in an associate is stated at cost less any impairment losses (see note 1(k)).

1. 主要會計政策 (續)

(e) 聯營公司

聯營公司指本集團或本公司可以對其管理層發揮重大影響力，但不是控制或聯合控制其管理層的實體，所謂發揮重大影響力包括參與其財務及經營決策。

於聯營公司的投資是按權益法記入綜合財務報表，並先以成本入賬，其後就本集團所佔聯營公司淨資產在收購後的變動作出調整。綜合損益表反映年內本集團所佔聯營公司的收購後業績，包括根據附註1(f)在本年度列支或計入的正商譽或負商譽的任何攤銷。當本集團對聯營公司虧損的承擔額超出本集團於該聯營公司的賬面金額時，賬面金額將會減至零，並且不再確認其他虧損，但如本集團須向該聯營公司承擔義務則除外。

本集團與其聯營公司交易所產生的未變現損益按本集團所佔聯營公司權益比例抵銷，但假如未變現虧損顯示已轉讓資產出現減值，則這些未變現虧損將即時在損益表確認。

於本公司資產負債表，投資聯營公司按成本值減任何減值虧損列賬(見附註1(k))。

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(f) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the group's share of the fair value of the identifiable assets and liabilities acquired. Positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses (see note 1(k)).

In respect of acquisitions of associates, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. The cost of positive goodwill less any accumulated amortisation and any impairment losses (see note 1(k)) is included in the carrying amount of the interest in associates.

Negative goodwill arising on acquisitions of subsidiaries represents the excess of the group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition. To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated income statement over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated income statement.

1. 主要會計政策 (續)

(f) 商譽

編製綜合財務報表時產生的正商譽是指投資成本超過本集團佔所收購可分資產與負債公允價值的數額。正商譽是按其預計可用年限，以直線法在綜合損益表內攤銷。正商譽是以成本減去任何累計攤銷及任何減值虧損(見附註1(k))後，記入綜合資產負債表。

至於收購聯營公司方面，正商譽是按其預計可使用年限，以直線法在綜合損益表內攤銷。正商譽是以成本減去任何累計攤銷及任何減值虧損(見附註1(k))後，計入聯營公司權益中。

收購附屬公司所產生的負商譽是指本集團佔所收購可分資產與負債公允價值超過投資成本的數額。假如負商譽關乎已在收購計劃中確定及可以可靠地計算，但尚未確認的預計未來虧損和支出，便會在未來虧損和支出確認時，在綜合損益表內確認。任何尚餘的負商譽(但以所收購非貨幣資產公允價值為限)則按應計折舊／攤銷的非貨幣資產的加權平均可用年限，在綜合損益表內確認。然而，如尚餘的負商譽數額高於所收購非貨幣資產公允價值，這部分負商譽便會立即在綜合損益表內確認。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(f) Goodwill (Continued)

In respect of any negative goodwill not yet recognised in the consolidated income statement, such negative goodwill is shown in the consolidated balance sheet as a deduction from assets in the same balance sheet classification as positive goodwill.

On disposal of a subsidiary or an associate during the year, any attributable amount of purchased goodwill not previously amortised through the consolidated income statement is included in the calculation of the profit or loss on disposal.

(g) Other investments in securities

The group's policies for investments in securities other than investments in subsidiaries and associates are as follows:

- (i) Investments held on a continuing basis for an identified long-term purpose are classified as investment securities. Investment securities are stated in the balance sheet at cost less any provisions for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the income statement, such provisions being determined for each investment individually.
- (ii) All other securities (whether held for trading or otherwise) are stated in the balance sheet at fair value, changes in fair value are recognised in the income statement as they arise.

1. 主要會計政策 (續)

(f) 商譽 (續)

至於尚未在綜合損益表內確認的任何負商譽，有關的負商譽會在綜合資產負債表內列示為資產的減項，與正商譽屬於同一個資產負債表類別。

如於年內出售附屬公司或聯營公司，以往未在綜合損益表攤銷的應佔購入商譽的數額，在計算出售的溢利或虧損時包括在內。

(g) 其他證券投資

本集團有關證券投資的政策(於附屬公司及聯營公司投資除外)如下：

- (i) 持續持有作既定長期用途的投資歸類為投資證券。這類證券是以成本減去任何減值準備後記入資產負債表。當投資的公允價值下跌至低於賬面金額時，除非有證據證明減值屬於暫時性質，否則便會提撥減值準備，並在損益表內確認為支出。這類準備是就個別投資項目釐定。
- (ii) 所有其他證券(不論是為買賣或是其他目的持有)均按公允價值記入資產負債表，公允價值變動於產生時於損益表內確認。

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(g) Other investments in securities (Continued)

- (iii) Profits or losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise.

(h) Fixed assets

- (i) Fixed assets are carried in the balance sheets on the following bases:
 - land and buildings held for own use are stated in the balance sheet at their revalued amount, being their open market value at the date of revaluation less any subsequent accumulated depreciation (see note 1(j)). Revaluations are performed by qualified valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date; and
 - plant, machinery and other fixed assets are stated in the balance sheet at cost less accumulated depreciation (see note 1(j)) and impairment losses (see note 1(k)).

1. 主要會計政策 (續)

(g) 其他證券投資 (續)

- (iii) 出售證券投資的溢利或虧損是按估計出售收入淨額與投資賬面金額之間的差額釐定，並在產生時計入損益表。

(h) 固定資產

- (i) 固定資產是按下列基準記入資產負債表：
 - 持作自用的土地使用權及建築物以其重估價值（即根據它們在重估日的公開市值，減去任何其後的累計折舊（見附註1(j)）後得出的數額）記入資產負債表。重估工作由合資格的估值師定期進行，以確保這些資產的賬面金額與採用結算日的公允價值釐定的數額之間不會出現重大差異；及
 - 工業裝置、機器及其他固定資產以成本減去累計折舊（見附註1(j)）及減值虧損（見附註1(k)）後記入資產負債表。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(h) Fixed assets (Continued)

- (ii) Changes arising on the revaluation of land and buildings held for own use are generally dealt with in reserves. The only exceptions are as follows:
- when a deficit arises on revaluation, it will be charged to the income statement, if and to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
 - when a surplus arises on revaluation, it will be credited to the income statement, if and to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the income statement.
- (iii) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

1. 主要會計政策 (續)

(h) 固定資產 (續)

- (ii) 重估持作自用土地及建築物而產生的變動一般會撥入儲備處理，但下列情況除外：
- 如果出現重估虧損，而且有關的虧損額超過就該項資產在重估當日前計入儲備的數額，便會在損益表列支；及
 - 如果以往曾將同一項資產的重估虧損在損益表列支，則在出現重估盈餘時，以往曾在損益表扣除的數額會撥入損益表計算。
- (iii) 在超過現有資產原先評估的表現水平的未來經濟效益很可能流入企業時，與固定資產有關而且已獲確認的其後支出便會加入資產的賬面金額。所有其他其後支出則在產生的期間確認為支出。

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(h) Fixed assets (Continued)

- (iv) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal. On disposal of land and buildings, any related revaluation surplus is transferred from the revaluation reserve to retained profits.

(i) Operating lease charges

Where the group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

1. 主要會計政策 (續)

(h) 固定資產 (續)

- (iv) 報廢或出售固定資產所產生的損益以估計出售所得淨額與資產的賬面金額之間的差額釐定，並於報廢或出售當日在損益表確認。出售土地及建築物時，任何相關的重估盈餘會由重估儲備轉入保留溢利。

(i) 經營租賃費用

假如本集團透過經營租賃使用資產，則根據租賃作出的付款會在租賃期所涵蓋的會計期間內，以等額在損益表扣除；但如有其他基準能更清楚地反映租賃資產所產生的收益模式則除外。所收取租款減免優惠均在損益表中確認為租賃淨付款總額的組成部分。或有租金在其產生的會計期間內在損益表扣除。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(j) Depreciation

Depreciation is calculated to write off the cost or valuation of fixed assets over their estimated useful lives as follows:

- freehold land is not depreciated;
- leasehold land use rights are amortised on a straight-line basis over the period of the grant;
- buildings are depreciated on a straight-line basis over the shorter of their estimated useful lives, being 20 years from the date of completion, and the remaining period of the land use rights; and
- other fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold improvement

租賃物業裝修

Plant and machinery

工業裝置及機械

Office equipment, furniture and fixtures

辦公室設備、傢具及固定裝置

Motor vehicles

汽車

Over the period of the lease

按租期

5 to 10 years

5至10年

5 to 10 years

5至10年

3 to 10 years

3至10年

1. 主要會計政策(續)

(j) 折舊

折舊是指按照固定資產的預計可用年限沖銷其成本或估值。計算方法如下：

- 永久保有的土地不計算折舊；
- 租賃土地使用權按使用期限以直線法攤銷；
- 建築物按預計可用年限(即落成日期起計20年)或尚餘租賃期兩者中的較短期間，以直線法計算折舊；及
- 其他固定資產按下列預計可用年限以直線法計算折舊：

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(k) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- fixed assets (other than properties carried at revalued amounts);
- investments in subsidiaries and associates; and
- positive goodwill.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount of such an asset exceeds its recoverable amount.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1. 主要會計政策 (續)

(k) 資產減值

董事在每個結算日審閱內部和外來的信息，以確定下列資產有否出現減值跡象，或以往確認的減值虧損是否不復存在或已經減少：

- 固定資產(按重估數額列賬的物業除外)；
- 於附屬公司及聯營公司的投資；及
- 正商譽。

如果發現有減值跡象，便會估計該資產的可收回數額。當資產的賬面金額高於可收回數額時，便會在損益表確認減值虧損。

(i) 計算可收回數額

資產的可收回數額以其銷售淨價和使用價值兩者中的較高數額為準。預期未來現金流量會按可以反映當時市場對貨幣時間值及資產特定風險的評估的稅前貼現率，貼現至其現值。如果資產所產生的現金流入基本上不獨立於其他資產所產生的現金流入，則以能獨立產生現金流入的最小資產組別(即現金產生單位)來釐定可收回數額。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(k) Impairment of assets (Continued)

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(l) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1. 主要會計政策 (續)

(k) 資產減值 (續)

(ii) 減值虧損轉回

就商譽以外的資產而言，如果用以釐定可收回數額的估計數字出現正面的變化，便會將資產減值虧損轉回。至於商譽的減值虧損，倘若虧損是由性質獨特及預計不會再出現的特殊外界因素所造成，而且可收回數額的增加明顯是與該特殊因素轉回有關，才會將減值虧損轉回。

所轉回的減值虧損以假設沒有在往年確認減值虧損而應已釐定的資產賬面金額為限。所轉回的減值虧損在確認轉回的年度內計入損益表。

(l) 存貨

存貨以成本及可變現淨值兩者中的較低數額入賬。

成本以加權平均成本法計算，其中包括所有採購成本、加工成本及運輸和將存貨變成現狀的其他成本。

可變現淨值是以日常業務過程中的估計售價減去完成生產及銷售所需的估計成本後所得之數。

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(l) Inventories (Continued)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Cash equivalents

For the purpose of presentation in the balance sheets, cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity from the balance sheet date. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

1. 主要會計政策 (續)

(l) 存貨 (續)

所出售存貨的賬面金額在相關收入獲確認的期間內確認為支出。存貨數額撇減至可變現淨值及存貨的所有虧損，均在出現減值或虧損的期間內確認為支出。因可變現淨值增加引致存貨的任何減值轉回之數，均在出現轉回的期間內確認為已列作支出的存貨數額減少。

(m) 現金等價物

就資產負債表而言，現金等價物包括銀行存款及手頭現金、存放於銀行及其他財務機構的活期存款，以及短期而流動性極高的投資項目。這些項目可以容易地換算為已知的現金數額，所須承受的價值變動風險甚小，且在結算日後三個月內到期。就編製綜合現金流量表而言，現金及現金等價物包括現金存款及手頭現金、存放於銀行及其他財務機構的活期存款，以及短期而流動性極高的投資項目。這些項目可以容易地換算為已知的現金數額，所須承受的價值變動風險甚小，且在購入後三個月內到期。就編製綜合現金流量表而言，現金及現金等價物亦包括須於通知時償還並構成本集團現金管理一部分的銀行透支。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Employee benefits

- (i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in the income statement as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.
- (iii) Subsidiaries incorporated in the People's Republic of China ("PRC") participate in the retirement schemes operated by the local authorities for employees in the PRC. Contributions to these schemes are charged to the income statement when incurred.

