

Notes to the Financial Statements

For the year ended 31st December, 2005

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal office of the Company are disclosed in the section headed "Corporate Information" of the annual report. Its ultimate holding company is Chinese Estates Holdings Limited ("Chinese Estates"), a company incorporated in Bermuda with its shares listed on the Stock Exchange.

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

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 37.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES

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

財務報表附註

截至二零零五年十二月三十一日止年度

1. 概述

本公司在百慕達註冊成立為受豁免有限公司。本公司之股份在香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊辦事處及主要辦事處地址於年報「公司資料」一節披露。其最終控股公司為Chinese Estates Holdings Limited（「華人置業」）。華人置業於百慕達註冊成立，其股份於聯交所上市。

財務報表以港元呈列，而港元為本公司之功能貨幣。

本公司為投資控股公司，其主要附屬公司之主要業務載於附註 37。

2. 應用香港財務報告準則／會計政策變動

於本年度，本集團首次應用香港會計師公會頒布並於二零零五年一月一日或之後開始之會計期間生效之若干香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋（下文統稱「新香港財務報告準則」）。應用該等新香港財務報告準則導致更改綜合收益表、綜合資產負債表及綜合股東權益變動表之呈列方式。呈列方式之變動已追溯應用。採納新香港財務報告準則已導致更改本集團於下列範疇之會計政策，對編製及呈列本會計期間及過往會計期間業績之方式造成影響：

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截至二零零五年十二月三十一日止年度

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (cont'd)

Business combinations

In the current year, the Group has applied HKFRS 3 Business Combinations which is effective for business combinations for which the agreement date is on or after 1st January, 2005. The principal effects of the application of HKFRS 3 to the Group are summarised below:

Goodwill

In previous years, goodwill arising on acquisitions before 1st January, 2005 was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. With respect to goodwill previously capitalised on the balance sheet, the Group on 1st January, 2005 eliminated the carrying amount of the related accumulated amortisation of HK\$100,481,000 with a corresponding decrease in the cost of goodwill (see Note 18). The Group had fully amortised and impaired such goodwill as at 1st January, 2004 and therefore, no amortisation of goodwill was provided for the two years ended 31st December, 2005. Goodwill arising on acquisitions after 1st January, 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. The application of HKFRS 3 has no significant impact to the Group.

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions prior to 1st April, 2001 was held in reserves, and negative goodwill arising on acquisitions after 1st April, 2001 was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted. In accordance with the relevant transitional provisions in HKFRS 3, the Group derecognised all negative goodwill which previously recorded in reserves of HK\$82,000 on 1st January, 2005. A corresponding adjustment to the Group's retained earnings of HK\$82,000 has been made.

2. 應用香港財務報告準則／會計政策變動（續）

業務合併

於本年度，本集團已應用香港財務報告準則第3號「業務合併」，該準則適用於協議日期為二零零五年一月一日或之後之業務合併。應用香港財務報告準則第3號對本集團之主要影響概述如下：

商譽

於過往年度，於二零零五年一月一日前收購所產生之商譽會撥充資本及於其估計可使用年期內攤銷。本集團已應用香港財務報告準則第3號「業務合併」之有關過渡條文。就先前於資產負債表撥充資本之商譽而言，本集團於二零零五年一月一日撤銷相關累計攤銷之賬面值100,481,000港元，而商譽成本則相應減少（見附註18）。本集團已全數攤銷及減值於二零零四年一月一日商譽，故於截至二零零五年十二月三十一日止兩個年度並無商譽攤銷撥備。於二零零五年一月一日後進行收購所產生之商譽，會於初次確認後以成本減累計減值（如有）列賬。應用香港財務報告準則第3號對本集團並無重大影響。

本集團於被收購公司可識別資產、負債及或然負債公平淨值之權益超逾成本之差額（前稱「負商譽」）

根據香港財務報告準則第3號，凡本集團於被收購公司可識別資產、負債及或然負債公平淨值之權益超逾成本（「收購折讓」），均會於進行收購之期間內即時於損益中確認。於過往期間，於二零零一年四月一日前進行收購所產生之負商譽會於儲備中持有，而於二零零一年四月一日後進行收購產生之負商譽則呈列為資產扣減，並根據產生結餘之情況分析解除至收入。根據香港財務報告準則第3號之有關過渡條文，本集團已終止確認所有負商譽（其中82,000港元之負商譽已於早前於二零零五年一月一日在儲備中記錄）。本集團之保留盈利已相應調整82,000港元。

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截至二零零五年十二月三十一日止年度

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (cont'd)

Financial instruments

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

Financial assets and financial liabilities other than debt and equity securities

From 1st January, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities in accordance with the requirements of HKAS 39. Financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method. Club debenture classified under non-current assets with carrying amounts of HK\$220,000 as at 31st December, 2004 were reclassified to available-for-sale financial assets on 1st January, 2005.

2. 應用香港財務報告準則／會計政策變動（續）

金融工具

於本年度，本集團已應用香港會計準則第 32 號「金融工具：披露及呈報」及香港會計準則第 39 號「金融工具：確認及計量」。香港會計準則第 32 號規定追溯應用。於二零零五年一月一日或之後開始之年度期間生效之香港會計準則第 39 號一般不容許追溯確認、終止確認或計量金融資產及負債。應用香港會計準則第 32 號不會對本集團於本會計期間及過往會計期間金融工具之呈報方式構成重大影響。實施香港會計準則第 39 號所產生之主要影響概述如下：

債務及股本證券以外之金融資產及金融負債

由二零零五年一月一日起，本集團根據香港會計準則第 39 號之規定將其債務及股本證券以外之金融資產及金融負債分類及計量。根據香港會計準則第 39 號，金融資產會分類為「以公平值計量且公平值計入損益之金融資產」、「可供出售金融資產」、「貸款及應收款項」或「持有至到期之金融資產」。金融負債一般分類為「以公平值計量且公平值計入損益之金融負債」或「以公平值計量且公平值計入損益之金融負債以外之金融負債（其他金融負債）」。「其他金融負債」利用實際利率法按經攤銷成本計量。於二零零四年十二月三十一日賬面值為 220,000 港元分類為非流動資產之會籍債券已於二零零五年一月一日重新分類為可供出售金融資產。

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2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (cont'd)

Investment properties

In the current year, the Group has, for the first time, applied HKAS 40 Investment Property. The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in profit or loss for the year in which they arise. In previous years, investment properties under the predecessor standard were measured at open market values, with revaluation surplus or deficit credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and a revaluation surplus subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the HKAS 40 retrospectively. The application of HKAS 40 has no material impact on how the revaluation increase or decrease for investment properties of the Group are presented for current and prior accounting periods and comparative figures have not been restated.

