



Applied International Holdings Limited
實力國際集團有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)



2006 | INTERIM REPORT
中 期 報 告

The Board of Directors (the “Directors”) of Applied International Holdings Limited (the “Company”) announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2005 as follows:

實力國際集團有限公司(「本公司」)董事會(「董事會」)宣佈，本公司及其附屬公司(「本集團」)於截至二零零五年十二月三十一日止六個月之未經審核簡明綜合中期財務報表如下：

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2005

簡明綜合收益表

截至二零零五年十二月三十一日止六個月

		Notes	Six months ended	
			31/12/2005 (Unaudited) HK\$'000	31/12/2004 (Unaudited) HK\$'000
			截至六個月止	
			二零零五年 十二月三十一日 (未經審核)	二零零四年 十二月三十一日 (未經審核)
			附註 千港元	千港元
Turnover	營業額	3	59,192	48,611
Cost of sales	銷售成本		(50,921)	(39,541)
Gross profit	毛利		8,271	9,070
Increase in fair value of investment property	投資物業之公允值增加		6,200	–
Other operating income	其他經營收入		6,338	1,844
Distribution costs	分銷成本		(867)	(145)
Administrative expenses	行政開支		(15,475)	(14,116)
Interest income	利息收入		216	285
Investment income	投資收入		46	250
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益		140	6,005
Gain on disposal of other financial asset	出售其他財務資產之收益		649	–
Profit from operations	經營溢利		5,518	3,193
Finance costs	融資成本		(2,287)	(1,557)
Profit before taxation	除稅前溢利	4	3,231	1,636
Income tax	所得稅	5	–	3,400
Profit after taxation	除稅後溢利		3,231	5,036
Attributable to:	應佔：			
Equity holders of the Company	本公司股權持有人		3,006	4,688
Minority interests	少數股東權益		225	348
Profit after taxation	除稅後溢利		3,231	5,036
Earnings per share	每股盈利	6		
Basic	—基本		0.32 cents	0.50 cents

CONSOLIDATED BALANCE SHEET

At 31 December 2005

綜合資產負債表

於二零零五年十二月三十一日

		Notes	31/12/2005 (Unaudited) HK\$'000 二零零五年 十二月三十一日 (未經審核) 千港元	30/6/2005 (Audited) HK\$'000 二零零五年 六月三十日 (經審核) 千港元
ASSETS AND LIABILITIES	資產及負債	附註		
Non-current assets	非流動資產			
Investment properties	投資物業	7	311,700	305,500
Property, plant and equipment	物業、廠房及設備		116,478	116,197
Interest in a leasehold land	租賃土地權益		128,003	128,003
Other financial assets	其他財務資產		1,701	1,701
Other securities	其他證券		1,786	8,625
Negative goodwill	負商譽		-	(22,549)
			559,668	537,477
Current assets	流動資產			
Inventories	存貨		2,006	2,233
Trade and other receivables	貿易及其他應收款項	8	47,060	35,224
Current tax recoverable	應退稅項		22	155
Pledged bank deposits	已抵押銀行存款		3,005	2,969
Cash and cash equivalents	現金及現金等價物		9,870	22,472
			61,963	63,053
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	9	40,101	47,125
Current taxation	稅項		-	536
Bank and other borrowings – due within one year	銀行及其他借款 – 於一年內到期		17,177	52,641
Obligations under finance leases – due within one year	融資租約承擔 – 於一年內到期		3,278	2,334
			60,556	102,636
Net current assets/(liabilities)	流動資產/(負債)淨額		1,407	(39,583)
Total assets less current liabilities	總資產減流動負債		561,075	497,894
Non-current liabilities	非流動負債			
Bank and other borrowings – due after one year	銀行及其他借款 – 於一年後到期		67,198	25,811
Obligations under finance leases – due after one year	融資租約承擔 – 於一年後到期		2,188	2,014
			69,386	27,825
NET ASSETS	資產淨額		491,689	470,069
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	10	9,255	9,372
Treasury shares	庫存股份		(12,546)	(12,546)
Reserves	儲備		424,457	402,945
Total equity attributable to equity holders of the Company	本公司股權持有人應佔權益總額		421,166	399,771
Minority interests	少數股東權益		70,523	70,298
TOTAL EQUITY	權益總額		491,689	470,069

CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)

For the six months ended 31 December 2005

簡明綜合股本變動報表
(未經審核)

截至二零零五年十二月三十一日
止六個月

		Total equity attributable to equity holders (Accumulated losses)										Minority interests		Total equity
Share capital	Treasury shares	Shares premium account	Investment revaluation reserve	Property revaluation reserve	Capital redemption reserve	Capital reserve	Distributable reserve	Transition reserve	retained profit	of the Company				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
股本	庫存股份	溢價賬	重估儲備	物業重估儲備	贖回儲備	資本儲備	儲備	撥充儲備	累計(虧損)	有人應佔	少數	股東權益	權益總額	
千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
THE GROUP	本集團													
At 1 July 2004	於二零零四年七月一日	9,411	(12,546)	1	(3,571)	7,216	10,892	209,734	93,961	(2,470)	(34,585)	278,043	71,034	349,077
- Effect of early adoption of new accounting standards HKAS 40 & HKAS Interpretation 21	提前採用新香港會計準則第40號及詮釋21之影響	-	-	-	-	(7,216)	-	-	-	-	7,216	-	-	-
As restated	於二零零四年七月一日(重列)	9,411	(12,546)	1	(3,571)	-	10,892	209,734	93,961	(2,470)	(27,369)	278,043	71,034	349,077
Eliminated on disposal available for sales investment	出售可供出售投資之對銷	-	-	-	316	-	-	-	-	-	-	316	-	316
Net profit for the period	本期間淨溢利	-	-	-	-	-	-	-	-	-	4,688	4,688	348	5,036
At 31 December 2004	於二零零四年十二月三十一日	9,411	(12,546)	1	(3,255)	-	10,892	209,734	93,961	(2,470)	(22,681)	283,047	71,382	354,429
1 July 2005	於二零零五年七月一日	9,372	(12,546)	1	624	8,551	10,931	216,063	93,961	(2,499)	75,313	399,771	70,298	470,069
Write off negative goodwill	負商譽撇銷	-	-	-	-	-	-	-	-	-	22,549	22,549	-	22,549
- at 1 July 2005, as restated	於二零零五年七月一日(重列)	9,372	(12,546)	1	624	8,551	10,931	216,063	93,961	(2,499)	97,862	422,320	70,298	492,618
Eliminated on disposal of other securities	出售其他證券時撇銷	-	-	-	(331)	-	-	-	-	-	-	(331)	-	(331)
Repurchase of own shares	購回本身股份	(117)	-	-	-	-	117	-	-	-	(3,829)	(3,829)	-	(3,829)
Net profit for the period	本期間淨溢利	-	-	-	-	-	-	-	-	-	3,006	3,006	225	3,231
At 31 December 2005	於二零零五年十二月三十一日	9,255	(12,546)	1	293	8,551	11,048	216,063	93,961	(2,499)	97,039	421,166	70,523	491,689

CONDENSED CONSOLIDATED CASH FLOW STATEMENT 簡明綜合現金流量表

For the six months ended 31 December 2005

截至二零零五年十二月三十一日
止六個月

		31/12/05	31/12/04
		HK\$'000	HK\$'000
		二零零五年 十二月 三十一日 千港元	二零零四年 十二月 三十一日 千港元
Net cash (used in)/generated from operating activities	經營活動(所用)／所得之現金淨額	(24,239)	10,483
Net cash generated from investing activities	投資活動所得之現金淨額	4,598	2,462
Net cash generated from financing activities	融資活動所得之現金淨額	6,686	3,431
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)／增加淨額	(12,955)	16,376
Cash and cash equivalents at beginning of the period	本期初之現金及現金等價物	16,941	4,755
Cash and cash equivalents at end of the period	本期終之現金及現金等價物	3,986	21,131
Analysis of the balances of cash and cash equivalents	現金及現金等價物結餘之分析		
Bank balances and cash	銀行結餘及現金	9,870	25,835
Bank overdrafts	銀行透支	(5,884)	(4,704)
		3,986	21,131

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2005

簡明財務報表附註

截至二零零五年十二月三十一日
止六個月

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Audit Committee of the Company.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Accounting Standard No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The accounting policies used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those set out in the 2005 Annual Report, except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) which are relevant to its operations and effective for accounting periods commencing on or after 1 July 2005.

2. CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued a number of new/revised HKFRSs, HKASs and interpretations which are effective for accounting periods beginning on or after 1 January 2005. The Group has adopted the new/revised HKFRSs and HKASs, which are applicable to its operations. The comparative figures have been restated as required.

1. 編製基準及會計政策

簡明綜合中期財務報表乃未經審核，惟已由本公司之審核委員會審閱。

本未經審核簡明綜合中期財務報表乃按照香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄16之適用披露規定及香港會計師公會（「香港會計師公會」）所頒佈之香港會計準則第34號「中期財務報告」編製。

編製本未經審核簡明綜合中期財務報表所採用之會計政策與二零零五年年報所採用者一致，惟本集團已採納對其業務有關並於二零零五年七月一日或之後開始之會計期間生效之新訂／經修訂香港財務報告準則（「香港財務報告準則」）及香港會計準則（「香港會計準則」）而已改變其若干會計政策。

2. 會計政策之變動

香港會計師公會已頒佈若干於二零零五年一月一日或之後開始之會計期間生效之新訂／經修訂香港財務報告準則、香港會計準則及詮釋。本集團已採納適用於其業務之新訂／經修訂香港財務報告準則及香港會計準則。比較數字亦已按規定予以重列。

2. CHANGE IN ACCOUNTING POLICIES (Continued)

The adopted new/revised HKFRSs and HKASs that are significantly different to the accounting policies set out in the 2005 Annual Report are discussed below, with comparative figures for the corresponding period in 2005 amended in accordance with the relevant requirements:

(a) HKAS 1 “Presentation of Financial Statements”

With the adoption of HKAS 1, minority interests are now treated as part of investment in equity in the balance sheet rather than as a deduction from or addition to net assets. In the profit and loss account, minority interests are now disclosed as an allocation of the profit or loss for the period rather than a deduction or addition of profit. This change has been applied retrospectively and the comparatives have been restated accordingly.

(b) HKAS 32 “Financial Instruments: Disclosure and Presentation” and HKAS 39 “Financial Instruments: Recognition and Measurement”

In the current period, the Group has applied HKAS 32 and HKAS 39.

In previous periods, the Group had classified its investment in equity and debt securities as “other securities” and measured at fair value, with unrealised gains or losses included in the income statement. From 1 July 2005, the Group classifies and measures its investment in equity and debt securities in accordance with HKAS 39. As a result, investments in securities classified under non-current assets with carrying amount of HK\$1,786,000 (30 June 2005: HK\$8,625,000) are reclassified as available-for-sale investments and carried at fair value. Subsequent changes in fair value are recognised in equity.

The adoption of these new policies does not have other material impact on the Group’s current or prior period’s financial statements.

2. 會計政策之變動 (續)

下文論述所採納與二零零五年年報所載會計政策有重大差異之新訂／經修訂香港財務報告準則及香港會計準則，並按有關規定作出修訂二零零五年同期比較數字：

(a) 香港會計準則第1號「財務報表之呈列」

採納香港會計準則第1號後，少數股東權益在資產負債表中被視作權益之一部份，而非淨資產中扣除或增加。於損益賬中，少數股東權益現披露為本期溢利或虧損之分配，而非溢利之扣除或增加。此變動已追溯應用，而比較數字亦予重列。

(b) 香港會計準則第32號「金融工具：披露及呈列」及香港會計準則第39號「金融工具：確認及計量」

於本期間，本集團應用香港會計準則第32號及香港會計準則第39號。

於過往期間，本集團將股本及債務證券之投資列作「其他證券」並按公允值計量，而未變現收益或虧損則計入收益表。由二零零五年七月一日起，本集團根據香港會計準則第39號之規定為其股本及債務證券之投資進行分類及計量。因此，賬面值1,786,000港元(二零零五年六月三十日：8,625,000港元)原分類為非流動資產之證券投資，現已重新分類為可供出售投資，並按公允值列賬。其後公允值之變動乃於權益中確認。

採納此等新政策對本集團本期間或過往期間之財務報表並無其他重大影響。

2. CHANGE IN ACCOUNTING POLICIES (Continued)

(c) HKAS 36 “Impairment of Assets”, HKAS 38 “Intangible Assets” and HKFRS 3 “Business Combinations”

The adoption of HKAS 36, HKAS 38 and HKFRS 3 has resulted in a change in the accounting policy for goodwill. Prior to the adoption, goodwill arising on acquisitions was capitalised and amortised on a straight-line basis over its estimated useful life and such goodwill was assessed for impairment at each balance sheet date.

In accordance with HKFRS 3, negative goodwill is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions was presented as a deduction from assets and released to income based on analysis of the circumstances from which the balance resulted. In accordance with the relevant transitional provisions, the Group has derecognised all negative goodwill at 1 July 2005, with a corresponding increase to opening retained earnings.

2. 會計政策之變動 (續)

(c) 香港會計準則第36號「資產減值」、香港會計準則第38號「無形資產」及香港財務報告準則第3號「業務合併」

採納香港會計準則第36號、香港會計準則第38號及香港財務報告準則第3號導致商譽之會計政策變動。於採納前，因收購而產生之商譽乃撥充資本及於其估計可使用年期按直線法攤銷，而該商譽會於每個結算日作減值評估。

根據香港財務報告準則第3號，負商譽乃於收購發生之期間即時確認損益。於過往期間，因收購而產生之負商譽列作資產之減項，並按導致產生結餘之情況分析撥作收入。根據有關之過渡性條文，本集團於二零零五年七月一日解除確認所有負商譽，並於期初保留盈利計入相應增項。

2. CHANGE IN ACCOUNTING POLICIES (Continued)

(d) HKFRS 2 “Share-based Payment”

In the current period, the Group has applied HKFRS 2 “Share-based Payment” which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares (“equity-settled transactions”), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (“cash-settled transactions”). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors’ and employees’ share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1 July 2005. In relation to share options granted before 1 July 2005, the Group has not applied HKFRS 2 to share options granted on or before 7 November 2002 and share options that were granted after 7 November 2002 and had vested before 1 July 2005 in accordance with the relevant transitional provisions. Accordingly, the adoption of HKFRS 2 has not resulted in an impact to the results of the Group for the prior accounting period.