1. 主要會計政策 (續)

(n) 僱員福利

- (i) 薪金、年度獎金、有薪年假、假期旅遊津貼及各項非貨幣福利令本集團產生的成本，均在本集團僱員提供相關服務的年度內累計。如延遲付款或結算後構成重大的貨幣時間價值，則上述數額須按現值列賬。
- (ii) 根據香港《強制性公積金計劃條例》規定作出的強制性公積金供款，均於產生時在損益表列支；但已計入尚未確認為開支的存貨成本的數額除外。
- (iii) 在中華人民共和國(「中國」)註冊成立的附屬公司參與由中國當地機構為中國僱員管理的退休計劃。該等計劃的供款於產生時在損益表列支。

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Employee benefits (Continued)

- (iv) The group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine the present value, the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

1. 主要會計政策 (續)

(n) 僱員福利 (續)

- (iv) 本集團就界定利益退休計劃承擔的義務淨額是按每個計劃獨立計算，計算方法是估計僱員在本期和以往期間提供服務所賺取未來福利的數額；將預期累積福利數額貼現以釐定現值；及扣除任何計劃資產的公允價值。貼現率是根據優質公司債券於結算日的收益率釐定；有關債券的到期日與本集團承擔義務的年期相若。計算工作由合資格精算師運用預期累積福利單位法進行。

如計劃所提供的福利增加，關乎僱員以往服務的福利增加部分將按直線法，在直至福利成為既定福利的平均年期內在損益表列支。如屬即時實現的既定福利，則會即時在損益表確認開支。

在計算本集團就計劃承擔的義務時，如任何累計未確認的精算增益或損失超逾界定利益義務的現值與計劃資產的公允價值兩者中較高額的10%，超出部分會在參與計劃的僱員的預期平均尚餘工作年期內，在損益表確認；否則不會確認精算增益或損失。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Employee benefits (Continued)

(iv) (Continued)

Where the calculation of the group's net obligation results in a negative amount, the asset recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past services costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(v) When the group grants directors or employees options to acquire shares of the company at a nominal consideration, no employee benefit cost or obligation is recognised at the date of grant. When the options are exercised, equity is increased by the amount of the proceeds received.

(vi) Termination benefits are recognised when, and only when, the group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(o) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

1. 主要會計政策 (續)

(n) 僱員福利 (續)

(iv) (續)

如在計算本集團的義務淨額時出現負數，則所確認的資產不得超逾以下三個數額的淨總額，即任何累計未確認的精算損失淨額、任何累計未確認的以往服務成本及日後從計劃所得的任何退款或供款減額的現值。

(v) 如本集團以象徵式價款授予董事或僱員可認購本公司股份的購股權，在授予當日不會確認僱員福利成本或義務。當購股權被行使時，股東權益按所收取款項相應增加。

(vi) 合約終止補償只會在本集團根據正式、具體，且不大可能撤回的計劃終止僱員合約或根據該計劃自願遣散僱員而終止合約並作出補償時確認。

(o) 所得稅

(i) 本年度所得稅包括本期所得稅及遞延所得稅資產和負債的變動。本期所得稅及遞延所得稅資產和負債的變動均在損益表內確認，但與直接確認為股東權益項目有關的，則確認為股東權益。

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Income tax *(Continued)*

- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1. 主要會計政策 (續)

(o) 所得稅 (續)

- (ii) 本期所得稅是按本年度應稅收入根據已執行或在結算日實質上已執行的稅率計算的預計應付稅項，加上以往年度的應付稅項的任何調整。

- (iii) 遞延所得稅資產和負債分別由可抵扣和應稅暫時差異產生。暫時差異是指資產和負債在財務報表上的賬面金額與這些資產和負債的計稅基礎的差異。遞延所得稅資產也可以由未利用可抵扣虧損和未利用稅款抵減產生。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Income tax (Continued)

(iii) (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1. 主要會計政策 (續)

(o) 所得稅 (續)

(iii) (續)

除了某些有限的例外情況外，所有遞延所得稅負債和遞延所得稅資產(只限於很可能獲得能利用該遞延所得稅資產來抵扣的未來應稅溢利)都會確認。支持確認由可抵扣暫時差異所產生遞延所得稅資產的未來應稅溢利包括因轉回目前存在的應稅暫時差異而產生的數額；但這些轉回的差異必須與同一稅務機關及同一應稅實體有關，並預期在可抵扣暫時差異預計轉回的同一期間或遞延所得稅資產所產生可抵扣虧損可向後期或向前期結轉的期間內轉回。在決定目前存在的應稅暫時差異是否足以支持確認由未利用可抵扣虧損和稅款抵減所產生的遞延所得稅資產時，亦會採用同一準則，即差異是否與同一稅務機關及同一應稅實體有關，並是否預期在能夠使用未利用可抵扣虧損和稅款抵減撥回的同一期間內轉回。

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Income tax (Continued)

(iii) (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, negative goodwill treated as deferred income, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

1. 主要會計政策 (續)

(o) 所得稅 (續)

(iii) (續)

不確認為遞延所得稅資產和負債的暫時差異是產生自以下有限的例外情況：不可在稅務方面獲得扣減的商譽；作為遞延收入處理的負商譽；不影響會計或應稅溢利的資產或負債的初始確認（如屬業務合併的一部分則除外）；以及投資附屬公司（如屬應稅差異，只限於本集團可以控制轉回的時間，而且在可預見的將來不大可能轉回的暫時差異；或如屬可抵扣差異，則只限於很可能在將來轉回的差異）。

遞延所得稅額是按照資產和負債賬面金額的預期實現或清償方式，根據已執行或在結算日實質上已執行的稅率計量。遞延所得稅資產和負債均不貼現計算。

本集團會在每個結算日評估遞延所得稅資產的賬面金額。如果本集團預期不再可能獲得足夠的應稅溢利以利用相關的稅務利益，該遞延所得稅資產的賬面金額便會調低；但是如果日後又可能獲得足夠的應稅溢利，有關減額便會轉回。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Income tax (Continued)

(iii) (Continued)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or

1. 主要會計政策 (續)

(o) 所得稅 (續)

(iii) (續)

因分派股息而額外產生的所得稅是在支付相關股息的責任確立時確認。

(iv) 本期和遞延所得稅結餘及其變動額會分開列示，並且不予抵銷。本期和遞延所得稅資產只會在本公司或本集團有法定行使權以本期所得稅資產抵銷本期所得稅負債，並且符合以下附帶條件的情況下，才可以分別抵銷本期和遞延所得稅負債：

- 本期所得稅資產和負債：本公司或本集團計劃按淨額基準結算，或同時變現該資產和清償該負債；或
- 遞延所得稅資產和負債：這些資產和負債必須與同一稅務機關就以下其中一項徵收的所得稅有關：
 - 同一應稅實體；或

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Income tax (Continued)

(iv) (Continued)

- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company or group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1. 主要會計政策 (續)

(o) 所得稅 (續)

(iv) (續)

- 不同的應稅實體。這些實體計劃在預期有大額遞延所得稅負債需要清償或遞延所得稅資產可以收回的每個未來期間，按淨額基準實現本期所得稅資產和清償本期所得稅負債，或同時變現該資產和清償該負債。

(p) 準備及或有負債

倘若本公司或本集團須就已發生的事件承擔法律或推定義務，而履行該義務預期會導致含有經濟效益的資源外流，並可作出可靠的估計，便會就該時間或數額不定的負債計提準備。如果貨幣時間價值重大，則按預計履行義務所需資源的現值計列準備。

倘若含有經濟效益的資源外流的可能性不大，或是無法對有關數額作出可靠的估計，便會將該義務披露為或有負債；但假如這類資源外流的可能性極低則除外。須視乎某宗或多宗未來事件是否發生才能確定存在與否的潛在義務，亦會披露為或有負債，但假如這類資源外流的可能性極低則除外。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(q) Revenue recognition

Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added or other sales taxes and is after deduction of any trade discounts.

(ii) Commission income

Commission income on sales referred to manufacturers is recognised when the goods are delivered by the manufacturers to the ultimate customers.

(iii) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

(r) Translation of currencies

Renminbi and foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in Renminbi and foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date or at the relevant forward contract rates where applicable. Exchange gains and losses are dealt with in the income statement.

1. 主要會計政策(續)

(q) 收入確認

收入是在經濟效益可能會流入本集團，以及能夠可靠地計算收入和成本(如適用)時，根據下列基準在損益表內確認：

(i) 銷售貨品

收入在貨品送達客戶場地，而且客戶接收貨品及其所有權相關的風險及回報時確認。收入不包括增值稅或其他銷售稅，並已扣除任何營業折扣。

(ii) 佣金收入

向製造商轉介交易所得的佣金收入是在製造商向最終客戶交付貨品時確認。

(iii) 利息收入

銀行存款的利息收入以時間比例為基準，按尚餘本金及適用利率計算。

(r) 外幣換算

年內的人民幣及外幣交易按交易日的匯率換算為港幣。以人民幣及外幣為單位的貨幣資產及負債則按結算日的匯率或相關的遠期合約匯率換算為港幣。匯兌盈虧均撥入損益表處理。

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(r) Translation of currencies (Continued)

The results of PRC and foreign enterprises are translated into Hong Kong dollars at the average exchange rates for the year; balance sheet items are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

On disposal of a PRC or foreign enterprise, the cumulative amount of the exchange differences which relate to that foreign enterprise is included in the calculation of the profit or loss on disposal.

(s) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1. 主要會計政策 (續)

(r) 外幣換算 (續)

中國及海外企業的業績按年內的平均匯率換算為港幣，而資產負債表項目則按結算日當時的匯率換算為港幣。匯兌盈虧列作儲備變動。

出售中國或海外企業而計算出售盈虧時，亦包括與該海外企業有關的累計匯兌差額。

(s) 借貸成本

除直接用作收購、建設或生產而需要相當長時間才可以投入原定用途或銷售的資產的借貸成本予以資本化外，借貸成本均在產生的期間內在損益表列支。

屬於合資格資產成本一部分的借貸成本在資產產生開支、借貸成本產生及使資產投入原定用途或銷售所必須的準備工作進行期間開始資本化。在使未合資格資產投入原定用途或銷售所必須的絕大部分準備工作中止或完成時，借貸成本便會暫停或停止資本化。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(t) Related parties

For the purposes of these financial statements, parties are considered to be related to the group if the group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(u) Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the group's internal financial reporting, the group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

1. 主要會計政策 (續)

(t) 關聯人士

就本財務報表而言，如果本集團能夠直接或間接控制另一方人士或對另一方人士的財務及經營決策發揮重大的影響力，或另一方人士能夠直接或間接控制本集團或對本集團的財務及經營決策發揮重大的影響力，或本集團與另一方人士均受制於共同的控制或共同的重大影響下，即被視為本集團的關聯人士。關聯人士可以是個別人士或其他實體。

(u) 分部報告

分部是指本集團內可明顯區分的組成部分，並且負責提供單項產品或服務(業務分部)或在一個特定的經濟環境中提供產品或服務(地區分部)，並且承擔不同於其他分部的風險和回報。

按照本集團的內部財務報告準則，本集團已就編製本財務報表選擇以業務分部為報告分部信息的主要形式，而地區分部則是次要的分部報告形式。

1. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(u) Segment reporting (Continued)

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses.

2. TURNOVER

The principal activities of the group are the design, development, manufacturing and sales of plush stuffed toys and steel and plastic toys.

Turnover represents the net invoiced value of toys sold, excludes value added tax and is net of any trade discounts.