Deferred taxes related to investment properties

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current year, the Group has applied HK(SIC) Interpretation 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets which removes the presumption that the carrying amount of investment properties is to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC) Interpretation 21, this change in accounting policy has been applied retrospectively. Comparative figures for the year ended 31st December 2004 have been restated. The Group's retained profits as at 1st January, 2004 has been increased by HK\$1,367,000 and the profit for the year ended 31st December, 2004 has been increased by HK\$262,000 (see Note 3 for the financial impact).

2. 應用香港財務報告準則／會計政策變動（續）

投資物業

於本年度，本集團首次採用香港會計準則第 40 號「投資物業」。本集團選擇以公平值模型將投資物業列賬，當中規定投資物業公平值變動產生之盈虧將於盈虧產生之年度直接在損益確認。於過往年度，根據以往之準則，投資物業以公開市值計量，重估盈餘或虧絀均於投資物業重估儲備計入或扣除，除非該儲備結餘不足以彌補重估所產生之減值，在此情況下則於收益表扣除重估減值高出投資物業重估儲備結餘之數額。若減值以往曾自收益表扣除而其後出現重估增值，該增值以不多於以往被扣除之減值數額計入收益表。本集團已追溯應用香港會計準則第 40 號。應用香港會計準則第 40 號對呈列本集團本會計期間及過往會計期間之投資物業重估增值或減值並無重大影響，故比較數字未予重列。

與投資物業有關之遞延稅項

於過往年度，根據以往之詮釋，重估投資物業所產生之遞延稅項影響乃根據透過出售收回之物業賬面值帶來之稅務影響作出評估。於本年度，本集團已應用 HK(SIC) 詮釋第 21 號「所得稅 — 收回經重估之不可折舊資產」，該準則不再假設投資物業之賬面值可透過出售而收回。因此，投資物業之遞延稅項影響現按本集團預期於每個結算日有關物業可收回之數額帶來之稅務影響之基準進行評估。由於 HK(SIC) 詮釋第 21 號並無任何特定過渡條文，故該項會計政策變動已追溯應用。截至二零零四年十二月三十一日止年度之比較數字已予重列。本集團於二零零四年一月一日之保留溢利已增加 1,367,000 港元，而截至二零零四年十二月三十一日止年度之溢利則增加 262,000 港元（財務影響見附註 3）。

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截至二零零五年十二月三十一日止年度

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (cont'd)

Interests in jointly controlled entities

In previous years, interests in jointly controlled entities were accounted for using the equity method. HKAS 31 Interests in Jointly Controlled Entities allows entities to use either proportionate consolidation or the equity method to account for its interests in jointly controlled entities. Upon the application of HKAS 31, the Group has elected to account for its interests in jointly controlled entities using equity method and the application of HKAS 31 has no material impact on how the interests in jointly controlled entities are presented for the current and prior accounting periods.

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described in Note 2 on the results for the current and prior years are as follows:

(Increase) decrease in deferred tax liabilities relating to investment properties 有關投資物業之遞延稅項負債（增加）減少

2. 應用香港財務報告準則／會計政策變動（續）

共同控制實體權益

於過往年度，共同控制實體權益乃以權益法列賬。香港會計準則第 31 號「共同控制實體權益」允許實體使用比例合併法或權益法將其共同控制實體權益列賬。應用香港會計準則第 31 號後，本集團選擇繼續採用權益法將其共同控制實體權益列賬，而應用香港會計準則第 31 對呈列本會計期間及過往會計期間之共同控制實體權益之方式並無重大影響。

3. 會計政策變動之影響概要

附註 2 所述之會計政策變動對本年度及往年度業績之影響如下：

| 2005 | 2004 |
|----------|----------|
| HK\$'000 | HK\$'000 |
| 千港元 | 千港元 |

| | |
|---------|-----|
| (1,103) | 262 |
|---------|-----|

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截至二零零五年十二月三十一日止年度

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (cont'd)

The cumulative effect of the new HKFRSs, as at 31st December, 2004 and 1st January, 2005 are summarised below:

3. 會計政策變動之影響概要 (續)

於二零零四年十二月三十一日及二零零五年一月一日，新香港財務報告準則之累計影響概述如下：

| | As at 31st December, 2004 | | As at 31st December, 2004 | | As at 1st January, 2005 |
|---|------------------------------|-------------|---------------------------|-------------|-------------------------|
| | (originally stated) | Adjustments | (Restated) | Adjustments | (Restated) |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | (Note 2) | | (Note 2) | |
| | 於 | | 於 | | 於 |
| | 二零零四年 | | 二零零四年 | | 二零零五年 |
| | 十二月 | | 十二月 | | 一月一日 |
| | 三十一日 | | 三十一日 | | 一月一日 |
| | (原列) | 調整 | (重列) | 調整 | (重列) |
| | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| | | (附註 2) | | (附註 2) | |
| Balance sheet items | 資產負債表項目 | | | | |
| <i>Impact of HK(SIC) – INT 21</i> | <i>HK(SIC) – 詮釋第 21 號之影響</i> | | | | |
| Deferred tax assets | – | 1,093 | 1,093 | – | 1,093 |
| Deferred tax liabilities | (536) | 536 | – | – | – |
| <i>Impact of HKAS 39</i> | <i>香港會計準則第 39 號之影響</i> | | | | |
| Club debentures | 220 | – | 220 | (220) | – |
| Available-for-sale financial assets | – | – | – | 220 | 220 |
| Total effects on assets and liabilities | | | | | |
| | (316) | 1,629 | 1,313 | – | 1,313 |
| Goodwill reserve | 82 | – | 82 | (82) | – |
| Retained profits | 90,057 | 1,629 | 91,686 | 82 | 91,768 |
| Total effects on equity | 90,139 | 1,629 | 91,768 | – | 91,768 |

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截至二零零五年十二月三十一日止年度

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (cont'd)

The financial effects of the application of the new HKFRSs to the Company's equity at 1st January, 2004 are summarised below:

3. 會計政策變動之影響概要 (續)

應用新香港財務報告準則對本公司於二零零四年一月一日之股本之財務影響概述如下：

| | | As originally stated | HK(SIC) - Int 21 HK(SIC) - Int 21 | As restated |
|------------------|------|---------------------------------|--|------------------------|
| | | 原列 | 詮釋第 21 號 | 重列 |
| | | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 (Note 2) (附註 2) | 千港元 |
| Retained profits | 保留溢利 | 63,509 | 1,367 | 64,876 |

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Group anticipate that the application of these standards or Interpretations will have no material impact on the financial statements of the Group.