2. 會計政策之變動 (續)

(d) 香港財務報告準則第2號「以股份支付款項」

於本期間，本集團應用香港財務報告準則第2號「以股份支付款項」，該準則規定本集團以股份或股份權利交換購買之貨品或獲取之服務（「權益結算交易」）或交換價值相當於指定數目股份或股份權利之其他資產（「現金結算交易」）時，須確認為支出。香港財務報告準則第2號對本集團之主要影響乃本公司董事及僱員購股權於授出日期釐定之公允值須按歸屬期支銷。於應用香港財務報告準則第2號前，本集團僅於購股權行使後始確認其財務影響。本集團已就其於二零零五年七月一日或之後授出之購股權應用香港財務報告準則第2號。對於二零零五年七月一日之前授出之購股權，根據有關過渡條文，本集團並未就其於二零零二年十一月七日或之前授出之購股權及於二零零二年十一月七日後授出而於二零零五年七月一日前歸屬之購股權應用香港財務報告準則第2號。因此，採用香港財務報告準則第2號並未對本集團以往會計期間之業績有所影響。

3. SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for goods sold to outside customers and rental income from properties under operating leases during the period.

(a) Business segments

For management purposes, the Group is currently organised into three (2004: three) operating divisions – manufacture and distribution of electronic products, property and investment holding, property development. These divisions are the basis on which the Group reports its primary segment information.

Business segment information for the six months ended 31 December 2005:

3. 分類資料

營業額指就期內向外界客戶銷售貨物之已收及應收款項淨額及經營租賃物業之租金收入。

(a) 業務分類

於管理方面，本集團現分為三類（二零零四年：三類）業務－電子產品製造及分銷、物業及投資控股和物業發展。此等分部乃本集團匯報基本分部資料之基礎。

截至二零零五年十二月三十一日止六個月之業務分類資料：

		Manufacture and distribution of electronic products HK\$'000 (Unaudited) 電子產品 製造及分銷 千港元 (未經審核)	Property and investment holding HK\$'000 (Unaudited) 物業及 投資控股 千港元 (未經審核)	Property development HK\$'000 (Unaudited) 物業發展 千港元 (未經審核)	Total HK\$'000 (Unaudited) 總計 千港元 (未經審核)
Turnover	營業額	54,540	4,652	–	59,192
Results	業績				
Segment results	分部業績	460	6,048	(1,460)	5,048
Unallocated corporate income	未分配企業 收入				470
Profit from operations	經營溢利				5,518
Finance costs	融資成本				(2,287)
Profit before taxation	除稅前溢利				3,231
Taxation	稅項				–
Profit before minority interests	未計少數股東 權益前溢利				3,231

3. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

Business segment information for the six months ended
31 December 2004:

3. 分類資料 (續)

(a) 業務分類 (續)

截至二零零四年十二月三十一
日止六個月之業務分類資料：

		Manufacture and distribution of electronic products HK\$'000 (Unaudited) 電子產品 製造及分銷 千港元 (未經審核)	Property and investment holding HK\$'000 (Unaudited) 物業及 投資控股 千港元 (未經審核)	Property development HK\$'000 (Unaudited) 物業發展 千港元 (未經審核)	Total HK\$'000 (Unaudited) 總計 千港元 (未經審核)
Turnover	營業額	43,550	5,061	–	48,611
Results	業績				
Segment results	分部業績	784	3,083	(568)	3,299
Unallocated corporate income	未分配企業 收入				1,482
Unallocated corporate expenses	未分配企業 支出				(1,588)
Profit from operations	經營溢利				3,193
Finance costs	融資成本				(1,557)
Profit before taxation	除稅前溢利				1,636
Taxation	稅項				3,400
Profit before minority interests	未計少數股東 權益前溢利				5,036

3. SEGMENT INFORMATION (Continued)

(b) Geographical segments

The Group's operations are principally located in Hong Kong and the People's Republic of China, other than Hong Kong (the "PRC"). The Group's administrative and manufacturing function is carried out in Hong Kong and the PRC.

The following table provides an analysis of the Group's sales by geographical market irrespective of the origin of the goods or services:

3. 分類資料(續)

(b) 地區分類

本集團經營之業務主要位於香港及中華人民共和國(不包括香港)。「中國」。本集團之行政及製造業物於香港及中國開展。

下表為本集團按市場地區之銷售分析(不論商品或服務之來源地)：

		Six months ended			
		31/12/2005		31/12/2004	
		Turnover	Contribution	Turnover	Contribution
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		截至六個月止			
		二零零五年		二零零四年	
		十二月三十一日		十二月三十一日	
		營業額	盈利	營業額	盈利
		千港元	千港元	千港元	千港元
Geographical segments	地區分類	(未經審核)	(未經審核)	(未經審核)	(未經審核)
Hong Kong	香港	56,721	5,084	21,582	2,177
United States of America	美國	—	—	17,341	312
Europe	歐洲	1,943	896	420	8
The PRC	中國	—	—	2,716	1,252
Other Asian countries	其他亞洲國家	—	—	6,552	118
BVI	英屬處女群島	528	(932)	—	(568)
		59,192	5,048	48,611	3,299

4. PROFIT BEFORE TAXATION

4. 除稅前溢利

		Six months ended	
		31/12/2005	31/12/2004
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
		截至六個月止	
		二零零五年	二零零四年
		十二月三十一日	十二月三十一日
		千港元	千港元
		(未經審核)	(未經審核)
Profit/(loss) before taxation has been arrived at after charging:	除稅前溢利／(虧損)已扣除：		
Depreciation and amortisation on	折舊及攤銷：		
– Assets owned by the Group	– 本集團擁有之資產	1,289	1,521
– Assets held under finance leases	– 根據融資租約持有之資產	634	1,766
and after crediting:	並已計入：		
Dividend income from listed securities	上市證券股息收入	46	197

5. INCOME TAX

5. 所得稅

Hong Kong Profits Tax is calculated at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits for the period.

香港利得稅乃按期內之估計應課稅溢利根據稅率17.5% (二零零四年：17.5%) 計算。

		Six months ended	
		31/12/2005	31/12/2004
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
		截至六個月止	
		二零零五年	二零零四年
		十二月三十一日	十二月三十一日
		千港元	千港元
		(未經審核)	(未經審核)
The amount of taxation credited to the consolidated income statement represents:	計入綜合收益表之稅項指：		
Overprovision in prior years	以往年度超額撥備	-	3,400,000

No provision for Hong Kong Profits Tax was made for the period ended 31 December 2005 (2004: Nil) as the Company and its subsidiaries had no assessable profit for that period.

截至二零零五年十二月三十一日止期間並無就香港利得稅作出撥備 (二零零四年：無)，原因是本公司及其附屬公司於期內並無應課稅溢利。

No provision for deferred tax has been made in the period.

期內並無作出遞延稅項撥備。

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$3,006,000 (2004: HK\$4,688,000) and on the weighted average of 925,522,826 (2004: 941,082,826) shares in issue during the period.

No diluted earnings per share has been presented as the exercise prices of the Company's outstanding warrants were higher than the average market price of the shares of the Company of both periods.