1. 主要會計政策 (續)

(u) 分部報告 (續)

分部收入、支出、經營成果、資產及負債包含直接歸屬某一分部，以及可按合理的基準分配至該分部的項目的數額。例如，分部資產可能包括存貨、應收賬款及物業、機器及設備。分部收入、支出、資產及負債包含須在編製綜合財務報表時抵銷的集團內部往來的餘額和集團內部交易；但同屬一個分部的集團企業之間的集團內部往來的餘額和交易則除外。分部之間的轉移事項定價按與其他外界人士相若的條款計算。

分部資本開支是指在期內購入預計可於超過一個會計期間使用的分部資產(包括有形和無形資產)所產生的成本總額。

未能分配至分部的項目主要包括財務及企業資產、帶息借款、借款、企業及融資支出。

2. 營業額

本集團的主要業務是設計、發展、生產及銷售毛絨玩具與金屬及塑膠玩具。

營業額包括售出玩具的發票淨值，不計增值稅，但已扣除任何營業折扣。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

3. OTHER REVENUE AND NET LOSS

3. 其他收入及虧損淨額

		2004 \$'000 千元	2003 \$'000 千元
Other revenue	其他收入		
Interest income from bank deposits (including related option premium income on dual currency option deposits)	銀行存款利息收入(包括 雙重貨幣期權存款的相關 期權金收入)	14,531	12,703
Commission income	佣金收入	–	577
Sales of scrap materials	出售報廢物料	543	852
Sundry income	雜項收入	3,226	2,295
		18,300	16,427
Other net loss	其他虧損淨額		
Net gain on sale of fixed assets	出售固定資產收益淨額	293	285
Net exchange loss	匯兌虧損淨額	(6,201)	(1,118)
Loss on revaluation of long-term structured deposit contract (note 19)	長期結構式存款合約重估 虧損(附註19)	(8,000)	–
Gain on disposal of associate	出售聯營公司收益	259	–
Others	其他	(10)	(97)
		(13,659)	(930)

4. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

4. 除稅前正常業務溢利

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

除稅前正常業務溢利已扣除／（計入）：

		2004 \$'000 千元	2003 \$'000 千元
(a) Finance costs:	融資成本：		
Interest on bank advances and other borrowings wholly repayable within five years	須於五年內悉數償還的銀行貸款及其他借貸利息	830	166
(b) Staff costs:	員工成本：		
Contributions to defined contribution retirement plan	界定供款退休計劃的供款	7,837	7,472
Expenses recognised in respect of defined benefit retirement plan (note 25(a))	就界定利益退休計劃確認的費用(附註25(a))	4,865	1,208
Retirement costs	退休計劃成本	12,702	8,680
Salaries, wages and other benefits	薪金、工資及其他福利	230,730	170,827
		243,432	179,507
(c) Other items:	其他項目：		
Auditors' remuneration	核數師酬金	3,500	2,830
Cost of inventories (note (i))	存貨成本(附註(i))	867,628	686,290
Depreciation (note (i))	折舊(附註(i))	17,666	17,539
Operating lease charges:	經營租賃費用：		
– hire of plant and machinery	– 租賃工業裝置及機器	–	53
– hire of other assets (including property rentals) (note (i))	– 租賃其他資產(包括物業租金)(附註(i))	28,499	22,258
Amortisation of negative goodwill arising on acquisition of subsidiary	收購附屬公司產生之負商譽攤銷	(1,591)	(1,591)
Amortisation of positive goodwill arising on acquisition of	收購下列項目產生之正商譽攤銷		
– subsidiary	– 附屬公司	7,328	1,898
– associate (note (ii))	– 聯營公司(附註(ii))	–	717
Recovery of bad debts written off	收回已撇銷之壞賬	–	(5,141)
Provision for bad debts	壞賬撥備	22,480	645
Commission expenses	佣金開支	6,981	11,336

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度 (以港幣單位列示)

4. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION (Continued)

Notes:

- (i) Cost of inventories includes \$183,390,000 (2003: \$164,845,000) relating to staff costs, depreciation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.
- (ii) Amortisation of positive goodwill in respect of associate of \$717,000 was included in the share of profits less losses of associates for the year ended 31 December 2003.

4. 除稅前正常業務溢利 (續)

附註：

- (i) 存貨成本包括與員工成本、折舊費用及經營租賃費用有關的183,390,000元(二零零三年：164,845,000元)，有關數額亦已記入以上附註4(b)分開列示的各類開支總額中。
- (ii) 攤銷聯營公司正商譽717,000元已計入截至二零零三年十二月三十一日止年度應佔聯營公司溢利減虧損。

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

5. 綜合損益表所示的所得稅

(a) Taxation in the consolidated income statement represents:

(a) 綜合損益表所示的稅項為：

		2004 \$'000 千元	2003 \$'000 千元
Current tax – Provision for Hong Kong Profits Tax	本期稅項 – 香港利得稅準備		
Tax for the year	本年度稅項	5,184	8,489
Under-provision in respect of prior years	以往年度準備不足	3	223
		5,187	8,712
Current tax – Outside Hong Kong	本期稅項 – 香港以外地區		
Tax for the year	本年度稅項	7,155	3,775
Over-provision in respect of prior years	以往年度準備過剩	(86)	(37)
		7,069	3,738
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時性差異產生及轉回	580	773
Effect of increase in tax rate on deferred tax balances at 1 January	稅率提高對一月一日之遞延稅項結餘之影響	–	407
		580	1,180
		12,836	13,630

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(Continued)*

(a) Taxation in the consolidated income statement represents: *(Continued)*

Provision for Hong Kong Profits Tax is calculated at 17.5% (2003: 17.5%) of the estimated assessable profits for the year. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

In accordance with the relevant regulations and the Enterprise Income Tax Law applicable in the PRC, the PRC subsidiaries are exempted from Enterprise Income Tax for two years starting from the first profit making year and thereafter subject to Enterprise Income Tax at 50% of the standard tax rate for the following three years. During the year ended 31 December 2004, two of the PRC subsidiaries are subject to Enterprise Income Tax at 50% of the standard tax rate of 27% (2003: 27%). The remaining PRC subsidiary is loss making.

5. 綜合損益表所示的所得稅 (續)

(a) 綜合損益表所示的稅項為：(續)

香港利得稅準備是按本年度的估計應評稅溢利以17.5%(二零零三年：17.5%)的稅率計算。香港以外地區之附屬公司的稅項以相關國家適用的現行稅率計算。

根據有關規例及適用於中國的企業所得稅法，中國附屬公司可以在首個獲利營運年度起計獲豁免企業所得稅兩年，並於其後三年獲減免按標準稅率計算的企業所得稅的50%。截至二零零四年十二月三十一日止年度，其中兩間中國附屬公司按標準稅率27%(二零零三年：27%)的50%繳納企業所得稅。而餘下的中國附屬公司則蒙受虧損。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度 (以港幣單位列示)

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

		2004 \$'000 千元	2003 \$'000 千元
Profit before tax	除稅前溢利	65,763	134,582
Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	按照在相關稅項司法權區獲得溢利的適用稅率計算除稅前溢利的名義稅項	9,564	14,459
Tax effect of non-deductible expenses	不可扣減支出的稅項影響	4,372	460
Tax effect of non-taxable revenue	毋須課稅收入的稅項影響	(1,698)	(1,068)
Tax effect of unused tax losses not recognised	不予確認未動用稅項虧損的稅項影響	681	-
Effect on opening deferred tax balances resulting from an increase in tax rate during the year	因在本年度調高稅率而對遞延稅項期初結餘造成的影響	-	(407)
(Over)/under-provision in prior years	以往年度準備(過剩)/不足	(83)	186
Actual tax expense	實際稅項支出	12,836	13,630

5. 綜合損益表所示的所得稅 (續)

(b) 按適用稅率就稅項開支與會計溢利之對賬：

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

		2004 \$'000 千元	2003 \$'000 千元
Fees	袍金	282	244
Salaries and other emoluments	薪金及其他酬金	12,581	9,343
Retirement scheme contributions	退休計劃供款	29	853
		12,892	10,440

6. 董事酬金

根據香港《公司條例》第161條列報的董事酬金如下：

6. DIRECTORS' REMUNERATION (Continued)

During the year ended 31 December 2003, a director waived his entitlement to certain remuneration of \$1,542,000. There was no remuneration waived by any director during the year ended 31 December 2004.

Included in the directors' remuneration were fees of \$282,000 (2003: \$244,300) paid to the independent non-executive directors during the year.

In addition, certain directors were granted options to subscribe for shares in the company. Details of the share options granted and outstanding in respect of each director as at 31 December 2004 are set out under the paragraph "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" of the report of the directors and note 26.

The remuneration of the directors is within the following bands:

		2004 Number of directors 董事人數	2003 Number of directors 董事人數
\$	元		
Nil – 1,000,000	零 – 1,000,000	3	4
1,000,001 – 1,500,000	1,000,001 – 1,500,000	1	–
1,500,001 – 2,000,000	1,500,001 – 2,000,000	–	2
2,000,001 – 2,500,000	2,000,001 – 2,500,000	1	1
3,500,001 – 4,000,000	3,500,001 – 4,000,000	1	–
4,000,001 – 4,500,000	4,000,001 – 4,500,000	–	1
5,500,000 – 6,000,000	5,500,000 – 6,000,000	1	–

6. 董事酬金 (續)

於截至二零零三年十二月三十一日止年度，一位董事放棄收取應得之若干酬金1,542,000元。於截至二零零四年十二月三十一日止年度，並無任何董事放棄酬金。

董事酬金包括年內支付予獨立非執行董事的袍金282,000元(二零零三年：244,300元)。

此外，若干董事獲授購股權以認購本公司股份。各董事於二零零四年十二月三十一日已獲授及尚未行使之購股權詳情載於董事會報告書「董事及最高行政人員擁有股份、相關股份及債權證之權益及淡倉」一段及附註26。

酬金在以下範圍內的董事人數如下：

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度 (以港幣單位列示)

7. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2003: four) are directors whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of other two (2003: one) individuals are as follows:

		2004 \$'000 千元	2003 \$'000 千元
Salaries and other emoluments	薪金及其他酬金	2,853	1,634
Retirement scheme contributions	退休計劃供款	24	–
		2,877	1,634

The emoluments of the two (2003: one) individuals with the highest emoluments are within the following bands:

		2004 Number of individuals 人數	2003 Number of individuals 人數
\$	元		
1,000,001 – 1,500,000	1,000,001 – 1,500,000	2	–
1,500,001 – 2,000,000	1,500,001 – 2,000,000	–	1

7. 最高酬金人士

在五位最高酬金的人士中，三位(二零零三年：四位)為董事，有關的酬金詳情載於附註6。其他兩位(二零零三年：一位)人士的酬金總額如下：

該兩位(二零零三年：一位)最高酬金人士的酬金在以下範圍內：

8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders includes a profit of \$38,481,000 (2003: \$90,357,000) which has been dealt with in the financial statements of the company.

8. 股東應佔溢利

股東應佔綜合溢利包括一筆已列入本公司財務報表的38,481,000元(二零零三年：90,357,000元)溢利。

8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

(Continued)

Reconciliation of the above amount to the company's profit for the year:

8. 股東應佔溢利 (續)

上述數額與本公司本年度溢利之對賬如下：

		2004 \$'000 千元	2003 \$'000 千元
Amount of consolidated profit attributable to shareholders dealt with in the company's financial statements	列入本公司財務報表的股東應佔綜合溢利數額	38,481	90,357
Final dividend from subsidiary attributable to the profit of the previous financial year, approved and paid during the year	附屬公司於年內獲核准及支付的以往財政年度末期股息	4,680	-
Company's profit for the year (note 29)	本公司本年度溢利 (附註29)	43,161	90,357

9. DIVIDENDS

(a) Dividends attributable to the year

9. 股息

(a) 本年度股息

		2004 \$'000 千元	2003 \$'000 千元
Interim dividend declared and paid of \$0.030 (2003: \$0.030) per share (note 29)	已宣派及支付中期股息每股0.030元 (二零零三年：0.030元) (附註29)	20,026	19,755
Final dividend proposed after the balance sheet date of \$0.060 (2003: \$0.060) per share	於結算日後建議分派末期股息每股0.060元 (二零零三年：0.060元)	40,053	39,509
		60,079	59,264

Note: The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

附註：於結算日後建議分派的末期股息並未於結算日確認為負債。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

9. DIVIDENDS (Continued)

(b) Dividends attributable to the previous financial year, approved and paid during the year

		2004	2003
		\$'000	\$'000
		千元	千元
Final dividend in respect of the previous financial year, approved and paid during the year, of \$0.060 per share (2003: \$0.064 per share) (note 29)	於年內獲批准及支付的以往財政年度末期股息每股0.060元(二零零三年: 每股0.064元)(附註29)	40,053	41,885

9. 股息(續)

(b) 於年內獲批准及支付之以往財政年度股息

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of \$52,927,000 (2003: \$120,952,000) and the weighted average of 666,349,070 (2003: 654,363,387) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of \$52,927,000 (2003: \$120,952,000) and the weighted average number of ordinary shares of 670,953,579 (2003: 661,058,326) shares after adjusting for the effects of all dilutive potential ordinary shares under the company's share option scheme.