本集團並無提早應用下列已頒布但尚未生效之新訂準則及詮釋。本集團董事預計，應用該等準則或詮釋將不會對本集團之財務報表構成重大影響。

| | | | |
|-----------------------------------|---|--|---|
| HKAS 1 (Amendment) | Capital disclosures ¹ | 香港會計準則第 1 號 (經修訂) | 股本披露 ¹ |
| HKAS 19 (Amendment) | Actuarial gains and losses, group plans and disclosures ² | 香港會計準則第 19 號 (經修訂) | 精算損益、集團計劃 及披露 ² |
| HKAS 21 (Amendment) | The effects of change in foreign exchange rates-net investment in a foreign operation ² | 香港會計準則第 21 號 (經修訂) | 匯率變動之影響－於 海外業務之投資淨額 ² |
| HKAS 39 (Amendment) | Cash flow hedge accounting of forecast intragroup transactions ² | 香港會計準則第 39 號 (經修訂) | 預測集團內公司間交 易之現金流量對沖會 計處理法 ² |
| HKAS 39 (Amendment) | The fair value option ² | 香港會計準則第 39 號 (經修訂) | 公平價值之選擇 ² |
| HKAS 39 & HKFRS 4 (Amendments) | Financial guarantee contracts ² | 香港會計準則第 39 號及 香港財務報告準則 第 4 號 (經修訂) | 財務擔保合約 ² |
| HKFRS 6 | Exploration for and evaluation of mineral resources ² | 香港財務報告準則第 6 號 | 礦產資源之勘探及評估 ² |
| HKFRS 7 | Financial instruments: Disclosures ¹ | 香港財務報告準則第 7 號 | 金融工具：披露事項 ¹ |
| HK(IFRIC) – INT 4 | Determining whether an arrangement contains a lease ² | HK(IFRIC) – 詮釋第 4 號 | 釐定安排是否包括租賃 ² |
| HK(IFRIC) – INT 5 | Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds ² | HK(IFRIC) – 詮釋第 5 號 | 解除運作、復原及環境 修復基金所產生權益 之權利 ² |

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3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (cont'd)

| | |
|-------------------|---|
| HK(IFRIC) – INT 6 | Liabilities arising from participating in a specific market, waste electrical and electronic equipment ³ |
| HK(IFRIC) – INT 7 | Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economics ⁴ |

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention except for the investment properties which are measured at revalued amount, as explained in the accounting policies below. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

3. 會計政策變動之影響概要 (續)

| | |
|---------------------|--|
| HK(IFRIC) – 詮釋第 6 號 | 參與特定市場、廢物電業及電子設備所產生之負債 ³ |
| HK(IFRIC) – 詮釋第 7 號 | 根據香港會計準則第 29 號「惡性通貨膨脹經濟中之財務報告」應用重列法 ⁴ |

¹ 於二零零七年一月一日或之後開始之年度期間生效。

² 於二零零六年一月一日或之後開始之年度期間生效。

³ 於二零零五年十二月一日或之後開始之年度期間生效。

⁴ 於二零零六年三月一日或之後開始之年度期間生效。

4. 主要會計政策

綜合財務報表乃根據歷史成本慣例編製，惟按重估值計算之投資物業除外。綜合財務報表亦根據香港會計師公會頒布之香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則及香港公司條例規定之適用披露事項。

綜合基準

綜合財務報告包括本公司及其附屬公司每年截至十二月三十一日止之財務報告。

年內收購或出售之附屬公司之業績乃由實際收購日期起或至實際出售日期止（如適用）計入綜合收益表中。

所有集團內公司間之主要交易及結餘在綜合財務報告時均予以對銷。

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill

Goodwill arising on acquisitions prior to 1st January, 2005

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

For previously capitalised goodwill arising on acquisitions after 1st April, 2001, the Group has discontinued amortisation from 1st January, 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

As explained in Note 3 above, the Group had fully amortised and impaired the goodwill as at 1st January, 2004 and therefore, no amortisation was provided for two years ended 31st December, 2005.

Goodwill arising on acquisitions on or after 1st January, 2005

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

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet.

4. 主要會計政策（續）

商譽

於二零零五年一月一日前進行收購產生之商譽收購附屬公司而協議日期為二零零五年一月一日前所產生之商譽指收購成本高於本集團於有關附屬公司在收購日期之可識別資產及負債公平值所佔權益之款額。

就於二零零一年四月一日收購產生而先前已撥充資本之商譽而言，本集團已由二零零五年一月一日起終止攤銷，而有關商譽則會每年及於有跡象顯示與商譽有關之現金產生單位可能出現減值時進行減值測試（見下文之會計政策）。

誠如上文附註3所闡述，本集團已全數攤銷及減值於二零零四年一月一日之商譽，故於截至二零零五年十二月三十一日止兩個年度並無作出攤銷撥備。

於二零零五年一月一日或之後進行收購產生之商譽

收購附屬公司而協議日期為二零零五年一月一日或之後所產生之商譽指收購成本高於本集團於有關附屬公司在收購日期之可識別資產、負債及或然負債公平值所佔權益之款額。有關商譽會按成本減任何累計折損列賬。

收購附屬公司所產生之已撥充資本商譽乃於資產負債表分開呈列。

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill (cont'd)

Goodwill arising on acquisitions on or after 1st January, 2005 (cont'd)

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

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

Excess of an acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisitions")

A discount on acquisition arising on an acquisition of a subsidiary, an associate or a jointly controlled entity for which an agreement date is on or after 1st January, 2005 represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognised immediately in profit or loss.

As explained in Note 3 above, all negative goodwill as at 1st January, 2005 has been derecognised with a corresponding adjustment to the Group's retained earnings.

4. 主要會計政策 (續)

商譽 (續)

於二零零五年一月一日或之後進行收購產生之商譽 (續)

就減值測試而言，收購產生之商譽會分配至各預期可受惠於收購之協同效益之有關現金產生單位或多組現金產生單位。商譽所屬之現金產生單位會每年及於有跡象顯示與商譽有關之現金產生單位可能出現減值時進行減值測試。就財政年度內收購所產生之商譽而言，商譽所屬之現金產生單位會於該財政年度結束前進行減值測試。倘現金產生單位之可收回金額低於其賬面值，則折損會先分配以調減該單位任何商譽之賬面值，其後則按該單位內各項資產之賬面值之比例分配至該單位之其他資產。任何商譽之折損會即時於收益表中確認。商譽之折損不會於其後期間撥回。

日後出售附屬公司而釐定出售盈虧時會計入已撥充資本之商譽所佔之金額。

於被收購公司可識別資產、負債及或然負債公平淨值之權益超逾成本之差額 (「收購折讓」)