6. 每股盈利

每股基本盈利乃按本公司股權持有人應佔溢利3,006,000港元(二零零四年：4,688,000港元)及期內已發行股份加權平均數925,522,826股(二零零四年：941,082,826股)計算。

由於本公司尚未行使之認股權證之行使價高於該等期間本公司股份之平均市價，故無呈列該等期間之每股攤薄盈利。

7. INVESTMENT PROPERTIES

7. 投資物業

		2005 HK\$'000 二零零五年 千港元
VALUATION/FAIR VALUE	估值／公允值	
At 1 July 2004	於二零零四年七月一日	202,276
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	8,944
Disposals	出售	(6,600)
Increase in fair value	公允值增加	100,880
At 30 June 2005 and 1 July 2005	於二零零五年六月三十日及 二零零五年七月一日	305,500
Increase in fair value	公允值增加	6,200
At 31 December 2005	於二零零五年十二月三十一日	311,700

7. INVESTMENT PROPERTIES (Continued)

The value of investment properties held by the Group at 30 June 2005 and 31 December 2005 comprises:

		31/12/2005 (Unaudited) HK\$'000 二零零五年 十二月三十一日 (未經審核) 千港元	30/6/2005 (Audited) HK\$'000 二零零五年 六月三十日 (經審核) 千港元
Held in Hong Kong:	於香港持有：		
Long-term leases	長期租約	105,400	99,200
Medium-term leases	中期租約	176,600	176,600
Held outside Hong Kong:	於香港以外地方持有：		
Medium-term leases	中期租約	29,700	29,700
		311,700	305,500

8. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period from 30 to 90 days to its trade customers other than major customers. Included in trade and other receivables of the Group are trade debtors of HK\$4,878,000 (30 June 2005: HK\$4,353,000) and their aging analysis is as follows:

		31/12/2005 (Unaudited) HK\$'000 二零零五年 十二月三十一日 (未經審核) 千港元	30/6/2005 (Audited) HK\$'000 二零零五年 六月三十日 (經審核) 千港元
Within 90 days	90天內	3,989	3,560
More than 90 days and within 180 days	超過90天但少於180天	889	793
		4,878	4,353

7. 投資物業(續)

本集團持有之投資物業於二零零五年六月三十日及二零零五年十二月三十一日之價值包括：

8. 貿易及其他應收款項

本集團給予主要客戶以外之貿易客戶平均的信貸期介乎30至90天。本集團貿易及其他應收款項包括貿易應收款項4,878,000港元(二零零五年六月三十日：4,353,000港元)，有關賬齡分析如下：

9. TRADE AND OTHER PAYABLES

Included in trade and other payables of the Group are trade payables of HK\$2,834,000 (30 June 2005: HK\$3,967,000) and their aging analysis is as follows:

		31/12/2005 (Unaudited) HK\$'000 二零零五年 十二月三十一日 (未經審核) 千港元	30/6/2005 (Audited) HK\$'000 二零零五年 六月三十日 (經審核) 千港元
Within 90 days	90天內	2,440	3,416
More than 90 days and within 180 days	超過90天但少於180天	394	551
		2,834	3,967

10. SHARE CAPITAL

		Number of Ordinary shares 普通股數目	Amount HK\$'000 金額 千港元
Ordinary shares of HK\$0.01 each	每股面值0.01港元之普通股		
Authorised:	法定股本：		
At 30 June 2005 and 31 December 2005	於二零零五年六月三十日及 二零零五年十二月三十一日	6,000,000,000	60,000
Issued and fully paid:	已發行及繳足股本：		
At 1 July 2004	於二零零四年七月一日	941,082,826	9,411
Cancellation upon repurchase of own shares	回購時註銷	(3,860,000)	(39)
At 30 June 2005 and 1 July 2005	於二零零五年六月三十日及 二零零五年七月一日	937,222,826	9,372
Cancellation upon repurchase of own shares	回購時註銷	(11,700,000)	(117)
At 31 December 2005	於二零零五年十二月三十一日	925,522,826	9,255

11. COMPARATIVE FIGURES

Certain comparative figures have be reclassified to confirm with current period's presentation.

9. 貿易及其他應付款項

本集團之貿易及其他應付款項包括貿易應付款項2,834,000港元(二零零五年六月三十日：3,967,000港元)，有關賬齡分析如下：

10. 股本

		Number of Ordinary shares 普通股數目	Amount HK\$'000 金額 千港元
Ordinary shares of HK\$0.01 each	每股面值0.01港元之普通股		
Authorised:	法定股本：		
At 30 June 2005 and 31 December 2005	於二零零五年六月三十日及 二零零五年十二月三十一日	6,000,000,000	60,000
Issued and fully paid:	已發行及繳足股本：		
At 1 July 2004	於二零零四年七月一日	941,082,826	9,411
Cancellation upon repurchase of own shares	回購時註銷	(3,860,000)	(39)
At 30 June 2005 and 1 July 2005	於二零零五年六月三十日及 二零零五年七月一日	937,222,826	9,372
Cancellation upon repurchase of own shares	回購時註銷	(11,700,000)	(117)
At 31 December 2005	於二零零五年十二月三十一日	925,522,826	9,255

11. 比較數字

若干比較數字已予重列，以符合本期間之呈報方式。

INTERIM DIVIDEND

The Directors do not recommend an interim dividend for the period ended 31 December 2005 (2004: Nil).

REVIEW OF OPERATIONS

The Group's turnover for the period ended 31 December 2005 was approximately HK\$59.2 million, which represented an increase of 21.8% as compared to the period ended 31 December 2004. The administrative expenses for the period ended 31 December 2005 were approximately HK\$15.5 million, which represented an increase of 9.6% as compared to the expenses which were incurred for period ended 31 December 2004. The unaudited consolidated profit for the period ended 31 December 2005 was approximately HK\$3.0 million (as compared to an unaudited consolidated profit of HK\$4.7 million for the period ended 31 December 2004).

(I) PROPERTY DEVELOPMENT – BRITISH VIRGIN ISLANDS PROJECT (“BVI PROJECT”)

With the world economy and individual wealth improving tremendously, demand on leisure travels reached new heights. Consumer confidence in Europe and America has remained strong and supports the continuing strength in the travel and resort industry, indicating an optimistic outlook for the resort development project.

As a result, the Group is well-positioned to benefit from the leisure tourism growth. The period ended 31 December 2005 marked another exciting moment for the Group to become a prestigious resort developer, in which the Group continued to strengthen the resort development businesses while also advancing our short- and long-term strategic pipeline.

中期股息

董事不建議就截至二零零五年十二月三十一日止期間派付中期股息(二零零四年：無)。

業務回顧

本集團截至二零零五年十二月三十一日止期間的營業額約59,200,000港元，較截至二零零四年十二月三十一日止期間增加21.8%。截至二零零五年十二月三十一日止期間之行政開支約15,500,000港元，較截至二零零四年十二月三十一日止期間之開支增加9.6%。截至二零零五年十二月三十一日止期間之未經審核綜合溢利約3,000,000港元(而截至二零零四年十二月三十一日止期間之未經審核綜合溢利為4,700,000港元)。

(I) 物業發展－英屬處女群島項目(「英屬處女群島項目」)

世界經濟強勁增長，個人財富大幅增加，悠閒旅遊需求再創新高。歐美消費者信心依然強勁，支持旅遊及渡假村行業持續興旺，預示渡假村開發項目前景樂觀。

因此，本集團處於分享悠閒旅遊行業增長之有利位置。截至二零零五年十二月三十一日止期間乃又一激動人心之時刻，本集團成為實至名歸之渡假村發展商，繼續強化渡假村發展業務，同時穩步推進長短期策略準備。

REVIEW OF OPERATIONS (Continued)

(I) PROPERTY DEVELOPMENT – BRITISH VIRGIN ISLANDS PROJECT (“BVI PROJECT”) (Continued)

The Company’s well-established business strategy in BVI project echoes the current tourism trend. Aging of population continues to reshape the travel sector with large number of wealthy boomers turning 50 every day in the United States & Europe. These leisure travelers show a greater preference for well-managed and quality resorts during their stay, providing enormous opportunity for the Group on the BVI Project.