10. 每股盈利

(a) 每股基本盈利

每股基本盈利是按照本年度的股東應佔溢利52,927,000元(二零零三年: 120,952,000元)及年內已發行之加權平均普通股股數666,349,070股(二零零三年: 654,363,387股)計算。

(b) 每股攤薄盈利

每股攤薄盈利是根據股東應佔溢利52,927,000元(二零零三年: 120,952,000元)及已就本公司購股權計劃下所有具備潛在攤薄影響的普通股作出調整之加權平均普通股股數670,953,579股(二零零三年: 661,058,326股)計算。

10. EARNINGS PER SHARE (Continued)

(c) Reconciliations

		2004 Number of shares 股份數目	2003 Number of shares 股份數目
Weighted average number of ordinary shares used in calculating basic earnings per share	用作計算每股基本盈利的普通股加權平均股數	666,349,070	654,363,387
Deemed issue of ordinary shares for no consideration	視為不計價款發行之普通股	4,604,509	6,694,939
Weighted average number of ordinary shares used in calculating diluted earnings per share	用作計算每股攤薄盈利的普通股加權平均股數	670,953,579	661,058,326

11. SEGMENT REPORTING

Segment information is presented in respect of the group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the group's internal financial reporting.

Business segments

The group comprises two main business segments:

- plush stuffed toys
- steel and plastic toys

10. 每股盈利 (續)

(c) 對賬

11. 分部報告

分部資料是按本集團的業務和地區分部作出呈述。由於業務分部資料對本集團的內部財務匯報工作意義較大，故已選為報告分部資料的主要形式。

業務分部

本集團的主要業務分部如下：

- 毛絨玩具
- 金屬及塑膠玩具

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

11. SEGMENT REPORTING (Continued)

11. 分部報告(續)

		Plush stuffed toys		Steel and plastic toys		Unallocated		Consolidated	
		毛絨玩具		金屬及塑膠玩具		未分配數額		綜合數額	
		2004	2003	2004	2003	2004	2003	2004	2003
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元	千元	千元
Revenue from external customers	來自外界客戶的收入	1,114,298	885,326	43,809	46,521	-	-	1,158,107	931,847
Other revenue from external customers	來自外界客戶的其他收入	3,757	3,711	12	13	14,531	12,703	18,300	16,427
Total	總額	1,118,055	889,037	43,821	46,534	14,531	12,703	1,176,407	948,274
Segment result	分部業績	65,188	130,824	1,547	4,774	-	-	66,735	135,598
Profit from operations	經營溢利							66,735	135,598
Finance costs	融資成本							(830)	(166)
Share of profits less losses of associates	應佔聯營公司溢利減虧損							(142)	(850)
Taxation	稅項							(12,836)	(13,630)
Profit attributable to shareholders	股東應佔溢利							52,927	120,952

11. SEGMENT REPORTING (Continued)

11. 分部報告 (續)

		Plush stuffed toys		Steel and plastic toys		Consolidated	
		毛絨玩具		金屬及塑膠玩具		綜合數額	
		2004	2003	2004	2003	2004	2003
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
Depreciation in respect of fixed assets for the year	本年度固定資產折舊	16,590	16,333	1,076	1,206	17,666	17,539
Amortisation of goodwill for the year	本年度商譽攤銷	5,648	218	89	89	5,737	307
Significant non-cash expenses (other than depreciation and amortisation)	大額非現金費用 (折舊及攤銷除外)	22,480	645	-	-	22,480	645
Segment assets	分部資產	496,705	442,098	43,976	42,135	540,681	484,233
Interest in associates	於聯營公司的權益	809	4,596	-	-	809	4,596
Unallocated assets	未分配資產					239,632	271,885
Total assets	資產總值					781,122	760,714
Segment liabilities	分部負債	102,154	75,970	7,055	35,632	109,209	111,602
Unallocated liabilities	未分配負債					67,367	53,835
Total liabilities	負債總額					176,576	165,437
Capital expenditure incurred during the year	本年度內產生的資本開支	38,266	159,647	241	239	38,507	159,886

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

11. SEGMENT REPORTING (Continued)

Geographical segments

The group participates in several principal economic environments as set out below.

In presenting information on the basis of geographical segments, segment turnover is based on the geographical destination of delivery of goods. Segment assets and capital expenditure are based on the geographical location of the assets.

11. 分部報告(續)

地區分部

本集團在下列數個主要經濟環境中經營。

在呈述地區分部信息時，分部營業額乃根據交付貨品的目的地釐定。分部資產及資本開支則以資產的所在地為計算基準。

		Turnover		Segment assets		Capital expenditure incurred during the year	
		營業額		分部資產		本年度內產生的資本開支	
		2004	2003	2004	2003	2004	2003
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
North America	北美洲	514,256	399,942	425	493	31	70
Japan	日本	448,356	371,540	4,580	-	4,603	-
Europe	歐洲	129,496	93,400	-	-	-	-
South Korea	南韓	30,598	40,733	175,966	174,118	3,216	134,547
Hong Kong	香港	-	-	69,606	39,310	350	-
PRC (other than Hong Kong)	中國(香港除外)	-	-	270,891	270,312	23,982	25,269
Vietnam	越南	-	-	19,213	-	6,325	-
Others	其他	35,401	26,232	-	-	-	-
		1,158,107	931,847	540,681	484,233	38,507	159,886

There is no major disparity in the ratios between turnover and profit in relation to the above geographical locations, hence no analysis is given of the profit contribution from each of the above geographical locations.

由於來自上述地區的營業額與溢利的比例並無重大差異，故此並無對上述地區的溢利貢獻作出分析。

12. FIXED ASSETS

(a) The group

		Land, land use rights and buildings	Leasehold improvements	Plant and machinery	Office equipment, furniture and fixtures 辦公室 設備、 傢具及 固定裝置	Motor vehicles	Total
		土地、 土地使用權及 建築物	租賃 物業裝修	工業裝置 及機器	固定裝置	汽車	總計
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
Cost or valuation:	成本或估值：						
At 1 January 2004	於二零零四年一月一日	47,293	19,245	85,073	17,592	9,062	178,265
Exchange adjustments	匯兌調整	-	-	(3)	228	315	540
Additions	增置	6,745	2,353	17,693	4,472	2,380	33,643
Disposals	出售	-	(115)	(472)	(447)	(287)	(1,321)
At 31 December 2004	於二零零四年 十二月三十一日	54,038	21,483	102,291	21,845	11,470	211,127
Representing:	代表：						
Cost	成本	-	21,483	102,291	21,845	11,470	157,089
Valuation - 2004	二零零四年估值	54,038	-	-	-	-	54,038
		54,038	21,483	102,291	21,845	11,470	211,127
Aggregate amortisation and depreciation:	攤銷及折舊總額：						
At 1 January 2004	於二零零四年一月一日	4,495	12,477	44,066	11,579	5,536	78,153
Exchange adjustments	匯兌調整	-	-	(3)	98	115	210
Charge for the year	本年度開支	2,264	2,647	8,827	2,305	1,623	17,666
Written back on disposal	出售時撥回	-	(98)	(460)	(336)	(287)	(1,181)
At 31 December 2004	於二零零四年 十二月三十一日	6,759	15,026	52,430	13,646	6,987	94,848
Net book value:	賬面淨值：						
At 31 December 2004	於二零零四年 十二月三十一日	47,279	6,457	49,861	8,199	4,483	116,279
At 31 December 2003	於二零零三年 十二月三十一日	42,798	6,768	41,007	6,013	3,526	100,112

12. 固定資產

(a) 本集團

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

12. FIXED ASSETS (Continued)

(b) The company

12. 固定資產(續)

(b) 本公司

		Land and buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Office equipment, furniture and fixtures 辦公室 設備、 傢具及 固定裝置	Total
		土地及樓宇	租賃 物業裝修	工業裝置 及機器	汽車	固定裝置	總計
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Cost or valuation:	成本或估值：						
At 1 January 2004	於二零零四年一月一日	-	16,245	25,673	3,364	11,389	56,671
Additions	增置	4,603	653	6,917	189	350	12,712
Disposals	出售	-	(115)	(441)	(167)	(7)	(730)
At 31 December 2004	於二零零四年 十二月三十一日	4,603	16,783	32,149	3,386	11,732	68,653
Representing:	代表：						
Cost	成本	-	16,783	32,149	3,386	11,732	64,050
Valuation - 2004	二零零四年估值	4,603	-	-	-	-	4,603
		4,603	16,783	32,149	3,386	11,732	68,653
Aggregate depreciation:	折舊總額：						
At 1 January 2004	於二零零四年一月一日	-	10,229	19,080	2,513	7,913	39,735
Charge for the year	本年度開支	23	2,341	2,725	578	1,278	6,945
Written back on disposal	出售時撥回	-	(98)	(441)	(166)	(6)	(711)
At 31 December 2004	於二零零四年 十二月三十一日	23	12,472	21,364	2,925	9,185	45,969
Net book value:	賬面淨值：						
At 31 December 2004	於二零零四年 十二月三十一日	4,580	4,311	10,785	461	2,547	22,684
At 31 December 2003	於二零零三年 十二月三十一日	-	6,016	6,593	851	3,476	16,936

12. FIXED ASSETS (Continued)

(c) The analysis of net book value of land, land use rights and buildings is as follows:

		2004 \$'000 千元	2003 \$'000 千元
Outside Hong Kong	香港境外		
– medium-term leases	– 中期租賃	42,699	42,798
Freehold outside Hong Kong	香港境外永久擁有	4,580	–
		47,279	42,798

(d) The group's land use rights and buildings held for own use were revalued at 30 November 2001 by Mr. Raymond Ho Kai Kwong who is an associate member of the Hong Kong Institute of Surveyors and a qualified surveyor of Vigers Hong Kong Ltd., at their open market value. The revaluation surplus of \$701,000 has been transferred to the land use rights and buildings revaluation reserve of the group.

The valuation at 31 December 2004 was performed by the directors of the company, who are not qualified valuers, with reference to the relevant market indices. In their opinion, there have been no significant changes in the value of land and buildings since 31 December 2003.

The carrying amount of the land, land use rights and buildings held for own use of the group at 31 December 2004 would have been \$46,690,000 (2003: \$42,171,000) had they been carried at cost less accumulated depreciation.

12. 固定資產 (續)

(c) 土地、土地使用權及建築物賬面淨值的分析如下：

		2004 \$'000 千元	2003 \$'000 千元
Outside Hong Kong	香港境外		
– medium-term leases	– 中期租賃	42,699	42,798
Freehold outside Hong Kong	香港境外永久擁有	4,580	–
		47,279	42,798

(d) 本集團持作自用的土地使用權及建築物已於二零零一年十一月三十日經由香港測量師學會會員兼威格斯(香港)有限公司的合資格測量師何繼光先生，以公開市值為基準進行重估。為數701,000元重估盈餘已轉撥到本集團的土地使用權及建築物重估儲備。

於二零零四年十二月三十一日進行之估值乃由本公司董事(並非合資格估值師)參考相關市場指數後作出，並認為土地及建築物之價值自二零零三年十二月三十一日起並無重大改變。

假如本集團持作自用的土地、土地使用權及建築物是按成本減去累計折舊後入賬，則這些土地、土地使用權及建築物於二零零四年十二月三十一日的賬面金額應為46,690,000元(二零零三年：42,171,000元)。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

13. CONSTRUCTION IN PROGRESS

13. 在建工程

		The group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
At 1 January	於一月一日	-	282
Additions	增置	4,864	3,689
Transfer to fixed assets	轉撥往固定資產	-	(3,971)
At 31 December	於十二月三十一日	4,864	-

14. GOODWILL

14. 商譽

		Negative goodwill 負商譽 \$'000 千元	Positive goodwill 正商譽 \$'000 千元	Total 總計 \$'000 千元
Cost:	成本：			
At 1 January and 31 December 2004	於二零零四年一月一日 及十二月三十一日	(18,960)	109,469	90,509
Accumulated amortisation:	累計攤銷：			
At 1 January 2004	於二零零四年一月一日	7,774	(1,987)	5,787
Amortisation for the year	本年度攤銷	1,591	(7,328)	(5,737)
At 31 December 2004	於二零零四年十二月三十一日	9,365	(9,315)	50
Carrying amount:	賬面金額：			
At 31 December 2004	於二零零四年十二月三十一日	(9,595)	100,154	90,559
At 31 December 2003	於二零零三年十二月三十一日	(11,186)	107,482	96,296

14. GOODWILL (Continued)

Negative goodwill is amortised to the consolidated income statement on a straight-line basis over ten years. Positive goodwill is amortised to the consolidated income statement on a straight-line basis over ten to fifteen years.

15. INTEREST IN SUBSIDIARIES

Unlisted shares, at cost	非上市股份(按成本)
Loans to subsidiaries	授予附屬公司之貸款

The loans to subsidiaries are unsecured, interest free and have no fixed repayment term.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the group. The class of shares held is ordinary unless otherwise stated.