於二零零五年一月一日或之後訂約收購附屬公司、聯營公司或共同控制實體所產生之收購折讓指被收購公司可識別資產、負債及或然負債公平淨值高於業務合併成本之款額。收購折讓會即時於損益中確認。

誠如上文附註3所闡述，所有於二零零五年一月一日之負商譽已終止確認，並已相應調整本集團之保留盈利。

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截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Investments in associates

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

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

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

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

4. 主要會計政策（續）

在附屬公司之投資

在附屬公司之投資乃按成本減任何已識別之折損列入本公司資產負債表。

於聯營公司之投資

聯營公司之業績及資產與負債利用會計權益法計入此等財務報表。根據權益法，於聯營公司之投資以成本在綜合資產負債表內列賬，並經本集團應佔聯營公司損益及權益變動之收購後變動而調整，減任何已識別折損列賬。倘本集團應佔聯營公司之虧損相等於或高於其於該聯營公司之權益（包括任何實質上構成本集團於該聯營公司之淨投資一部分之任何長期權益），則本集團會終止確認其應佔之其他虧損。本集團會就額外應佔之虧損撥備，並會確認負債，惟僅以本集團已產生法定或推定責任或代表該聯營公司付款為限。

倘集團實體與本集團之聯營公司進行交易，則會以本集團於有關聯營公司之權益為限而撇銷損益。

共同控制實體

共同控制實體指以合資安排另行成立之獨立機構，其每名合資方於該實體對經濟活動擁有共同控制權。

共同控制實體之業績及資產與負債利用會計權益法計入此等財務報表。根據權益法，於共同控制實體之投資以成本在綜合資產負債表內列賬，並經本集團應佔共同控制實體損益及權益變動之收購後變動而調整，減任何已識別折損列賬。倘本集團應佔共同控制實體之虧損相等於或高於其於該共同控制實體之權益（包括任何實質上構成本集團於該共同控制實體之淨投資一部分之任何長期權益），則本集團會終止確認其應佔之其他虧損。本集團會就額外應佔之虧損撥備，並會確認負債，惟僅以本集團已產生法定或推定責任或代表該共同控制實體付款為限。

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Jointly controlled entities (cont'd)

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Revenue recognition

Rental income, including rental invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the period of the respective leases.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Patent

Patent is stated at cost less amortisation and accumulated impairment losses. Amortisation is calculated to write off the cost of patent over its estimated useful life, using the straight line method.

4. 主要會計政策（續）

共同控制實體（續）

倘集團實體與本集團之共同控制實體進行交易，則會以本集團於有關共同控制實體之權益為限而撇銷未變現之損益，惟倘未變現虧損證實已轉讓資產出現減值，則全數確認虧損。

收入確認

租金收入（包括根據經營租約租出之物業預先發出發票之租金）以直線法按有關租約年期確認。

利息收入根據尚未償還之本金額以適用利率按時間比例基準計算。

投資物業

於初步確認時，投資物業乃按成本（包括任何直接應佔之開支）計量。於初步確認後，投資物業利用公平值模型計量。投資物業公平值變動產生之損益會於產生期間計入損益。

專利權

專利權按成本減攤銷及累積折損列賬。計算攤銷時乃按估計可用年期以直線法撇銷專利權之成本。

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. For intangible assets with indefinite useful lives and intangible assets not yet available for use, they are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

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

4. 主要會計政策（續）

折損

於每個結算日，本集團會檢討其有形及無形資產之賬面值，以確定有關資產有否出現任何折損之情況。無限使用年期之無形資產及尚未可供使用之無形資產每年進行減值測試，方法為比較其可收回金額與賬面值，而不論是否出現可能減值之跡象。如資產之可收回款額估計會低於其賬面值，資產之賬面值會削減至其可收回款額。折損會即時確認為開支。

如折損於其後逆轉，資產之賬面值會提高至經修訂之估計可收回款額，惟已提高之賬面值不得高於在過往年度未有就資產確認折損之情況下之賬面值。折損之逆轉會即時確認為收入。

租約

凡租約條款規定將租賃資產擁有權之絕大部份風險及回報轉移至承租人之租約均列為財務租約。所有其他租約分類為經營租約。

本集團為出租人

經營租約之租金收入會以直線法按有關租約年期在收益表確認。磋商及安排經營租約時產生之初步直接成本會加入租賃資產之賬面值，並以直接法按租約年期確認為開支。

本集團為承租人

根據經營租約應付之租金會以直線法按有關租約年期在收益中扣除。作為訂立經營租約獎勵之已收及應收利益以直線法按有關租約年期確認為租金開支扣減。

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currencies

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

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

4. 主要會計政策（續）

外幣

在編製個別集團實體的財務報表時，以實體功能貨幣以外之貨幣（外幣）進行之交易按交易日通用之匯率以其功能貨幣（即該實體經營之主要經濟環境之貨幣）記錄。於各結算日，以外幣列值之貨幣項目以結算日通用之匯率重新換算。以外幣列值並按公平值列賬之非貨幣項目以釐定公平值當日通用之匯率重新換算。以外幣列值並以歷史成本計量之非貨幣項目不會重新換算。

結算貨幣項目及重新換算貨幣項目時產生之匯兌差額於產生之期間在損益中確認，惟因貨幣項目而產生並構成本集團之海外業務淨投資一部分之匯兌差額則於綜合財務報表中之股本確認。重新換算按公平值列賬之非貨幣項目產生之匯兌差額計入期內之損益，惟重新換算非貨幣項目產生之差額有關之損益直接於股本確認，在此情況下，匯兌差額亦會直接於股本中確認。

稅項

所得稅支出指當期應付稅項及遞延稅項。

當期應付稅項按年度應課稅溢利計算。應課稅溢利與收益表所報純利不同，此乃由於其不包括在其他年度應課稅或可扣減之收入及支出項目，亦不包括收益表內永不課稅或扣減之項目。

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財務報表附註

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation (cont'd)

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

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

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

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

Retirement benefits scheme contributions

The pension cost charged in the income statement represents the contributions payable in respect of the current year to the defined contribution schemes.