On 2 December 2005, the Company’s wholly-owned subsidiary, Quorum Island (BVI) Limited, signed an agreement with The Government of the British Virgin Islands for the development of Beef Island where the BVI Project is located. Under the Development Agreement, Quorum Island has been granted Pioneer Status on golf course and marina and mega-yacht facilities, and Hotel Aid on hotel and all branded villas, residences and fractional units.

Pursuant to Pioneer Status of the Development Agreement, many benefits are granted to the Company, these include a ten years (which is extendable) of tax holidays and import duty exemptions on capital equipment. In addition, a ten years (which is extendable) of tax holidays and import duty exemptions on building materials and equipment are also available to Quorum Island under Hotel Aid Act of the Development Agreement. The agreement sets a solid foundation for the development of the BVI Project.

業務回顧(續)

(I) 物業發展 – 英屬處女群島項目(「英屬處女群島項目」)(續)

本公司於英屬處女群島項目之良好業務策略與現時旅遊潮流相呼應。人口老化繼續改變旅遊行業，在美國和歐洲，每天有大量富裕新生代踏入知命之年。這些悠閒遊客旅行時更加偏愛管理規範且質素上乘之渡假村，由此為本集團於英屬處女群島項目之發展創造無限商機。

於二零零五年十二月二日，本公司全資附屬公司 **Quorum Island (BVI) Limited** 已就開發英屬處女群島項目所在之 **Beef Island** 與英屬處女群島政府簽署協議。根據發展協議，**Quorum Island** 獲授予在高爾夫球場、遊艇會及大型遊艇設施方面成為「先驅者」之地位，並在酒店及所有擁有商標之別墅、住宅及分層單位獲得「酒店支援」。

根據發展協議之「先驅者」地位，本公司獲授多項利益，其中包括為期十年(可延長)免稅期及資本設備免入口稅之優惠。此外，根據發展協議之「酒店支援」條例，**Quorum Island** 可享有為期十年(可延長)之免稅期及建築物料及器械免入口稅之優惠。該協議為英屬處女群島項目之發展奠定堅實基礎。

REVIEW OF OPERATIONS (Continued)

(I) PROPERTY DEVELOPMENT – BRITISH VIRGIN ISLANDS PROJECT (“BVI PROJECT”) (Continued)

During the period under review, the finalized master plan of its BVI Project was well received. Two of the constructions, the signature golf course and the State-of-the-Art marina facilities, respond perfectly to the market change and the need of tycoons, aiming at bringing sustainable income to the Group. Currently the golf market growing rapidly and golf residence can often yield a premium in value by having a five-star signature golf course. As for the marina industry, sales of boats over thirty feet and especially boats over 35 feet have remained strong and increased almost 100% in the past five years, indicating a massive demand in this area.

Meanwhile, the master plan has also successfully rallied the support of a dedicated and experienced development team including EDSA, Hill Glazier, Wilson & Associates, Nicklaus Design and ATM, development of the BVI Project is proceeding as planned. The management believes that the master plan, together with the sound development team, will allow us to benefit from the booming resort, golf and marina market. With the encouraging trends and the support from a seasoned management team, the Group is confident that the BVI Project will proceed smoothly and performs well.

In the six month ended 31 December 2005, the negotiation of a 50-50 joint venture to develop a golf course, hotel and marina in Beef Island, the British Virgin Islands between the Group and The Ritz-Carlton Group to develop Beef Island, British Virgin Islands is underway.

業務回顧(續)

(I) 物業發展－英屬處女群島項目(「英屬處女群島項目」)(續)

於回顧期間，英屬處女群島項目之最終總規劃方案非常受歡迎。當中兩個項目哥爾夫球場及先進之遊艇會設施，完美回應市場變動及大亨需求，旨在持續為本集團帶來收益。現時，哥爾夫球市場快速增長，透過興建五星級哥爾夫球場，高爾夫球會所住宅經常可創造可觀價值。至於遊艇會設施，超過三十呎之遊艇尤其是超過三十五呎遊艇之銷售依然強勁，過去五年增長近100%，顯示此領域之巨大需求。

同時，總規劃方案亦成功獲得擁有專業且經驗豐富之開發團隊(包括EDSA、Hill Glazier、Wilson & Associates、Nicklaus Design及ATM)之支持，而英屬處女群島項目之發展正按計劃進行。管理層相信有著名的開發團隊及總規劃方案，將使本公司在渡假村、高爾夫及遊艇會之市場中蓬勃發展。本集團相信在令人鼓舞的發展趨勢及經驗豐富的管理人帶領下，英屬處女群島項目可順利推行及締造滿意成果。

於截至二零零五年十二月三十一日止六個月，本集團與Ritz-Carlton集團就成立各佔50%權益之合營企業在英屬處女群島之Beef Island發展高爾夫球場、酒店及遊艇會仍進行磋商。

REVIEW OF OPERATIONS (Continued)

(II) INVESTMENT PROPERTIES

Riding on the buoyant property market, the Group's investment properties, mainly in Hong Kong and PRC, generated rental revenue of approximately HK\$4,652,000 during the six months ended 31 December 2005.

(III) OEM BUSINESS

For the six months ended 31 December 2005, the Group's OEM electronic business continued to be a stable source of income. Despite the fierce market competition, the Group's OEM manufacturing company gained support from a stable customer base and was able to maintain its market share during the period ended 31 December 2005. The Group has strived to increase its competitiveness by proactive measures for efficient resource allocation, aiming to trim costs and to focus more on higher-growth products.

OUTLOOK

(I) PROPERTY DEVELOPMENT – BRITISH VIRGIN ISLANDS PROJECT (“BVI” PROJECT)

While the BVI Project is the core business development of the Group, the Group is proactively looking for possible investment opportunities to expand its portfolio and provide future earnings and development opportunities for the Group.

業務回顧(續)

(II) 投資物業

得益於物業市場興旺，於截至二零零五年十二月三十一日止六個月，本集團主要位於香港及中國之投資物業獲得約4,652,000港元之租金收入。

(III) 原設備製造業務

於截至二零零五年十二月三十一日止六個月，本集團之原設備電子製造業務繼續是穩定之收入來源。儘管市場競爭激烈，但本集團之原設備製造公司憑藉穩定客戶之支持，於截至二零零五年十二月三十一日止期間仍能維持其市場佔有率。本集團正透過有效分配資源、控制成本及專注於高增長產品之積極措施提升其競爭力。

展望

(I) 物業發展 – 英屬處女群島項目(「英屬處女群島項目」)

英屬處女群島項目雖是本集團之核心業務發展，本集團亦積極尋找具潛力之投資機會，以擴大其投資組合，為本集團提供未來盈利及發展機會。

OUTLOOK (Continued)

(II) THE BVI PROJECT

Beef Island continued to demonstrate its value as a rare luxury resort site with great potential with numerous parties have shown their investment interest in this Island. In March 2006, the management received an offer from an independent third party, for a possible 100% buy out with a consideration of US\$60,000,000 and additional consideration of US\$15,000,000 (The company is entitled to 2.5% of gross residential revenue after such time as the project has achieved total gross residential revenue of US\$350,000,000 and this additional consideration is capped at a total payout of US\$15,000,000). The offer provides with the Company premium immediate cash out opportunity, further reconfirms Beef Island as a potential tourism paradise. The offer is under management consideration.