All of these are controlled subsidiaries as defined under note 1(d) and have been consolidated into the group financial statements.

14. 商譽(續)

負商譽在十年內按直線法於綜合損益表攤銷。正商譽亦在十至十五年內按直線法於綜合損益表攤銷。

15. 於附屬公司的權益

		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元
Unlisted shares, at cost	非上市股份(按成本)	128,927	111,064
Loans to subsidiaries	授予附屬公司之貸款	152,434	140,556
		281,361	251,620

授予附屬公司之貸款乃無抵押、免息及無固定還款期。

下表只載列對本集團的業績、資產或負債有重大影響的附屬公司詳情。除另有註明者外，所持有的股份均為普通股。

這些附屬公司均為附註1(d)所界定的受控制附屬公司，並已在本集團的財務報表中綜合計算。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

15. INTEREST IN SUBSIDIARIES (Continued)

15. 於附屬公司的權益(續)

Company name	Place and incorporation and operation	Particulars of issued and fully paid up capital/ registered capital 已發行及繳足股本/ 註冊資本詳情	Attributable equity interest 應佔股本權益	Principal activity 主要業務
Dream International USA, Inc. (formerly C & H Toy of America, Inc.) #	United States of America	US\$1,000,000	100%	Trading of plush stuffed toys
Dream International USA, Inc. (前稱C & H Toy of America, Inc.) #	美國	1,000,000美元		買賣毛絨玩具
J.Y. Toys Co., Limited	Hong Kong	US\$1,500,000	100%	Trading and manufacture of steel and plastic toys
香港正潤玩具有限公司	香港	1,500,000美元		買賣及製造金屬及塑膠玩具
J.Y. International Company Limited	Hong Kong	US\$500,000	100%	Trading of plush stuffed toys and investment holding
	香港	500,000美元		買賣毛絨玩具及投資控股
* Jung Yoon Toys (Shanghai) Co., Limited #	PRC	US\$420,000	100%	Manufacture of plush stuffed toys
* 正潤玩具(上海)有限公司#	中國	420,000美元		製造毛絨玩具
* C & H Toys (Suzhou) Co., Ltd. #	PRC	US\$9,200,000	100%	Manufacture of plush fabrics and plush stuffed toys
* 希安琦玩具(蘇州)有限公司#	中國	9,200,000美元		製造毛絨布料及毛絨玩具

15. INTEREST IN SUBSIDIARIES (Continued)

15. 於附屬公司的權益 (續)

Company name	Place and incorporation and operation	Particulars of issued and fully paid up capital/ registered capital 已發行及繳足股本／註冊資本詳情	Attributable equity interest	Principal activity
公司名稱	註冊成立及經營地點		應佔股本權益	主要業務
Dream INKO Co., Ltd	South Korea	KRW100,000,000	100%	Design, development and trading of plush stuffed toys
	南韓	100,000,000韓圓		設計、開發及買賣毛絨玩具
Dream Vina Co.,Ltd #	Vietnam	US\$1,690,000	100%	Manufacture of plush stuffed toys
	越南	1,690,000美元		製造毛絨玩具
* C & H Toys (Shuyang) Co., Ltd #	PRC	US\$600,000	100%	Manufacture of plush stuffed toys
	中國	600,000美元		製造毛絨玩具

* These are wholly-owned foreign investment enterprises registered under the Laws of the PRC.

* 根據中國法例註冊成立的全資外國投資企業。

Subsidiaries not audited by KPMG.

並非由畢馬威會計師事務所審核的附屬公司。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

16. INTEREST IN ASSOCIATES

16. 於聯營公司的權益

	The group 本集團		The company 本公司	
	2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Unlisted shares, at cost	–	–	1,248	1,248
Share of net assets	809	2,445	–	–
Goodwill	–	2,151	–	–
	809	4,596	1,248	1,248

Details of the associates are as follows:

聯營公司之詳情如下：

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest				Principal activity
				the group's effective interest	held by the company	held by subsidiary	held by associate	
聯營公司名稱	商業架構形式	註冊成立及經營地點	已發行及繳足股本詳情	本集團的實際權益	本公司所持有	附屬公司所持有	聯營公司所持有	主要業務
Kedington Enterprises Inc.	Incorporated	British Virgin Islands	800,000 ordinary shares of US\$1 each	20%	20%	–	–	Investment holding
	法團	英屬處女群島	800,000股每股1美元之普通股					投資控股
Yuan Lin Toys (Suzhou) Co., Ltd	Incorporated	PRC	Registered capital of US\$1,000,000	20%	–	–	100%	Manufacture of plush stuffed toys
元林玩具(蘇州)有限公司	法團	中國	1,000,000美元之註冊股本					製造毛絨玩具

The investment in Sung Won Industries Inc. ("Sung Won") previously included in interest in associates has been reclassified to other investments. Further details are disclosed in note 18.

先前載入於聯營公司的權益之 Sung Won Industries Inc. (「Sung Won」) 投資已重新分類為其他投資。有關詳情載於附註18。

17. INVESTMENT SECURITIES

		2004 \$'000 千元	2003 \$'000 千元
Golf club memberships, at cost	高爾夫球會會籍(按成本)	12,180	11,313

18. OTHER INVESTMENTS

Other investments represent the group's 27% shareholding in Sung Won, a company incorporated in South Korea and engaged in the trading of plush stuffed toys.

As at 31 December 2003, this investment was accounted for as an associate in which the group held a 36% shareholding. The consolidated income statement for the year ended 31 December 2003 includes the group's share of the results of Sung Won for the year.

During the year, the group entered into an agreement to sell its 36% shareholding to the other shareholder of Sung Won. 9% of the interest in Sung Won was disposed of by the group during the year for a consideration of US\$150,000 (equivalent to \$1,170,000) at a profit of \$259,000. The remaining 27% shareholding is to be sold to the shareholder piecemeal over a period of 3 years.

Following the signing of the agreement, the group's representative resigned from the board of directors of Sung Won. In the opinion of the directors, the group is no longer in a position to exercise significant influence over the financial and operating policies of Sung Won. Accordingly, the interest in Sung Won has been included under other investments as at 31 December 2004.

17. 投資證券

18. 其他投資

其他投資指本集團於Sung Won(一間於南韓註冊成立之公司，其業務為買賣毛絨玩具)之27%股權。

於二零零三年十二月三十一日，此項投資作為一間聯營公司入賬，而當時本集團持有36%股權。截至二零零三年十二月三十一日止年度之綜合損益表包括本集團於該年度應佔Sung Won之業績。

於年內，本集團簽訂一項協議，向Sung Won另一股東出售其36%股權。本集團於年內出售Sung Won之9%權益，代價為150,000美元(相等於1,170,000元)，而其中溢利為259,000元。餘下27%股權將於三年內向該名股東逐一出售。

簽訂前述協議後，本集團之代表辭任Sung Won董事會職務。董事認為，本集團不再對Sung Won之財務及經營政策產生重大影響。因此，Sung Won之權益於二零零四年十二月三十一日載入其他投資項下。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

19. LONG-TERM BANK DEPOSIT

During the year ended 31 December 2003, the company entered into a long-term structured deposit contract with a bank to place a total of US\$15,000,000 (equivalent to \$117,000,000) in instalment over a period of 3 years to July 2005. At 31 December 2004, an aggregate amount of US\$12,000,000 (equivalent to \$93,288,000) (2003: US\$8,000,000 (equivalent to \$62,104,000)) was placed with the bank. Interest is payable in the first year at 6% per annum and in subsequent years at rates based on LIBOR. The deposit will mature when the accumulated interest reaches a pre-determined amount specified in the contract or on maturity of the contract, whichever is the earlier.

The long-term structured deposit contract was early terminated by the group subsequent to the balance sheet date due to expected unfavourable future movements in interest rates. On termination, a penalty of US\$1,500,000 (equivalent to \$11,661,000) was paid. A loss on revaluation of the deposit contract of \$8 million has been reflected in the consolidated income statement for the year ended 31 December 2004 (note 3), which represents the difference between the book value and the fair value of the deposit at that date.

Accumulated interest income from October 2003, the date of the deposit contract, up to 31 December 2004 amounted to \$7,490,000.

As at 31 December 2003, the deposit was pledged to secure banking facilities granted by the bank to the extent of 141% of the outstanding bank loans which amounted to \$36,524,000 at 31 December 2003. The deposit was not pledged at 31 December 2004.

19. 長期銀行存款

截至二零零三年十二月三十一日止年度，本公司與一間銀行簽訂長期結構式存款合約，並在截至二零零五年七月為止3年內分期存款合共15,000,000美元(相等於117,000,000元)。於二零零四年十二月三十一日，總額為12,000,000美元(相等於93,288,000元)(二零零三年：8,000,000美元(相等於62,104,000元))已存入銀行。首年應付利息按年利率6%計息，而隨後年期之利息則以倫敦銀行同業拆息為基準計息。當累計利息到達合約訂明之預定數額或合約屆滿(以較早時間者為準)時，該等存款將會到期。

由於預期未來息口有不利波動情況，本集團在結算日後提早終止長期結構式存款合約。合約終止時，本集團繳付了罰款1,500,000美元(相等於11,661,000元)。8,000,000元之存款合約重估虧損已反映於截至二零零四年十二月三十一日止年度之綜合損益表內(附註3)，即表示於該日存款賬面價值與公允價值之差額。

由二零零三年十月之存款合約日期至二零零四年十二月三十一日，累計利息收入達7,490,000元。

於二零零三年十二月三十一日，存款已抵押作為銀行信貸之擔保，即作為於二零零三年十二月三十一日尚未償還之36,524,000元銀行貸款之抵押。該等存款於二零零四年十二月三十一日並無抵押。

20. INVENTORIES

20. 存貨

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Raw materials	原材料	83,914	70,525	35,938	31,598
Work in progress	在製品	31,134	23,292	14,875	11,381
Finished goods	製成品	27,474	33,800	15,007	18,610
		142,522	127,617	65,820	61,589

Raw materials and finished goods are stated net of the following provisions made in order to state the inventories at the lower of their cost and estimated net realisable value:

本集團及本公司之原材料分別已扣減下列準備，以求按成本或估計可變現淨值兩者中的較低數額列示這些存貨：

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
General provision	一般準備				
– raw materials	– 原材料	3,146	3,146	2,313	2,313
Specific provision	特定準備				
– finished goods	– 製成品	1,714	–	1,714	–
		4,860	3,146	4,027	2,313

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

21. TRADE AND OTHER RECEIVABLES

21. 應收賬款及其他應收款

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Trade debtors, bills receivable, deposits and prepayments	應收賬款、應收 票據、按金及 預付款	157,681	133,503	69,486	43,705
Amount due from ultimate holding company	應收最終控股 公司款項	–	22	–	–
Amounts due from fellow subsidiaries	應收同系附屬 公司款項	8,883	9,502	5,852	1,167
Amounts due from associates	應收聯營公司款項	4,979	5,868	–	2,893
Amounts due from subsidiaries	應收附屬公司款項	–	–	19,512	15,423
		171,543	148,895	94,850	63,188

Amounts due from ultimate holding company, fellow subsidiaries, subsidiaries and associates are unsecured, interest free and repayable on demand.

Deposits include an amount of \$17,763,000 (2003: \$15,394,000) paid to the ultimate holding company in respect of a lease entered into by Dream INKO Co., Ltd, a subsidiary.

應收最終控股公司、同系附屬公司、附屬公司及聯營公司款項為無抵押、免息及須於要求時償還。

按金包括就與Dream INKO Co., Ltd 訂立之租約支付予最終控股公司之17,763,000元(二零零三年: 15,394,000元)。

21. TRADE AND OTHER RECEIVABLES (Continued)

Included in trade and other receivables are trade debtors and bills receivable (net of specific allowances for bad and doubtful debts) with the following ageing analysis:

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Current	本期	72,696	65,051	39,762	26,065
1 to 3 months	距發票日期1至3個月	19,186	12,851	12,032	8,133
More than 3 months but less than 12 months	距發票日期超過3個月 但少於12個月	8,910	8,440	4,917	91
Over 1 year	距發票日期超過一年	797	15	–	–
		101,589	86,357	56,711	34,289

Trade receivables, which generally have terms of 14 to 90 days, are recognised and carried in the balance sheets at original invoice amounts less provisions for overdue debts which are considered by the directors to be doubtful.