4. 主要會計政策 (續)

稅項 (續)

遞延稅項指就財務報告內資產及負債賬面值與用於計算應課稅溢利之相應稅基兩者之差異而預期須支付或可收回之稅項，並以資產負債表負債法處理。遞延稅項負債通常會就所有應課稅暫時差異確認，而遞延稅項資產則限於較可能於日後取得應課稅溢利，並可用以抵銷可扣減暫時差異時確認。若暫時差異因商譽（或負商譽）或因於一項既不影響應課稅溢利亦不影響會計溢利之交易（業務合併除外）中開始確認其他資產及負債而引致，則不會確認該等資產及負債。

除非本集團可控制有關暫時差異之回撥及暫時差異在可見將來不會回撥之情況下，由投資附屬公司、聯營公司及共同控制實體產生之應課稅暫時差異，其遞延稅項負債均予以確認。

遞延稅項資產之賬面值於每個結算日均作檢討，並在不大可能再有足夠應課稅溢利收回全部或部分資產時減少。

遞延稅項乃按預期於負債償還或資產變現期間之適用稅率計算。遞延稅項會扣自或計入收益表，惟有關直接扣自或計入股本之項目，其遞延稅項亦會於股本中處理。

退休福利計劃供款

自收益表扣除之退休金成本指於本年度向定額供款計劃所作之供款。

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The Group's major financial assets are trade and other receivables and club debentures which fall within the category of loans and receivables and available-for-sale financial assets respectively and the accounting policies adopted are set out below.

Loans and receivables

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

4. 主要會計政策（續）

金融工具

當一家集團實體成為工具合約條文的一方，則於資產負債表內確認金融資產及金融負債。金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債直接應佔之交易成本（以公平值計量且公平值計入損益之金融資產及金融負債除外）乃於初步確認時加入金融資產或金融負債（如適用）之公平值，或從金融資產或金融負債之公平價值扣除。收購以公平值計量且公平值計入損益之金融資產或金融負債直接應佔之交易成本，即時於損益內確認。

金融資產

本集團之金融資產分類為以下四個類別其中之一，包括以公平值計量且公平值計入損益之金融資產、貸款及應收款項、持有至到期之金融資產及可供出售金融資產。所有正常購買或銷售之金融資產，按交易日之基準確認及不予確認。正常購買或銷售金融資產是指按照市場規定或慣例須在一段期限內進行資產交付之金融資產買賣。本集團之主要金融資產為貿易及其他應收款項以及會籍債券，分別屬貸款及應收款項以及可供出售金融資產兩類，而所採納之會計政策載列如下。

貸款及應收款項

貸款及應收款項為並未於交投活躍之市場內報價而附帶固定或可議定付款之非衍生金融資產。於初步確認後之每個結算日，貸款及應收款項使用實際利率法按經攤銷成本減任何可識別折損列賬。當有客觀證據顯示資產已減值，則於損益賬確認折損，並以資產之賬面值與按原實際利率折現其估計未來現金流量之現值兩者之差額計量。當於確認減值後發生一項事件可以客觀地與資產可收回款項增加有關，折損於其後期間撥回，但以所撥回於減值日期資產之賬面值為限，不得超過該項資產原未確認減值之經攤銷成本。

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories under HKAS 39. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Group's financial liabilities are mainly comprised of other financial liabilities which include secured borrowings from a fellow subsidiary, trade and other payables and amounts due to fellow subsidiaries which fall within the category of other financial liabilities. These financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

4. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

可供出售金融資產

可供出售金融資產為非衍生項目，無論是否劃分為香港會計準則第39號下之任何其他類別。於初步確認後之每個結算日，可供出售金融資產按公平值計量。公平值之變動於股本中確認，直至該金融資產被出售或釐定為已減值，屆時過往於股本中確認之累計收益或虧損會自股本中剔除，並於損益確認。可供出售金融資產之任何折損於損益確認。可供出售股本投資之折損將不會於往後期間撥回。就可供出售債項投資而言，倘該投資之公平值增加可客觀地與確認折損後之事件有關，則折損將獲撥回。

金融負債及股本

集團實體發行之金融負債及股本工具乃根據所訂立合約安排之內容及金融負債與股本工具之定義予以分類。

股本工具為可證明於本集團資產經扣除其所有負債後之餘額權益之任何合約。本公司發行之股本工具乃按已收所得款項扣除直接發行成本後記錄。

本集團之金融負債主要包括其他金融負債（包括來自同系附屬公司之有抵押借貸、貿易及其他應付款項以及應付同系附屬公司款項（屬其他金融負債））。該等金融負債其後利用實際利率法按經攤銷成本計量。

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in equity (share option reserve) will be transferred to retained earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in Note 4, management has made the following judgment that have most significantly effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Income taxes

As at 31st December, 2005, a deferred tax asset has been recognised in relation to the unused tax losses of approximately HK\$1,140,000 (2004: HK\$1,947,000). The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a reversal takes place.

4. 主要會計政策（續）

以股份支付之交易

以股權結算並以股份支付之交易

授予本公司僱員之購股權

已接獲服務之公平值參考於授出日期所授出購股權之公平值釐定，以直線法於歸屬日期支銷，並相應增加股本（購股權儲備）。

於行使購股權時，以往於購股權儲備確認之款項將撥入股份溢價。當購股權已沒收或於屆滿日期仍未行使時，以往於購股權儲備確認之款項將撥入保留盈利。

5. 關鍵會計判斷及估計不確定性之主要來源

應用附註4所述本集團之會計政策時，管理層已作出下列判斷，對財務報表中確認之金額有最大之影響（於下文處理涉及估計者除外）。

所得稅

於二零零五年十二月三十一日，有關未使用稅務虧損之遞延稅項資產約1,140,000港元（二零零四年：1,947,000港元）已經確認。遞延稅項資產能否變現主要視乎日後是否具有足夠之未來溢利或應課稅暫時差異。倘若未來之實際溢利低於預期，則可能產生重大之遞延稅項資產撥回，該項確認將於出現撥回發生之期間內在收益表內確認。

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6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st December, 2005 is the carrying amount of trade and other receivables as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

6. 財務風險管理目標及政策

本集團之主要金融工具包括借貸、貿易應收款項及貿易應付款項。該等金融工具之詳情披露於各附註內。該等金融工具附帶之風險及有關如何降低該等風險之政策載於下文。管理層管理及監察該等風險，確保能以有效方式及時實施適當之措施。

信貸風險

倘若交易對手無法履行彼等截至二零零五年十二月三十一日之債項，本集團承受之最大信貸風險為綜合資產負債表內列示之貿易及其他應收款項之賬面值。為盡量降低信貸風險，本集團管理層已指派一組人員負責釐定信貸額度、信貸批核及其他監管程序，確保能採取跟進行動追收逾期貸款。此外，於每個結算日，本集團檢討每宗個別貿易債項之可收回款項，確保就無法收回款項作出足夠之減值虧損。就此而言，本公司董事認為本集團之信貸風險已大幅降低。

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7. TURNOVER

Turnover represents the net amounts received and receivable from third parties and is summarised as follows:

| | 2005 | 2004 |
|------------------------------------|----------|----------|
| | HK\$'000 | HK\$'000 |
| | 千港元 | 千港元 |
| Sales of investments in securities | 出售證券投資 | 4,800 |
| Rental income | 租金收入 | 4,140 |
| Income from finance | 財務收入 | 422 |

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two operating divisions – (i) investment and finance and (ii) properties investment. These divisions are the basis on which the Group reports its primary segment information. The segments of property rental and leasing of equipment and trading of properties held for resale for the year ended 31st December, 2004 were grouped into the business segment of properties investment in order to in line with the presentation for the year. The business segments of energy saving machine (manufacturing and trading of energy saving machine) and other investments (trading of investments in securities) have not been presented because of these segments for the year did not have significant contribution to the Group.