In addition, while the Group is in negotiation with Ritz-Carlton, several leading resort developers and investment funds in United States also showed their interest in developing a possible joint venture or equity joint-venture with the Group on the BVI Project.

Meanwhile, the Group has won strong support from the Government of the British Virgin Islands. The development agreement signed with the Government will provide great financial assistance for the BVI project through tax holiday and certain duties exemptions, reducing the operating cost in the coming years. In this favorable environment, the management believes that the BVI project is a significant investment and will bring considerable profit to the Group.

展望 (續)

(II) 英屬處女群島項目

隨著多方對Beef Island之投資表示興趣，Beef Island繼續展現其成為罕有豪華渡假村之巨大潛力及價值。於二零零六年三月，管理層收到一獨立第三者出價協議，當中涉及以代價60,000,000美元及額外代價15,000,000美元(該項目取得住宅收益總額350,000,000美元後，本公司有權獲得住宅收益總額之2.5%，而額外代價最高限額為總金額15,000,000美元)購買Beef Island。該出價協議提供予本公司優越的即時變現機會，並進一步確認Beef Island是極具潛力之旅遊勝地。管理層現正考慮該出價協議。

此外，該集團與Ritz-Carlton進行協商之同時，美國若干具領導地位之渡假村發展商及投資基金對BVI發展計劃亦表示有興趣，可能就英屬處女群島項目與該集團發展合營企業或股本合營企業。

同時，本集團已獲得英屬處女群島政府大力支持，並透過與該政府訂立之發展協議中免稅期及若干稅項豁免作為英屬處女群島項目財務支援的提供，並降低營運成本。在此有利環境下，管理層相信，英屬處女群島項目屬具重大意義之投資，將為本集團帶來可觀溢利。

OUTLOOK (Continued)

(II) THE BVI PROJECT (Continued)

Based on the competitive advantages of Beef Island, together with the support from the BVI Government, the management believes that the Group has upper hand to receive the most attractive development offers from leading resort developers and potential investors. In view of all the positive responses, the management has strong confident that BVI Project will bring a promising outlook to the Group.

With the world economy improving substantially and continue strong demand in the travel and resort industry, the management believes that the Company will benefit by developing the project and bring in position returns to all shareholders.

(III) OEM BUSINESS

Wideland Electronics Limited, the Company's subsidiary, will be moving to a larger factory in Shenzhen, PRC. After the move, it is expected that the factory will be able to increase its production capacity by 25%. The new factory will commence its operation in April 2006. By improving its productivity, the Company will further increase in competitiveness.

Given the strong economic fundamentals and healthy prospects in the resorts and property sector, the Group is set for further positive growth. Moreover, the management will explore more investment and project development opportunities in resort and property markets to optimize earnings. The Management is confident of the prospects of the Company.

展望 (續)

(II) 英屬處女群島項目 (續)

基於Beef Island之競爭優勢及英屬處女群島政府之支持，管理層相信，本集團具備優勢，吸引具領導地位之渡假村發展商及潛在投資者提出極具吸引力之發展建議，有見及所有積極回應，管理層對英屬處女群島項目將為本集團帶來有信心之前景。

隨著全球經濟顯著增長，旅遊及渡假村行業之需求持續強大，管理層相信將可透過發展該項目受益，並為所有股東帶來正面回報。

(III) 原設備製造業務

本公司附屬公司威能電子有限公司將遷往中國深圳一家更大之廠房。搬遷之後，預期該廠之生產力將提高25%。新廠將於二零零六年四月開始運作。透過提高生產力，本公司將可進一步增強競爭力。

鑒於經濟基本因素強勁及渡假村與物業市場前景理想，本集團可進一步積極發展。此外，管理層將在渡假村及物業市場方面尋找更多投資及項目發展機會，以增加盈利。管理層對本公司之前景充滿信心。

PLEDGE OF ASSETS

At 31 December 2005, the asset values of investment properties and property, plant and equipment pledged by the Group to secure banking facilities granted to the Group amount to HK\$282,000,000 (30 June 2005: HK\$275,800,000) and HK\$2,712,000 (30 June 2005: HK\$1,752,000) respectively. At 31 December 2005, the Group had also pledged a fixed deposit of HK\$3,005,000 (30 June 2005: HK\$2,969,000).

LIQUIDITY AND FINANCIAL INFORMATION

At 31 December 2005, the Group's total net asset value and borrowings amounted to HK\$491.7 million and HK\$89.8 million respectively, representing a gearing ratio of 18.3% maintained. In addition, the majority of the Group's assets were in Hong Kong and US dollars and the exposure of foreign exchange was insignificant to the Group.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

At 31 December 2005, the Company had in issue a guarantee of HK\$23,000,000 (30 June 2005: HK\$19,144,000) in respect of loans granted to a subsidiary.

The Group had no other contingent liabilities and capital commitments at the balance sheet date.

資產抵押

於二零零五年十二月三十一日，本集團分別將資產值為282,000,000港元(二零零五年六月三十日：275,800,000港元)之投資物業及資產值為2,712,000港元(二零零五年六月三十日：1,752,000港元)之物業、廠房及設備抵押，作為本集團獲授予銀行融資之擔保。於二零零五年十二月三十一日，本集團亦抵押為數3,005,000港元(二零零五年六月三十日：2,969,000港元)之定期存款。

流動現金及財務資料

於二零零五年十二月三十一日，本集團之總資產淨值及總借款淨值分別為491,700,000港元及89,800,000港元，負債資產比率維持於18.3%。此外，本集團大部分資產以港元及美元持有，故本集團並無重大外匯波動風險。

或然負債及資本承擔

於二零零五年十二月三十一日，本公司就一間附屬公司所獲貸款發出23,000,000港元(二零零五年六月三十日：19,144,000港元)之擔保。

本集團於結算日並無其他或然負債及資本承擔。

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

At 31 December 2005, the interests held by the Directors of the Company in the shares, underlying shares of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

Long positions in shares and underlying shares of the Company

董事於本公司股份及相關股份之權益

於二零零五年十二月三十一日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條存置之登記冊所載，本公司董事擁有本公司及其相聯法團（定義見證券及期貨條例第XV部）股份及相關股份權益，或根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）所載上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益如下：

於本公司股份及相關股份之好倉

		Number of ordinary shares 普通股數目			Approximate % of	
Name of directors		Personal interests	Other interests	Corporate interests	Total	shareholding 概約持股 百分比
董事姓名		個人權益	其他權益	公司權益	總計	百分比
Hung Kin Sang, Raymond	洪建生	3,280,000	405,655,584 (Note 1) (附註1)	48,329,000 (Note 2) (附註2)	457,264,584	49.41%
Hung Wong Kar Gee, Mimi	洪王家琪	8,870,056	405,655,584 (Note 1) (附註1)	48,329,000 (Note 2) (附註2)	462,854,640	50.01%
Fang Chin Ping	方進平	100,000	-	-	100,000	0.01%
Hung Kai Mau, Marcus	洪繼懋	1,600,000	-	-	1,600,000	0.17%
Soo Hung Leung, Lincoln	蘇洪亮	1,100,000	-	-	1,100,000	0.12%