21. 應收賬款及其他應收款 (續)

應收賬款及其他應收款包括應收賬款及應收票據(已扣除呆壞賬特別準備)，其賬齡分析如下：

應收賬款(一般具備14天至90天信貸期)按原發票額，減去董事就視為呆賬的逾期債項所作準備，於資產負債表內確認及列賬。

22. CASH AND CASH EQUIVALENTS

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Deposits with banks and other financial institutions	銀行及其他財務 機構存款	85,182	141,129	72,454	126,451
Cash at bank and in hand	銀行存款及現金	56,684	64,056	20,133	31,632
		141,866	205,185	92,587	158,083

22. 現金及現金等價物

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

22. CASH AND CASH EQUIVALENTS (Continued)

During the year, the company entered into dual currency option deposit contracts with certain banks and consequently was exposed to foreign exchange risk in respect of such deposits. As at 31 December 2004, the company had placed deposits under such contracts in the total amount of US\$1,346,000 (equivalent to \$10,461,000) and JPY100,000,000 (equivalent to \$7,580,000) (2003: US\$4,549,000 (equivalent to \$35,316,000)) with banks.

In the opinion of the directors, the dual currency option deposits were placed to enhance the return on the company's surplus cash while the exchange risk in relation to the deposits was within an acceptable level.

22. 現金及現金等價物(續)

年內，本公司與若干銀行訂立雙重貨幣(選擇權)存款合約，因而須面對涉及該等存款之外幣兌換風險。根據該等合約，於二零零四年十二月三十一日，本公司在銀行共有1,346,000美元(相等於10,461,000元)及100,000,000日圓(相等於7,580,000元)(二零零三年：4,549,000美元(相等於35,316,000元))之存款。

董事認為，訂立雙重貨幣(選擇權)存款合約旨在提高本公司額外現金之回報，而存款所涉及的外幣兌換風險處於可接受水平。

23. TRADE AND OTHER PAYABLES

23. 應付賬款及其他應付款

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Creditors and accrued charges	應付賬款及應計費用	85,933	94,067	23,481	26,343
Amount due to ultimate holding company	應付最終控股公司款項	686	480	-	-
Amounts due to fellow subsidiaries	應付同系附屬公司款項	4,344	1,563	-	-
Amounts due to subsidiaries	應付附屬公司款項	-	-	86,876	56,679
Amounts due to associates	應付聯營公司款項	4,483	3,720	4,483	3,720
		95,446	99,830	114,840	86,742

Amounts due to ultimate holding company, fellow subsidiaries, subsidiaries and associates are unsecured, interest free and repayable on demand.

應付最終控股公司、同系附屬公司、附屬公司及聯營公司款項為無抵押、免息及須於要求時償還。

23. TRADE AND OTHER PAYABLES (Continued)

Included in creditors and accrued charges are trade creditors and bills payable with the following ageing analysis:

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Within 1 month	距發票日期1個月內	30,585	37,344	6,338	8,229
After 1 month but within 3 months	距發票日期1個月後 但3個月內	7,496	5,585	1	1,405
After 3 months but within 6 months	距發票日期3個月後 但6個月內	484	1,798	–	–
After 6 months but within 1 year	距發票日期6個月後 但一年內	89	24	–	–
Over 1 year	距發票日期超過一年	1,013	918	–	–
		39,667	45,669	6,339	9,634

23. 應付賬款及其他應付款(續)

應付賬款及應計費用包括應付賬款及應付票據，其賬齡分析如下：

24. BANK LOANS AND OVERDRAFTS

At 31 December 2004, the bank loans and overdrafts were repayable as follows:

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Within 1 year or on demand	一年內或接獲通知時	27,016	44,333	11,400	36,524
After 1 year but within 2 years	一年後但兩年內	26,600	–	26,600	–
		53,616	44,333	38,000	36,524

24. 銀行貸款及透支

於二零零四年十二月三十一日，銀行貸款及透支的還款期如下：

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度 (以港幣單位列示)

24. BANK LOANS AND OVERDRAFTS (Continued)

At 31 December 2004, the bank loans and overdrafts were secured as follows:

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Bank loans	銀行貸款				
– secured	– 有抵押	–	36,524	–	36,524
– unsecured	– 無抵押	53,616	7,809	38,000	–
		53,616	44,333	38,000	36,524

The bank loans as at 31 December 2003 were secured by the bank deposit disclosed in note 19.

24. 銀行貸款及透支 (續)

於二零零四年十二月三十一日，銀行貸款及透支之抵押如下：

於二零零三年十二月三十一日，銀行貸款乃按附註19所述以若干銀行存款作為抵押。

25. EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement plan

The group participates in a defined benefit retirement plan which covers the group's Korean employees. A portion of the group's liability under this plan is covered by deposits with an insurance company in South Korea.

The latest independent actuarial valuation of the plan was at 31 December 2004 prepared by qualified staff of Watson Wyatt Hong Kong Limited, who are members of the Society of Actuaries of the United States of America, using the projected unit credit method. The actuarial valuation indicates that the group's obligation under the defined benefit retirement plan is 34% covered by the plan assets.

25. 僱員退休福利

(a) 界定利益退休計劃

本集團為其韓國僱員參與一項界定利益退休計劃。本集團於該計劃下之部分負債乃以存放於一間韓國保險公司之款項支付。

最近期之獨立精算估值報告乃由華信惠悅顧問有限公司之合資格僱員（彼等均為 Society of Actuaries of the United States of America 之會員）於二零零四年十二月三十一日使用預期累積福利單位法進行。精算估值報告顯示本集團於界定利益退休計劃項下之責任之34%獲計劃資產支持。

25. EMPLOYEE RETIREMENT BENEFITS (Continued)

(a) Defined benefit retirement plan (Continued)

- (i) The amounts recognised in the balance sheets are as follows:

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Present value of obligations	義務之現值	23,791	18,135	4,909	4,505
Fair value of plan assets	計劃資產之公允價值	(8,198)	(7,033)	–	–
Net unrecognised actuarial (loss)/gain	未確認精算(虧損)/收益淨額	(1,830)	670	–	–
		13,763	11,772	4,909	4,505

The plan assets represent the deposits placed with the insurance company.

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

25. 僱員退休福利 (續)

(a) 界定利益退休計劃 (續)

- (i) 於資產負債表內確認之數額如下：

計劃資產指存放於保險公司之存款。

部分上述負債預期將於一年之後清償。然而，由於未來供款亦與日後提供的服務和日後精算假設與市況的變動有關，故將有關數額從未來十二個月的應付數額中分開並不可行。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度 (以港幣單位列示)

25. EMPLOYEE RETIREMENT BENEFITS (Continued)

(a) Defined benefit retirement plan (Continued)

(ii) Movements in the net liability recognised in the balance sheets are as follows:

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
At 1 January	於一月一日	11,772	–	4,505	–
Addition through acquisition of subsidiary	透過收購附屬公司增加	–	8,500	–	–
Payments to employees and insurance company	支付予僱員及保險公司之款項	(5,175)	(3,795)	(567)	(1,165)
Exchange adjustments	匯兌調整	2,301	–	693	–
Expense recognised in the income statements (note 4(b))	於損益表內確認之支出 (附註4(b))	4,865	1,208	278	456
Transfer from other provision	轉自其他準備	–	5,859	–	5,214
At 31 December	於十二月三十一日	13,763	11,772	4,909	4,505

(iii) Expense recognised in the consolidated income statement is as follows:

		The group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
Current service cost	本年度服務成本	4,307	1,051
Interest cost	利息費用	890	205
Actuarial expected return on plan assets	計劃資產之預期精算回報	(332)	(48)
		4,865	1,208

(a) 界定利益退休計劃 (續)

(ii) 於資產負債表內確認之負債淨額變動如下：

(iii) 於綜合損益表內確認之支出：

25. EMPLOYEE RETIREMENT BENEFITS (Continued)

(a) Defined benefit retirement plan (Continued)

(iii) Expense recognised in the consolidated income statement is as follows: (Continued)

The expense is recognised in the following line item in the consolidated income statement:

		The group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
Administrative expenses	行政開支	4,865	1,208

The actual return on plan assets (taking into account all changes in the fair value of the plan assets excluding contributions paid and received) was net income of \$284,000 (2003: \$39,000).

(iv) The principal actuarial assumptions used as at 31 December 2004 are as follows:

		The group and the company 本集團及 本公司	
Discount rate	貼現率		4.25%
Expected rate of return on plan assets	計劃資產之 預期回報率		5%
Future salary increases	未來薪酬升幅		4% – 8%

25. 僱員退休福利 (續)

(a) 界定利益退休計劃 (續)

(iii) 於綜合損益表內確認之支出：(續)

支出於綜合損益表內確認為以下項目：

計劃資產之實際回報(經計及計劃資產公允價值之變動(不包括已付及已收之供款))為收入淨額284,000元(二零零三年：39,000元)。

(iv) 於二零零四年十二月三十一日使用之主要精算假設如下：

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

25. EMPLOYEE RETIREMENT BENEFITS (Continued)

(b) Defined contribution retirement plan

- (i) The group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of \$20,000. Contributions to the scheme vest immediately.
- (ii) As stipulated by the regulations of the PRC, the group participates in various defined contribution retirement plans organised by the relevant authorities for its PRC employees. The group is required to make contributions to the retirement plans which are calculated based on certain prescribed rates and the salaries, bonuses and certain allowances of its PRC employees. The group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

25. 僱員退休福利(續)

(b) 界定供款退休計劃

- (i) 本集團按照香港《強制性公積金計劃條例》的規定為根據香港《僱傭條例》聘用的僱員設立強制性公積金計劃(「強積金計劃」)。強積金計劃是一個界定供款退休計劃，由獨立受託人管理。根據強積金計劃，僱主及僱員均須按照僱員之相關入息的5%向計劃作出供款，而每月相關入息之上限為20,000元。向計劃作出的供款即時成為既定僱員福利。
- (ii) 根據中國法規，本集團參與相關機關為其中國僱員所營辦的各項界定供款退休計劃。本集團須就該等退休計劃，按若干指定比率及其中國僱員之薪金、花紅及若干津貼作出供款。除上文所述於每年就該等計劃作出供款外，本集團並無其他支付退休福利的重大承擔。

26. EQUITY COMPENSATION BENEFITS

The company has a share option scheme which was adopted on 22 January 2002 whereby the directors of the company are authorised, at their discretion, to invite employees of the group, including directors of any company in the group, to take up options to subscribe for shares of the company. The exercise price of the options is the highest of (i) the nominal value of the shares, (ii) the closing price of the shares on the SEHK on the date of grant and (iii) the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The options are exercisable progressively between one to three years from the date of grant and will expire at the end of a period to be notified by the directors to each option-holder upon the grant of option, such period not to exceed ten years from the date on which the option is granted. Each option gives the holder the right to subscribe for one share and the consideration paid by each holder for each grant is \$1.00.