Principal activities are as follows:

| | | |
|------------------------|---|--|
| Investment and finance | – | investing and financing activities |
| Properties investment | – | property rental and leasing of equipment and trading of properties held for resale |

7. 營業額

營業額為已收及應收第三者之款項淨額，茲概述如下：

| | 2005 | 2004 |
|--|--------------|----------|
| | HK\$'000 | HK\$'000 |
| | 千港元 | 千港元 |
| | – | 4,800 |
| | 4,189 | 4,140 |
| | 509 | 422 |
| | 4,698 | 9,362 |

8. 業務及地區分類

業務分類

因應管理需要，本集團現將營運業務劃分為以下兩個部門 – (i) 投資與財務及 (ii) 物業投資。本集團乃按上述部門申報其主要之分類資料。為符合本年度之呈報方式，截至二零零四年十二月三十一日止年度之租賃物業、租賃設備及買賣待轉售物業等分類已納入業務分類之物業投資。由於能源節省器（製造及買賣能源節省器）及其他投資（買賣證券投資）等業務分類於本年度並無為本集團帶來重大貢獻，故並無呈報該等分類。

主要業務如下：

| | | |
|-------|---|--------------------|
| 投資與財務 | – | 投資及財務業務 |
| 物業投資 | – | 租賃物業及租賃設備以及買賣待轉售物業 |

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8. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

Business segments (cont'd)

Segment information about these businesses is presented below:

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8. 業務及地區分類 (續)

業務分類 (續)

上述業務之分類資料呈列如下：

截至二零零五年十二月三十一日止年度

| | | Investment and finance | Properties investment | Consolidated |
|-----------------------------------|----------------------|-----------------------------------|----------------------------------|---------------------|
| | | 投資與 財務 | 物業投資 | 綜合 |
| | | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 |
| Income Statement: | 收益表： | | | |
| Turnover | 營業額 | | | |
| External sales | 外界銷售 | 509 | 4,189 | 4,698 |
| Segment result | 分類業績 | 897 | 10,744 | 11,641 |
| Interest income | 利息收入 | | | 429 |
| Unallocated corporate expenses | 未分配公司開支 | | | (2,695) |
| Finance costs | 財務成本 | | | (159) |
| Profit before taxation | 除稅前溢利 | | | 9,216 |
| Taxation | 稅項 | | | (2,124) |
| Profit for the year | 年內溢利 | | | 7,092 |
| At 31st December, 2005 | 於二零零五年十二月三十一日 | | | |
| Balance Sheet: | 資產負債表： | | | |
| ASSETS | 資產 | | | |
| Segment assets | 分類資產 | - | 108,866 | 108,866 |
| Unallocated corporate assets | 未分配公司資產 | | | 27,241 |
| Consolidated total assets | 綜合總資產 | | | 136,107 |
| LIABILITIES | 負債 | | | |
| Segment liabilities | 分類負債 | - | 3,104 | 3,104 |
| Unallocated corporate liabilities | 未分配公司負債 | | | 1,205 |
| Consolidated total liabilities | 綜合總負債 | | | 4,309 |

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

Business segments (cont'd)

For the year ended 31st December, 2004

8. 業務及地區分類 (續)

業務分類 (續)

截至二零零四年十二月三十一日止年度

| | | Energy saving machine | Other investments | Investment and finance | Properties investment | Consolidated |
|---|----------------|-----------------------------|----------------------|------------------------------|--------------------------|--------------|
| | | 能源 節省器 | 其他投資 | 投資與 財務 | 物業投資 | 綜合 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| Income Statement: | 收益表： | | | | | |
| Turnover | 營業額 | | | | | |
| External sales | 外界銷售 | — | 4,800 | 422 | 4,140 | 9,362 |
| Segment result | 分類業績 | 551 | (28) | 7,643 | 3,230 | 11,396 |
| Interest income | 利息收入 | | | | | 15 |
| Unallocated corporate expenses | 未分配公司開支 | | | | | (2,696) |
| Finance costs | 財務成本 | | | | | (1,180) |
| Share of result of a jointly controlled entity | 應佔共同控制 機構業績 | — | — | — | (767) | (767) |
| Gain on disposal of subsidiaries | 撤除附屬公司之收益 | 3,436 | — | — | — | 3,436 |
| Profit before taxation | 除稅前溢利 | | | | | 10,204 |
| Taxation | 稅項 | | | | | 306 |
| Profit for the year | 年內溢利 | | | | | 10,510 |

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

Business segments (cont'd)

For the year ended 31st December, 2004 (cont'd)

8. 業務及地區分類 (續)

業務分類 (續)

截至二零零四年十二月三十一日止年度 (續)

| | | Energy saving machine | Other investments | Investment and finance | Properties investment | Consolidated |
|-----------------------------------|---------------|-----------------------------|----------------------|------------------------------|--------------------------|----------------|
| | | 能源 節省器 | 其他投資 | 投資與 財務 | 物業投資 | 綜合 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| At 31st December, 2004 | 於二零零四年十二月三十一日 | | | | | |
| Balance Sheet: | 資產負債表: | | | | | |
| ASSETS | 資產 | | | | | |
| Segment assets | 分類資產 | — | — | — | 109,119 | 109,119 |
| Unallocated corporate assets | 未分配公司資產 | | | | | 17,086 |
| Consolidated total assets | 綜合總資產 | | | | | <u>126,205</u> |
| LIABILITIES | 負債 | | | | | |
| Segment liabilities | 分類負債 | — | — | 44 | 3,147 | 3,191 |
| Unallocated corporate liabilities | 未分配公司負債 | | | | | 24,100 |
| Consolidated total liabilities | 綜合總負債 | | | | | <u>27,291</u> |
| Other Information: | 其他資料: | | | | | |
| Depreciation | 折舊 | — | — | — | 2 | 2 |

Geographical segments

The Group's operations are principally located in Hong Kong. All identifiable assets of the Group are located in Hong Kong. Accordingly, no geographical segments is presented.