DIRECTOR'S INTEREST IN SHARES OF ASSOCIATED CORPORATIONS 董事之相聯法團權益

Long positions in shares of associated corporations 於相關法團股份之好倉

Name	Number of shares		Name of associated corporation	Total number of shares	Approximate % shareholding
	Beneficial	Other			
姓名	實益擁有	其他	相聯法團之名稱	股份總數	約百分比
Fang Chin Ping	方進平	199,999	1 (Note 3) (附註3)	Quorum Bio-Tech Limited (Note 3) (附註3)	200,000 2%

Note 1: These shares and underlying shares were held by the following companies:

附註1：該等股份及相關股份乃由下列公司持有：

	Number of ordinary shares
	普通股數目
Malcolm Trading Inc.	43,992,883
Primore Co. Inc.	2,509,266
Capita Company Inc.	359,153,435
	405,655,584

Malcolm Trading Inc., Primore Co. Inc. and Capita Company Inc. are wholly-owned by the Marami Foundation as trustee for the Raymond Hung/Mimi Hung & Family Trust, a discretionary trust the discretionary objects of which include the family members of Hung Kin Sang, Raymond and Hung Wong Kar Gee, Mimi.

Malcolm Trading Inc.、Primore Co. Inc.及Capita Company Inc.均由作為洪建生／洪王家琪與家族信託之信託人之Marami Foundation所全資擁有，該全權信託基金之全權受益人包括洪建生及洪王家琪之家族成員。

Note 2: These shares and underlying shares were held by iQuorum Cybernet Limited which was a wholly-owned subsidiary of the Company.

附註2：此等股份及相關股份由盈聯網絡有限公司持有。該公司為本公司之全資附屬公司。

Note 3: As at 31 December 2005, Fang Chin Ping held 200,000 ordinary shares of Quorum Bio-Tech Limited, a 89% owned subsidiary of iQuorum, of which he holds 1 share on trust for iQuorum.

附註3：於二零零五年十二月三十一日，方進平先生持有Quorum Bio-Tech Limited之200,000股普通股。Quorum Bio-Tech Limited為盈聯網絡擁有89%之附屬公司，方先生以信託形式持有1股盈聯網絡股份。

DIRECTOR'S INTEREST IN SHARES OF ASSOCIATED CORPORATIONS (Continued)

Long positions in shares of associated corporations (Continued)

Save as disclosed above, at 31 December 2005, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Share options in the Company

2002 Scheme

On 16 September 2002, the Company adopted a new share option scheme (the "2002 Scheme") for the primary purpose of providing incentives to directors and eligible employees. The 2002 Scheme will expire on 15 September 2012. Under the 2002 Scheme, the board of directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

董事之相聯法團權益(續)

於相關法團股份之好倉(續)

除上文披露者外，於二零零五年十二月三十一日，本公司董事及行政總裁概無於本公司或任何相聯法團(定義見證券及期貨條例第XV分部)之股份、相關股份及債權證中擁有須根據證券及期貨條例第XV分部第7及8分部知會本公司及聯交所或根據上市公司董事證券交易之標準守則知會本公司及聯交所及須記錄於根據證券及期貨條例第352條規定置存之登記冊之權益及淡倉(包括根據證券及期貨條例之該等條文被計作或視作擁有之權益及淡倉)。

董事購買股份或債券之權利

本公司之購股權

二零零二年計劃

於二零零二年九月十六日，本公司採納新購股權計劃(「二零零二年計劃」)，旨在為董事及合資格僱員提供獎勵。二零零二年計劃將於二零一二年九月十五日屆滿。根據二零零二年計劃，本公司董事會可向合資格僱員(包括本公司及其附屬公司之執行董事)授予購股權以認購本公司股份。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES (Continued)

Share options in the Company (Continued)

2002 Scheme (Continued)

The total number of shares in respect of which options may be granted under the 2002 Scheme and any other share option schemes of the Company shall not exceed 10% of the shares of the Company in issue as at the date of adoption of the 2002 Scheme. The number of shares in respect of which options may be granted to a specifically identified single grantee under the 2002 Scheme and any other share option schemes of the Company shall not in any 12 month period exceed 1% of the shares of the Company in issue.

Options granted must be taken up within 30 days of the date of grant, upon payment of HK\$1 per grant. Options may be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will be no less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares on the date of grant.

No option has been granted under the 2002 Scheme since its adoption.

董事購買股份或債券之權利 (續)

本公司之購股權 (續)

二零零二年計劃 (續)

根據二零零二年計劃及本公司任何其他購股權計劃可授出之購股權所涉及之股份總數不得超過採納二零零二年計劃當日本公司已發行股份之10%。根據二零零二年計劃及本公司任何其他購股權計劃可授予任何經特別指定單一承授人之購股權所涉及之股份數目在任何12個月期間內不得超過本公司已發行股份數目之1%。

授出之購股權必須於授出日期起計30日內接納，於接納時須繳付1港元。購股權可由授出日期起至授出日期第10週年止期間任何時間行使。於授出購股權時，董事會可酌情釐定特定行使期間。行使價由本公司董事釐定，並且不得低於以下三者中之最高者：(i)於授出日期本公司股份之收市價；(ii)緊接授出日期前五個營業日本公司股份之平均收市價，及(iii)於授出日期本公司股份之面值。

自採納二零零二年計劃以來，概無授出購股權。

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above under the heading “Directors’ interests in shares and underlying shares” of the Company in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued share capital of the Company at 31 December 2005.

DIRECTORS’ INTEREST IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed above, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Substantial shareholding in other members of the Group

At 31 December 2005, so far as is known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) are directly or indirectly interested in 5 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group:

Name of Subsidiary	附屬公司名稱	Name of Shareholder	股東姓名	% Shareholding 權益百分比
Wideland Electronics Limited	威能電子有限公司	Ma Yi Fat	馬二發	40
Wideland Electronics Limited	威能電子有限公司	Ma Siu Lun Frank	馬兆麟	9

主要股東

除上文「董事之股份及相關股份權益」一節所披露本公司若干董事之權益外，本公司根據證券及期貨條例第336條之規定而存置之主要股東名冊顯示，於二零零五年十二月三十一日並無任何人士擁有本公司已發行股本而須予公佈之權益或淡倉。

董事於重大合約中之權益

除上文披露者外，於期終或期內任何時間，本公司或其任何附屬公司概無訂立本公司或其任何附屬公司之董事於其中有直接或間接重大權益之重大合約。

於本集團其他成員公司之重大股權

於二零零五年十二月三十一日，據本公司董事及行政總裁所知，下列人士（並非本公司董事或行政總裁）直接或間接持有附有權利可於任何情況下在本集團任何其他成員公司之股東大會上投票之任何級別之股本面值之5%或以上權益：

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE (Continued)

Substantial shareholding in other members of the Group (Continued)

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at 31 December 2005, had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

EMPLOYEE INFORMATION

At 31 December 2005, the Group employed a total of 337 full-time employees.

The Group's emolument policies are formulated on the basis of performance of individual employees and are reviewed annually. The Group also provides medical insurance coverage and provident fund scheme (as the case may be) to its employees depending on the location of such employees.