(a) Movements in share options

		2004 Number 數目	2003 Number 數目
At 1 January	於一月一日	21,030,000	30,550,000
Issued	已發行	11,650,000	2,600,000
Exercised	已行使	(9,069,000)	(8,480,000)
Lapsed on departure of option holders	因購股權持有人 離職而失效	-	(3,640,000)
At 31 December	於十二月三十一日	23,611,000	21,030,000
Options vested at 31 December	於十二月三十一日 歸屬之購股權	1,000	685,000

26. 權益計酬福利

本公司於二零零二年一月二十二日採納一項購股權計劃。據此，本公司董事獲授權酌情邀請本集團僱員(包括本集團任何成員公司之董事)接受購股權以認購本公司股份。購股權之行使價為(i)股份票面值、(ii)股份於購股權授予當日於香港聯交所錄得的收市價及(iii)股份於緊接購股權授予前日五個營業日在香港聯交所錄得的平均收市價三者之最高數額。購股權可在授予日期起計一至三年後逐步行使，並於董事授出購股權時知會各購股權持有人之期間結束後失效，該期間不超過授出購股權當日起計十年。持有人有權憑每項購股權認購一股股份，而每名持有人須就每宗獲授之購股權繳付1.00元之代價。

(a) 購股權之變動

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

26. EQUITY COMPENSATION BENEFITS (Continued)

(b) Terms of unexpired and unexercised share options at balance sheet date

Date granted 授予日期	Exercise period 行使期間	Exercise price 行使價	2004 Number 數目	2003 Number 數目
7 February 2002 二零零二年二月七日	7 February 2003 to 7 February 2012 二零零三年二月七日至 二零一二年二月七日	\$1.18 1.18元	10,141,000	18,430,000
15 April 2003 二零零三年四月十五日	15 April 2004 to 15 April 2013 二零零四年四月十五日至 二零一三年四月十五日	\$1.43 1.43元	1,820,000	2,600,000
2 January 2004 二零零四年一月二日	On or after 2 January 2005 二零零五年一月二日或 其後	\$1.87 1.87元	11,650,000	–
			23,611,000	21,030,000

26. 權益計酬福利(續)

(b) 於結算日未到期、未行使的購股權的條款

In respect of the options granted, the maximum percentage of the share options which may be exercised is determined in stages as follows:

On or after 1st year anniversary 授出一週年之日或其後	30%
On or after 2nd year anniversary 授出兩週年之日或其後	another 30% 另外30%
On or after 3rd year anniversary 授出三週年之日或其後	another 40% 另外40%

對於已授出之購股權，以下為分階段可行使之購股權最高百分比：

26. EQUITY COMPENSATION BENEFITS (Continued)

(c) Details of share options granted during the year, all of which were granted for a nominal consideration

Exercise period 行使期間	Exercise price 行使價	2004 Number 數目	2003 Number 數目
15 April 2004 to 15 April 2013 二零零四年四月十五日至 二零一三年四月十五日	\$1.43 1.43元	–	2,600,000
2 January 2005 to 2 January 2014 二零零五年一月二日至 二零一四年一月二日	\$1.87 1.87元	11,650,000	–
		11,650,000	2,600,000

26. 權益計酬福利 (續)

(c) 於本年度授出之購股權(全部均為按象徵式價款授出)詳情

(d) Details of share options exercised during the year

(d) 於年內行使之購股權詳情

Exercise date 行使日期	Exercise price 行使價	Market value per share at exercise date 於行使日期 之每股市值	Proceeds received 已收 所得款項 \$'000 千元	Number 數目
9 February 2004 二零零四年二月九日	\$1.18 1.18元	\$2.375 2.375元	7,027	5,955,000
13 February 2004 二零零四年二月十三日	\$1.18 1.18元	\$2.375 2.375元	937	794,000
19 February 2004 二零零四年二月十九日	\$1.18 1.18元	\$2.45 2.45元	1,817	1,540,000
20 April 2004 二零零四年四月二十日	\$1.43 1.43元	\$2.15 2.15元	1,115	780,000
			10,896	9,069,000

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度 (以港幣單位列示)

27. INCOME TAX IN THE BALANCE SHEETS

27. 資產負債表所示之所得稅

(a) Current taxation in the balance sheets represent:

(a) 資產負債表所示之本期稅項為：

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Provision for Hong Kong Profits Tax for the year	本年度香港利得稅準備	5,184	8,489	5,000	8,000
Provisional Profits Tax paid	已付暫繳利得稅	(492)	(2,225)	-	(2,096)
		4,692	6,264	5,000	5,904
Balance of Profits Tax provision relating to prior years	以往年度利得稅準備結餘	21,654	16,482	21,653	16,482
Taxation outside Hong Kong	香港以外地區稅項	2,961	3,227	-	-
Less: Tax reserve certificates purchased under order of the Commissioner of Inland Revenue (note)	減：按稅務局局長指令購入之儲稅券 (附註)	(16,482)	(16,482)	(16,482)	(16,482)
		12,825	9,491	10,171	5,904

Note: As at 31 December 2004, tax reserve certificates totalling \$16,482,000 were purchased by the company pending the resolution of certain enquiries raised by the Hong Kong Inland Revenue Department ("IRD") relating to the years of assessment 1998/99 to 2002/2003. Based on the information available to date, the directors of the company consider the tax provisions included in the financial statements in the aggregate amount of \$21,653,000 for the years of assessment 1998/99 to 2003/04 are adequate after taking into account the nature of the enquiries raised by the IRD and the bases upon which the company's assessable profits for the years of assessment prior to 1998/99 have been agreed with the IRD.

附註： 於二零零四年十二月三十一日，本公司購買總額達16,482,000元之儲稅券，以待香港稅務局（「稅局」）就一九九八／九九課稅年度至二零零二／零三課稅年度提出的部分質詢定案。根據截至本日止可取得之資料所示，本公司董事經考慮稅局提出質詢之性質，以及本公司於一九九八／九九課稅年度前應評稅溢利所採納獲稅局同意的基準後，認為就一九九八／九九課稅年度至二零零三／零四課稅年度於財務報表內作出總數達21,653,000元之準備乃屬充足。

27. INCOME TAX IN THE BALANCE SHEETS

(Continued)

(b) Deferred tax assets and liabilities recognised:

(i) The group

The components of deferred tax (assets)/liabilities recognised in the balance sheet and the movements during the year are as follows:

		Depreciation allowances in excess of related depreciation 超過相關折舊的折舊免稅額	Tax losses brought forward 稅項虧損結轉	Defined benefit liability 界定利益負債	Provision for retirement allowances 退休金準備	Other short-term temporary differences 其他短期暫時差異	Total 總計
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Deferred tax arising from:	來自下列各項之遞延稅項：						
At 1 January 2003	於二零零三年一月一日	701	(4,108)	-	(798)	(212)	(4,417)
Reclassification	重新分類	-	-	(657)	657	-	-
Addition through acquisition of subsidiary	透過收購附屬公司增加	38	-	(347)	-	(1,039)	(1,348)
Charged/(credited) to consolidated income statement	於綜合損益表內列支/(計入)	(502)	240	(3)	141	1,304	1,180
At 31 December 2003	於二零零三年十二月三十一日	237	(3,868)	(1,007)	-	53	(4,585)
At 1 January 2004	於二零零四年一月一日	237	(3,868)	(1,007)	-	53	(4,585)
Exchange adjustments	匯兌調整	38	-	(58)	-	(27)	(47)
Charged/(credited) to consolidated income statement	於綜合損益表內列支/(計入)	366	(68)	392	-	(110)	580
At 31 December 2004	於二零零四年十二月三十一日	641	(3,936)	(673)	-	(84)	(4,052)

27. 資產負債表所示之所得稅 (續)

(b) 已確認遞延稅項資產及負債

(i) 本集團

於資產負債表內確認之遞延稅項(資產)/負債項目，以及於年內之變動如下：

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

27. INCOME TAX IN THE BALANCE SHEETS

(Continued)

(b) Deferred tax assets and liabilities recognised:

(Continued)

(ii) The company

The components of deferred tax (assets)/liabilities recognised in the balance sheet and the movements during the year are as follows:

27. 資產負債表所示之所得稅(續)

(b) 已確認遞延稅項資產及負債(續)

(ii) 本公司

於資產負債表內確認之遞延稅項(資產)/負債項目，以及於年內之變動如下：

		Depreciation allowances in excess of related depreciation	Defined benefit liability	Provision for retirement allowances	Other short-term temporary differences	Total
		超過相關折舊的折舊免稅額	界定利益負債	退休金準備	其他短期暫時差異	總計
		\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元
Deferred tax arising from:	來自下列各項之遞延稅項：					
At 1 January 2003	於二零零三年一月一日	613	-	(417)	(231)	(35)
Reclassification	重新分類	-	(417)	417	-	-
Charged/(credited) to income statement	於損益表內列支/(計入)	117	23	-	(94)	46
At 31 December 2003	於二零零三年十二月三十一日	730	(394)	-	(325)	11
At 1 January 2004	於二零零四年一月一日	730	(394)	-	(325)	11
Charged to income statement	於損益表內計入	330	394	-	123	847
At 31 December 2004	於二零零四年十二月三十一日	1,060	-	-	(202)	858

27. INCOME TAX IN THE BALANCE SHEETS

(Continued)

(b) Deferred tax assets and liabilities recognised:

(Continued)

27. 資產負債表所示之所得稅 (續)

(b) 已確認遞延稅項資產及負債 (續)

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Net deferred tax asset recognised on the balance sheet	於資產負債表確認之遞延稅項資產淨值	(4,978)	(4,596)	-	-
Net deferred tax liability recognised on the balance sheet	於資產負債表確認之遞延稅項負債淨額	926	11	858	11
		(4,052)	(4,585)	858	11

28. SHARE CAPITAL

28. 股本

		2004		2003	
		No. of shares 股份數目 '000 千股	Amount 金額 \$'000 千元	No. of shares 股份數目 '000 千股	Amount 金額 \$'000 千元
Authorised: Ordinary shares of US\$0.01	法定股本： 每股面值 0.01美元普通股	5,000,000	390,000	5,000,000	390,000
Issued and fully paid: At 1 January	已發行及繳足股本： 於一月一日	658,480	51,235	650,000	50,574
Shares issued under share option scheme	根據購股權計劃發行股份	9,069	707	8,480	661
At 31 December	於十二月三十一日	667,549	51,942	658,480	51,235

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

29. RESERVES

(a) The group

29. 儲備

(a) 本集團

		Share premium (note (ii))	General reserve fund (note (i))	Exchange reserve	Revaluation reserve – Land use rights and buildings (note (ii))	Retained profits	Total
		股份溢價 (附註(ii))	一般 儲備金 (附註(i))	匯兌儲備	土地使用權 及建築物 重估儲備 (附註(ii))	保留溢利	總額
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
At 1 January 2003	於二零零三年一月一日	156,278	11,962	–	664	306,364	475,268
Dividends approved in respect of the previous year (note 9(b))	本年度內批准屬於上 一年度的股息 (附註9(b))	–	–	–	–	(41,885)	(41,885)
Transfer between reserves	儲備間轉撥	–	2,523	–	–	(2,523)	–
Premium on exercise of share options	因行使購股權 產生之溢利	9,346	–	–	–	–	9,346
Realisation of revaluation reserve	重估儲備變現	–	–	–	(37)	37	–
Profit for the year	本年度溢利	–	–	–	–	120,952	120,952
Dividends declared in respect of the current year (note 9(a))	本年度已宣派股息 (附註9(a))	–	–	–	–	(19,755)	(19,755)
Exchange differences on translation of financial statements of foreign entities	換算海外實體 財務報表 產生之匯兌差額	–	–	116	–	–	116
At 31 December 2003	於二零零三年 十二月三十一日	165,624	14,485	116	627	363,190	544,042

29. RESERVES (Continued)

(a) The group (Continued)

		Share premium (note (ii))	General reserve fund (note (i))	Exchange reserve	Revaluation reserve – Land use rights and buildings (note (ii))	Retained profits	Total
		股份溢價 (附註(ii))	一般 儲備金 (附註(i))	匯兌儲備	土地使用權 及建築物 重估儲備 (附註(ii))	保留溢利	總額
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
At 1 January 2004	於二零零四年一月一日	165,624	14,485	116	627	363,190	544,042
Dividends approved in respect of the previous year (note 9(b))	本年度內批准屬於 上一年度的股息 (附註9(b))	-	-	-	-	(40,053)	(40,053)
Transfer between reserves	儲備間轉撥	-	560	-	-	(560)	-
Premium on exercise of share options	因行使購股權 產生之溢價	10,189	-	-	-	-	10,189
Realisation of revaluation reserve	重估儲備變現	-	-	-	(38)	38	-
Profit for the year	本年度溢利	-	-	-	-	52,927	52,927
Dividends declared in respect of the current year (note 9(a))	本年度已宣派股息 (附註9(a))	-	-	-	-	(20,026)	(20,026)
Exchange differences on translation of financial statements of foreign entities	換算海外實體 財務報表 產生之匯兌差額	-	-	5,525	-	-	5,525
At 31 December 2004	於二零零四年 十二月三十一日	175,813	15,045	5,641	589	355,516	552,604

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度 (以港幣單位列示)

29. RESERVES (Continued)

(a) The group (Continued)

Notes:

- (i) According to the PRC laws applicable to wholly-owned foreign investment enterprises, the PRC subsidiaries of the company are required to set up a general reserve fund and appropriate at least 10% of their annual net profits after taxation, as determined under PRC accounting regulations, to the general reserve fund until the balance of the fund equals to 50% of the respective enterprise's registered capital. This fund can be used to make good losses and to convert into paid-up capital.
- (ii) The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance. The revaluation reserve has been set up and will be dealt with in accordance with the accounting policy adopted for the revaluation of land use rights and buildings held for own use (note 1(h)).