地區分類

本集團之業務主要位於香港。本集團所有可識別資產均位於香港。因此，並無呈列地區分類。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

9. OTHER OPERATING INCOME

| | | 2005 | 2004 |
|---|-------------------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Other operating income included the following: | 其他經營收入包括以下項目： | | |
| Write back of allowance for bad and doubtful debts | 撥回呆壞賬撥備 | 388 | 7,782 |
| Write back of allowance for amount due from a jointly controlled entity | 撥回應收一間共同控制機構款項之撥備 | - | 686 |
| Write back of allowance for amount due from an investee | 撥回應收一間所投資公司款項之撥備 | - | 122 |
| Interest income, other than from loans receivable | 利息收入（不包括來自應收貸款） | 429 | 15 |

10. FINANCE COSTS

| | | 2005 | 2004 |
|--|----------------------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Interest on bank and other borrowings not wholly repayable within five years | 毋須於五年內全數償還之銀行及其他借貸利息 | 159 | 1,180 |

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

11. PROFIT BEFORE TAXATION

11. 除稅前溢利

| | | 2005 | 2004 |
|--|--|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Profit before taxation have been arrived at after charging: | 除稅前溢利已扣除： | | |
| Staff costs: | 員工成本： | | |
| Directors' remuneration (Note 12) | 董事酬金（附註 12） | 153 | 113 |
| Salaries and other benefits | 薪金及其他福利 | 976 | 1,020 |
| Retirement benefit scheme contributions, excluding directors and after forfeited contribution of HK\$8,000 (2004: Nil) | 退休福利計劃供款，不包括董事並已扣除已沒收供款 8,000 港元（二零零四年：無） | 40 | 46 |
| | | 1,169 | 1,179 |
| Depreciation of property, plant and equipment | 物業、廠房及設備之折舊 | - | 2 |
| Auditors' remuneration | 核數師酬金 | 460 | 340 |
| and after crediting: | 並已計入： | | |
| Property rental income, net of outgoings of HK\$1,103,000 (2004: HK\$1,610,000) | 物業租金收入—減除開支 1,103,000 港元（二零零四年：1,610,000 港元） | 3,086 | 2,530 |

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

12 DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

| | |
|--|----------|
| Directors' fees: | 董事袍金： |
| Executives | 執行 |
| Independent non-executives | 獨立非執行 |
| – Leung, Yun-fai | – 梁潤輝 |
| – Lam, Yat-fai | – 林日輝 |
| – David Chain, Chi-woo | – 錢其武 |
| Other emoluments: | 其他酬金： |
| Executive directors: | 執行董事： |
| Salaries and other benefits | 薪金及其他福利 |
| Retirement benefit scheme contribution | 退休福利計劃供款 |
| Independent non-executive directors | 獨立非執行董事 |
| Total directors' emoluments | 董事酬金總額 |

12. 董事及僱員酬金

(a) 董事酬金

| | 2005 HK\$'000 千港元 | 2004 HK\$'000 千港元 |
|--|-------------------------|-------------------------|
| Directors' fees: | | |
| Executives | – | – |
| Independent non-executives | | |
| – Leung, Yun-fai | 52 | 50 |
| – Lam, Yat-fai | 51 | 50 |
| – David Chain, Chi-woo | 50 | 13 |
| | 153 | 113 |
| Other emoluments: | | |
| Executive directors: | | |
| Salaries and other benefits | – | – |
| Retirement benefit scheme contribution | – | – |
| Independent non-executive directors | – | – |
| | – | – |
| Total directors' emoluments | 153 | 113 |

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

12 DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (cont'd)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2004: two) was independent non-executive director of the Company whose emoluments are included in (a) above. The emoluments of the remaining four (2004: three) individuals were as follows:

| | |
|---|----------|
| Salaries and other benefits | 薪金及其他福利 |
| Retirement benefit scheme contributions | 退休福利計劃供款 |

The emoluments of each individual were within the emolument band of less than HK\$1,000,000.

During the year ended 31st December, 2005 and 31st December, 2004, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group. No directors waived any emoluments in the year ended 31st December, 2005 and 31st December, 2004.

12. 董事及僱員酬金 (續)

(b) 僱員酬金

本集團五位最高薪酬僱員其中一位為本公司之獨立非執行董事（二零零四年：兩位），其酬金資料載列於上文(a)。餘下四位（二零零四年：三位）人士之酬金資料載列如下：

| 2005 | 2004 |
|--------------|--------------|
| HK\$'000 | HK\$'000 |
| 千港元 | 千港元 |
| 976 | 1,020 |
| 41 | 46 |
| 1,017 | 1,066 |

每位人士之酬金為 1,000,000 港元以下之酬金級別。

於截至二零零五年十二月三十一日止年度及二零零四年十二月三十一日止年度內，本集團概無支付任何酬金予該五位最高薪酬僱員（包括董事）作為其加入或加入本集團時之報酬。截至二零零五年十二月三十一日及二零零四年十二月三十一日止年度內，並無董事放棄任何酬金。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

13. TAXATION

13. 稅項

| | | 2005 | 2004 |
|--|--------------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| The charge (credit) comprises: | 支出（抵免）包括： | | |
| Taxation of the Company and its subsidiaries | 本公司及其附屬公司之稅項 | | |
| – Taxation outside Hong Kong | – 香港以外地區稅項 | – | 3 |
| Deferred taxation (note 30) | 遞延稅項（附註 30） | 2,124 | (309) |
| | | 2,124 | (306) |

No provision for Hong Kong Profits Tax has been made as the group companies which are subject to Hong Kong Profits Tax either incurred tax losses for the year or have tax losses brought forward to set off assessable profit for the year.

集團公司須繳付香港利得稅，但由於年內產生稅務虧損或有承前稅務虧損以抵銷年內之應課稅溢利，故無提撥香港利得稅準備。

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

其他司法權區之稅項乃按有關司法權區當時之稅率計算。

The charge (credit) for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

年度之稅項支出（抵免）與綜合收益表之除稅前溢利對賬如下：

| | | 2005 | 2004 |
|--|--------------------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Profit before taxation | 除稅前溢利 | 9,216 | 10,204 |
| Taxation at the income tax rate of 17.5% | 按所得稅稅率 17.5% 計算之稅項 | 1,612 | 1,786 |
| Tax effect of income not taxable for tax purpose | 毋須課稅收入之稅務影響 | (2,523) | (2,601) |
| Tax effect of expenses not deductible for tax purpose | 稅務上不可扣減支出之稅務影響 | 714 | 716 |
| Tax effect of tax losses not recognised | 不予確認稅項虧損之稅務影響 | 2,321 | 278 |
| Utilisation of tax losses previously not recognised | 動用先前未確認之稅務虧損 | – | (619) |
| Tax effect of share of result of a jointly controlled entity | 應佔共同控制機購業績之稅務影響 | – | 134 |
| Taxation charge (credit) for the year | 年度稅項支出（抵免） | 2,124 | (306) |

Details of deferred taxation are set out in note 30.