董事於重大合約中之權益 (續)

於本集團其他成員公司之重大股權 (續)

除上文披露者外，本公司董事及行政總裁概不知悉有任何人士（並非本公司董事或行政總裁）於二零零五年十二月三十一日持有登記在本公司遵照證券及期貨條例第336條規定存置之登記冊中之股份及相關股份之權益或淡倉。

僱員資料

於二零零五年十二月三十一日，本集團合共僱用337名全職僱員。

本集團乃按個別員工之表現製訂薪酬政策，並每年檢討一次。本集團亦因應員工工作之地點為僱員提供醫療保險及公積金計劃（視情況而定）。

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

買賣或贖回本公司上市證券

During the period, the Company repurchased 11,700,000 ordinary shares on the Stock Exchange at an aggregate consideration of HK\$3,813,000. All of the shares were subsequently cancelled. The nominal value of the cancelled shares of HK\$117,000 during the period was credited to capital redemption reserve and the relevant aggregate consideration of HK\$3,813,000 was paid out from the Company's accumulated losses. Details of the repurchases are as follows:

本公司於期內以總代價3,813,000港元在聯交所購回11,700,000股普通股。全部購回股份其後均已註銷。期內已註銷股份117,000港元之面值已記入資本贖回儲備，且相關總代價3,813,000港元已自本公司累積虧損支付。購回詳情概述如下：

Month of the repurchases	Total number of the ordinary shares repurchased	Purchase price per share		Aggregate consideration
		Highest price paid per share	Lowest price paid per share	
購回月份	購回普通股總數	每股購回價 最高價 港元	每股購回價 最低價 港元	總代價 千港元
July 2005	二零零五年七月 4,480,000	0.250	0.183	982
August 2005	二零零五年八月 1,220,000	0.265	0.255	319
September 2005	二零零五年九月 480,000	0.340	0.330	161
October 2005	二零零五年十月 3,760,000	0.460	0.410	1,645
November 2005	二零零五年十一月 1,080,000	0.440	0.380	460
December 2005	二零零五年十二月 680,000	0.400	0.330	246
	11,700,000			3,813

The purchases were made for the benefit of the shareholders as a whole as they enhance the net asset value and/or earnings per share of the Company.

購回乃基於全體股東之利益而作出，因購回可提升本公司每股資產淨值及／或每股盈利。

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the period.

除上文披露者外，本公司或其任何附屬公司於期內並無買賣或贖回本公司任何上市證券。

CORPORATE GOVERNANCE

The Company is committed best corporate governance practices and procedures with a well-qualified board, sound internal controls, and transparency and accountability to all shareholders. The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 31 December 2005.

In order to reinforce independence, accountability and responsibility, the role of the Group Chairman is separated from that of the Group Managing Director with their respective responsibilities endorsed by the Board in writing. In addition more than one-third of the Board is comprised of Independent Non-Executive Directors. Among the Independent Non-Executive Directors, more than one of them has appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules.

AUDIT COMMITTEE

The Audit Committee is comprised of Independent Non-Executive Directors, namely, Mr. Soo Hung Leung, Lincoln J.P. (Chairman of the Audit Committee), Mr. Lun Tsan Kau, Mr. Lo Yun Tai and Mr. Lam Ka Wai, Graham. They all have related professional qualifications, accounting or related financial management expertise. The Audit Committee has a responsibility to review with the senior management and the Company's external auditors the internal and external audit findings, the accounting principles and practices adopted by the Group, listing rules and statutory compliance, and to discuss auditing, internal controls, risk management and financial reporting matters (including the interim financial report for the six months ended 31 December 2005 before recommending it to the Board for approval). The Audit Committee is satisfied that the internal controls and accounting systems of the Group are adequate.

企業管治

本公司致力以高素質之董事會、健全之內部控制及對全體股東提供高透明度及高問責性之方式遵守最佳企業管治常規及程序。本公司於截至二零零五年十二月三十一日止六個月內一直遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之企業管治常規守則。

為提高獨立性、問責性及責任，本集團主席之角色獨立於本集團董事總經理，二者之職責分別由董事會書面註明。此外，董事會超過三分之一成員由獨立非執行董事組成。獨立非執行董事之中，超過一人有上市規則規定之適當專業資格或會計或相關財經管理專業知識。

審核委員會

審核委員會由獨立非執行董事即蘇洪亮先生非官守太平紳士（審核委員會主席）、倫贊球先生、盧潤帶先生及林家威先生組成。彼等皆擁有相關專業資格、會計或相關財經管理專業知識。審核委員會負責與管理層及本公司外部核數師審閱內部及外部審核結果、本集團所採納之會計原則及慣例、上市規則、法定合規情況，並就審核、內部控制、風險管理及財務申報事宜（包括提交董事會批准前之截至二零零五年十二月三十一日止六個月中期財務報告）進行討論。審核委員會對本集團之內部控制及會計制度感到滿意並認為適當。

REMUNERATION COMMITTEE

The Remuneration Committee was formed on 20 April 2005 and includes a majority of Independent Non-Executive Directors. The Remuneration Committee comprises one executive director, Mr. Hung Kin Sang, Raymond, and two Independent Non-Executive Directors, namely, Mr. Soo Hung Leung, Lincoln J.P. and Mr. Lo Yun Tai. The Remuneration Committee has a responsibility to make recommendations to the Board on the Company's policy and structure in the relation to the remuneration of Directors and senior management. The Committee also reviews specific remuneration packages of all executive Directors and senior management with regards to corporate goals and objectives resolved by the Board from time to time.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all the Directors of the Company, all the Directors have confirmed that they had complied with the required standard set out in the Model Code during the accounting period covered by the interim report for the six months from 1 July 2005 to 31 December 2005.

薪酬委員會

薪酬委員會於二零零五年四月二十日成立，成員包括大多數獨立非執行董事。薪酬委員會由一名執行董事(洪建生先生)及兩名獨立非執行董事(即蘇洪亮先生非官守太平紳士及盧潤帶先生)組成。薪酬委員會負責就與董事及高級管理層之薪酬相關之政策及結構向本公司董事會提出建議。該委員會亦根據董事會不時確定之企業目標及目的審查全體執行董事及高級管理人員之個別薪酬待遇。

董事進行證券交易之標準守則

本公司已採納上市規則附錄10所載的上市公司董事進行證券交易之標準守則(「標準守則」)。經向本公司各董事作出個別查詢後，各董事已確認彼等於本中期報告之會計期間(二零零五年七月一日至二零零五年十二月三十一日止六個月)一直遵守標準守則所載之要求標準。

MEMBERS OF THE BOARD

At the date hereof, the members of the board are as follows:

Executive directors:

Hung Kin Sang, Raymond (*Managing Director*)

Hung Wong Kar Gee, Mimi (*Chairman*)

Fang Chin Ping

Hung Kai Mau, Marcus

Independent non-executive directors:

Soo Hung Leung, Lincoln J.P.

Lo Yun Tai

Lun Tsan Kau

Lam Ka Wai, Graham

By order of the Board

Hung Kin Sang, Raymond

Managing Director

Hong Kong, 22 March 2006

董事會成員

於本報告日期，董事會成員如下：

執行董事：

洪建生先生 (*董事總經理*)

洪王家琪 (*主席*)

方進平

洪繼懋

獨立非執行董事：

蘇洪亮非官守太平紳士

盧潤帶

倫贊球

林家威

承董事會命

董事總經理

洪建生

香港，二零零六年三月二十二日