(b) The company

29. 儲備 (續)

(a) 本集團 (續)

附註：

- (i) 根據適用於全資外國投資企業之中國法律，本公司之中國附屬公司須設立一般儲備金，並至少須將年度除稅後純利（按中國會計規例計算）之10%轉撥往儲備金內，直至儲備之結餘相等於各有關企業註冊資本之50%為止。此項儲備可用作彌補虧損及轉換為繳足股本用途。
- (ii) 股份溢價賬之用途受到香港《公司條例》第48B條所管轄。本公司已設立重估儲備，並會根據就重估持作自用土地使用權及建築物所採用之會計政策處理這些儲備（附註1(h)）。

(b) 本公司

		Share premium 股份溢價 \$'000 千元	Retained profits 保留溢利 \$'000 千元	Total 總額 \$'000 千元
At 1 January 2003	於二零零三年一月一日	156,278	235,506	391,784
Dividends approved in respect of the previous year (note 9(b))	本年度內批准屬於 上一年度的股息 (附註9(b))	-	(41,885)	(41,885)
Premium on exercise of share options	因行使購股權產生之溢價	9,346	-	9,346
Profit for the year	本年度溢利	-	90,357	90,357
Dividends declared in respect of the current year (note 9(a))	本年度已宣派股息 (附註9(a))	-	(19,755)	(19,755)
At 31 December 2003	於二零零三年 十二月三十一日	165,624	264,223	429,847

29. RESERVES (Continued)

(b) The company (Continued)

		Share premium 股份溢價 \$'000 千元	Retained profits 保留溢利 \$'000 千元	Total 總額 \$'000 千元
At 1 January 2004	於二零零四年一月一日	165,624	264,223	429,847
Dividends approved in respect of the previous year (note 9(b))	本年度內批准屬於 上一年度的股息 (附註9(b))	-	(40,053)	(40,053)
Premium on exercise of share options	因行使購股權產生 之溢價	10,189	-	10,189
Profit for the year (note 8)	本年度溢利 (附註8)	-	43,161	43,161
Dividends declared in respect of the current year (note 9(a))	本年度已宣派股息 (附註9(a))	-	(20,026)	(20,026)
At 31 December 2004	於二零零四年 十二月三十一日	175,813	247,305	423,118

At 31 December 2004, the aggregate amount of reserves available for distribution to shareholders of the company was \$247,305,000 (2003: \$264,223,000). After the balance sheet date the directors proposed a final dividend of \$0.060 per share (2003: \$0.060 per share), amounting to \$40,053,000 (2003: \$39,509,000). This dividend has not been recognised as a liability at the balance sheet date.

29. 儲備 (續)

(b) 本公司 (續)

		Share premium 股份溢價 \$'000 千元	Retained profits 保留溢利 \$'000 千元	Total 總額 \$'000 千元
At 1 January 2004	於二零零四年一月一日	165,624	264,223	429,847
Dividends approved in respect of the previous year (note 9(b))	本年度內批准屬於 上一年度的股息 (附註9(b))	-	(40,053)	(40,053)
Premium on exercise of share options	因行使購股權產生 之溢價	10,189	-	10,189
Profit for the year (note 8)	本年度溢利 (附註8)	-	43,161	43,161
Dividends declared in respect of the current year (note 9(a))	本年度已宣派股息 (附註9(a))	-	(20,026)	(20,026)
At 31 December 2004	於二零零四年 十二月三十一日	175,813	247,305	423,118

於二零零四年十二月三十一日，可供分發予本公司股東的儲備總額為247,305,000元（二零零三年：264,223,000元）。董事於結算日後建議分派末期股息每股0.060元（二零零三年：每股0.060元），合共40,053,000元（二零零三年：39,509,000元）。這些股息於結算日尚未確認為負債。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

30. ACQUISITION OF SUBSIDIARY

30. 收購附屬公司

		2003 \$'000 千元
Net assets acquired:	所購入的資產淨值：	
Fixed assets	固定資產	2,763
Investment securities	投資證券	11,313
Deferred tax assets	遞延稅項資產	1,348
Trade debtors, bills receivable, deposits and prepayments	應收賬款、 應收票據、按金 及預付款	61,710
Cash at bank and in hand	銀行存款及現金	123,154
Creditors and accrued charges	應付賬款及 應計費用	(165,026)
Current taxation	本期稅項	(1,189)
Defined benefit retirement plan	界定利益 退休計劃	(8,500)
		25,573
Positive goodwill arising on consolidation	綜合計算時 產生之正商譽	108,581
Total purchase price paid, satisfied in cash (including expenses capitalised)	以現金償付的總收購價 (包括資本化開支)	134,154
Less: Cash of the subsidiary acquired	減：收購所得之 附屬公司現金	(123,154)
Net cash outflow in respect of the purchase of subsidiary	購入附屬公司之 現金流出淨額	11,000

On 30 September 2003, the group acquired the entire issued share capital of Dream INKO Co., Ltd for a consideration of \$134,154,000. Dream INKO Co., Ltd was accounted for as a consolidated subsidiary with effect from 30 September 2003.

During the year ended 31 December 2004, the subsidiary contributed a profit after taxation and amortisation of goodwill arising on consolidation of \$4,137,000 to the consolidated profit for the year (2003: \$2,508,000 for the three months from 30 September 2003 to 31 December 2003).

於二零零三年九月三十日，本集團收購Dream INKO Co., Ltd全部已發行股本，代價為134,154,000元。Dream INKO Co., Ltd由二零零三年九月三十日起作為綜合附屬公司入賬。

截至二零零四年十二月三十一日止年度，附屬公司於綜合計算時為本年度綜合溢利提供除稅及商譽攤銷後溢利4,137,000元(二零零三年：由二零零三年九月三十日至二零零三年十二月三十一日止三個月溢利2,508,000元)。

31. COMMITMENTS

- (a) Capital commitments outstanding at 31 December 2004 not provided for in the financial statements were as follows:

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Contracted for	已訂約	680	4,694	-	4,694

- (b) At 31 December 2004 the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

		The group 本集團		The company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Within 1 year	1年內	19,659	22,718	13,677	14,944
After 1 year but within 5 years	1年後但5年內	35,533	31,182	24,981	21,688
After 5 years	5年後	-	-	-	-
		55,192	53,900	38,658	36,632

The group leases a number of properties under operating leases. The leases typically run for an initial period of one to seven years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

31. 承擔

- (a) 於二零零四年十二月三十一日未償付而又未在財務報表內提撥準備的資本承擔如下：

- (b) 於二零零四年十二月三十一日，根據不可解除的經營租賃在日後應付的最低租賃付款額總數如下：

本集團以經營租賃租用部分物業。這些租賃一般初步為期一至七年，並且有權選擇在到期日後續期。各項經營租賃均不包含或有租金。

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度(以港幣單位列示)

31. COMMITMENTS (Continued)

(c) At 31 December 2004, the company had commitment to make a further deposit of US\$3,000,000 (equivalent to \$23,322,000) (2003: US\$7,000,000 (equivalent to \$54,341,000)), to a bank under the long-term structured deposit contract disclosed in note 19. However, this contract was terminated by the group subsequent to the balance sheet date.

32. OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The contracted notional amounts of financial instruments outstanding at 31 December 2004 are as follows:

The group and the company	本集團及本公司	2004 \$'000 千元
Foreign currency options purchased	購入外匯期權	31,096
Foreign currency options written	沽出外匯期權	62,294
		93,390

31. 承擔(續)

(c) 於二零零四年十二月三十一日，本公司根據附註19所披露之長期結構式存款合約承諾於一間銀行額外存款3,000,000美元(相等於23,322,000元)(二零零三年：7,000,000美元(相等於54,341,000元))。然而，本集團於結算日後終止該合約。

32. 資產負債表外之金融工具

於二零零四年十二月三十一日未償付金融工具之已訂約名義數額如下：

33. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the group entered into the following transactions with its related parties:

33. 重大關聯人士交易

於年內，本集團曾與其關聯人士進行下列交易：

		2004	2003
		\$'000	\$'000
		千元	千元
(i) Sales to:	(i) 銷售予：		
The ultimate holding company:	最終控股公司：		
– C & H Co., Ltd	– C & H Co., Ltd	–	246,171
Fellow subsidiaries:	同系附屬公司：		
– Jung Yoon Textiles (Private) Ltd	– Jung Yoon Textiles (Private) Ltd	935	176
– Gina World Co., Ltd	– Gina World Co., Ltd	10,898	14,866
– Dream INKO Co., Ltd (note (a))	– Dream INKO Co., Ltd (附註(a))	–	62,692
		11,833	323,905
Associates:	聯營公司：		
– Sung Won Industries Inc.	– Sung Won Industries Inc.	–	25,867
– Yuan Lin Toys (Suzhou) Co., Ltd	– 元林玩具(蘇州)有限公司	4,240	480
		4,240	26,347
(ii) Purchases from:	(ii) 採購自：		
The ultimate holding company:	最終控股公司：		
– C & H Co., Ltd	– C & H Co., Ltd	–	44,798
Fellow subsidiary:	同系附屬公司：		
– Dream INKO Co., Ltd (note (a))	– Dream INKO Co., Ltd (附註(a))	–	11,562
		–	56,360
Associates:	聯營公司：		
– Sung Won Industries Inc.	– Sung Won Industries Inc.	–	996
– Yuan Lin Toys (Suzhou) Co., Ltd	– 元林玩具(蘇州)有限公司	27,901	3,907
		27,901	4,903

Notes on the Financial Statements

財務報表附註

For the year ended 31st December 2004 (Expressed in Hong Kong dollars)

截至二零零四年十二月三十一日止年度 (以港幣單位列示)

33. MATERIAL RELATED PARTY TRANSACTIONS

33. 重大關聯人士交易 (續)

(Continued)

		2004 \$'000 千元	2003 \$'000 千元
(iii) Sales commission paid/payable to: The ultimate holding company: – C & H Co., Ltd Fellow subsidiary: – Dream INKO Co., Ltd (note (a))	(iii) 已付/應付之銷售佣金: 最終控股公司: – C & H Co., Ltd 同系附屬公司: – Dream INKO Co., Ltd (附註(a))	– –	3,318 3,031
		–	6,349
(iv) Sales commission received/ receivable from: The ultimate holding company: – C & H Co., Ltd Fellow subsidiary: – Dream INKO Co., Ltd (note (a))	(iv) 已收/應收銷售 佣金: 最終控股公司: – C & H Co., Ltd 同系附屬公司: – Dream INKO Co., Ltd (附註(a))	– –	517 38
		–	555
(v) Rentals paid/payable to: The ultimate holding company: – C & H Co., Ltd	(v) 已付/應付租金: 最終控股公司: – C & H Co., Ltd	5,438	1,164
(vi) Processing fees paid/payable to: Associate: – Yuan Lin Toys (Suzhou) Co., Ltd	(vi) 已付/應付加工費: 聯營公司: – 元林玩具(蘇州)有限公司	10,149	10,331

(vii) During the year ended 31 December 2003, the group acquired 100% equity interest in Dream INKO Co., Ltd from the shareholders of the group's ultimate holding company, C & H Co., Ltd, for a consideration of \$134,154,000.

(vii) 截至二零零三年十二月三十一日止年度，本集團自本集團最終控股公司C & H Co., Ltd之股東收購Dream INKO Co., Ltd之100%股本權益，代價為134,154,000元。

33. MATERIAL RELATED PARTY TRANSACTIONS

(Continued)

Notes:

- (a) Dream INKO Co., Ltd was incorporated on 1 August 2003 as part of the restructuring of the businesses of C & H Co., Ltd. It was acquired by the group on 30 September 2003. The transactions with Dream INKO Co., Ltd included in this note relate to those entered into prior to 30 September 2003.

- (b) The directors of the company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business on normal commercial terms.

34. POST BALANCE SHEET EVENTS

- (i) Details of the early termination of a long-term structured deposit contract with a bank after the balance sheet date are disclosed in note 19.

- (ii) After the balance sheet date the directors proposed a final dividend. Further details are disclosed in note 9.

35. ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company at 31 December 2004 to be C & H Co., Ltd., which is incorporated in the Republic of Korea.

33. 重大關聯人士交易 (續)

附註：

- (a) Dream INKO Co., Ltd乃於二零零三年八月一日註冊成立，作為C & H Co., Ltd業務重組的一部分。其於二零零三年九月三十日被本集團收購。本附註內所載與Dream INKO Co., Ltd之交易指於二零零三年九月三十日前訂立者。

- (b) 本公司董事認為，上述與關聯人士之交易乃於正常業務過程中按正常商業條款訂立。

34. 結算日後事項

- (i) 於結算日後提早終止與一間銀行訂立之長期結構式存款合約之詳情載於附註19。

- (ii) 董事於結算日後建議分派末期股息，有關詳情載於附註9。

35. 最終控股公司

董事認為，於二零零四年十二月三十一日的最終控股公司為於大韓民國註冊成立的C & H Co., Ltd.。