遞延稅項之詳情載於附註 30。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

14. DIVIDENDS

Proposed final dividend of HK\$0.01 (2004: Nil) per share

擬派末期股息每股 0.01 港元
(二零零四年：無)

| 2005 | 2004 |
|----------|----------|
| HK\$'000 | HK\$'000 |
| 千港元 | 千港元 |

| | |
|--------------|---|
| 7,941 | — |
|--------------|---|

The directors have resolved to recommend the payment of a final dividend of HK\$7,941,000 representing HK\$0.01 (2004: Nil) per share in respect of the year ended 31st December, 2005. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

董事議決建議派發截至二零零五年十二月三十一日止年度之末期股息 7,941,000 港元，即每股 0.01 港元（二零零四年：無）。於結算日後建議之末期股息於結算日並未確認為負債。

15. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year of HK\$7,092,000 (2004: HK\$10,510,000) and on the weighted average number of ordinary shares in issue of 781,383,827 shares during the year (2004: 691,257,800 shares).

每股基本盈利按年內溢利 7,092,000 港元（二零零四年：10,510,000 港元）及年內已發行普通股加權平均股數 781,383,827 股（二零零四年：691,257,800 股）計算。

The calculation of the basic earnings per share for the year ended 31st December, 2004 have been restated as a result of the application of HKFRSs and details are shown below:

由於應用香港財務報告準則，截至二零零四年十二月三十一日止年度之每股基本盈利之計算方法已重列，詳情如下：

| | | Profit for the year | Basic earnings per share |
|---|------------------|----------------------------|---------------------------------|
| | | 31st December, 2004 | |
| | | 截至二零零四年十二月三十一日止年度溢利 | 每股基本盈利 |
| | | HK\$'000 | HK\$ |
| | | 千港元 | 港元 |
| Reported figures before adjustments | 調整前之呈報數字 | 10,248 | 0.015 |
| Adjustment arising from application of new HKFRSs | 應用新香港財務報告準則產生之調整 | 262 | — |
| Restated | 重列 | 10,510 | 0.015 |

For the year ended 31st December, 2005 and 31st December, 2004, no diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue.

截至二零零五年十二月三十一日及二零零四年十二月三十一日止年度，由於並無發行潛在攤薄影響普通股，故此並無呈列每股攤薄盈利。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、廠房及設備

| | | Energy saving machines | Plant and machinery | Furniture, fixtures and equipment | Total |
|---|--|---------------------------------------|--------------------------------|--|--------------|
| | | 能源節省器 | 廠房及機器 | 傢俬、 裝置及設備 | 總額 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 |
| COST | 成本 | | | | |
| At 1st January, 2004 | 於二零零四年 一月一日 | 7,185 | 1,744 | 888 | 9,817 |
| Disposal of subsidiaries | 撇除附屬公司 | (7,185) | (1,744) | (888) | (9,817) |
| At 31st December, 2004 and 31st December, 2005 | 於二零零四年 十二月三十一日及 二零零五年 十二月三十一日 | - | - | - | - |
| DEPRECIATION AND IMPAIRMENT | 折舊及折損 | | | | |
| At 1st January, 2004 | 於二零零四年一月一日 | 7,144 | 1,744 | 888 | 9,776 |
| Provided for the year | 年度撥備 | 2 | - | - | 2 |
| Disposal of subsidiaries | 撇除附屬公司 | (7,146) | (1,744) | (888) | (9,778) |
| At 31st December, 2004 and 31st December, 2005 | 於二零零四年 十二月三十一日及 二零零五年 十二月三十一日 | - | - | - | - |
| NET BOOK VALUES | 賬面淨值 | | | | |
| At 31st December, 2005 | 於二零零五年 十二月三十一日 | - | - | - | - |
| At 31st December, 2004 | 於二零零四年 十二月三十一日 | - | - | - | - |

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

物業、廠房及設備之折舊乃按其估計可使用年期以直線法撇銷其成本。有關之年率如下：

| | | | |
|-----------------------------------|----------|----------|---------|
| Energy saving machines | 10% | 能源節省器 | 10% |
| Plant and machinery | 15% | 廠房及機器 | 15% |
| Furniture, fixtures and equipment | 10 – 20% | 傢俬、裝置及設備 | 10%-20% |

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

17. INVESTMENT PROPERTIES

17. 投資物業

| | | HK\$'000 千港元 |
|---|---------------|-----------------|
| FAIR VALUE | 公平值 | |
| At 1st January, 2004 | 於二零零四年一月一日 | 107,350 |
| Increase in fair value recognised in income statement | 已於收益表確認之公平值增加 | 730 |
| At 1st January, 2005 | 於二零零五年一月一日 | 108,080 |
| Disposals | 出售 | (5,407) |
| Increase in fair value recognised in income statement | 已於收益表確認之公平值增加 | 5,047 |
| At 31st December, 2005 | 於二零零五年十二月三十一日 | 107,720 |

The Group's investment properties comprise land and buildings in Hong Kong as follows:

本集團在香港包括土地及樓宇之投資物業如下：

| | | 2005 HK\$'000 千港元 | 2004 HK\$'000 千港元 |
|--------------------|------|-------------------------|-------------------------|
| Long leases | 長期租約 | 620 | 480 |
| Medium-term leases | 中期租約 | 107,100 | 107,600 |
| | | 107,720 | 108,080 |

The fair value of the Group's investment properties at 31st December, 2005, has been arrived at on the basis of a valuation carried out on that date by Norton Appraisals Limited, independent qualified professional surveyors not connected with the Group. Norton Appraisals Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation, which conformed to The Hong Kong Institute of Surveyors Valuation Standards on Properties (1st Edition) published by the Hong Kong Institute of Surveyors was based on open market value basis.

本集團投資物業於二零零五年十二月三十一日之公平值按一家與本集團概無關連之獨立合資格專業測計師行普敦國際評估有限公司於該日進行之估值為基準而計算。普敦國際評估有限公司對於相關地點之同類型物業估值具有適合資格及近期之估值經驗。該項估值乃遵守香港測量師學會所頒布之物業估值準則（第一版），並按公開市值基準進行重估。

All of the Group's investment properties held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

本集團所有根據經營租約持有以賺取租金或作資本增值用途之投資物業，乃以公平值模式計算，並分類及列作投資物業。

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

18. GOODWILL

| | | HK\$'000 千港元 |
|---|-------------------------|-----------------|
| COST | 成本 | |
| At 1st January, 2004 | 於二零零四年一月一日 | 122,883 |
| Write off or eliminated upon disposal of subsidiaries | 於撇除附屬公司時撇銷或撇除 | (22,402) |
| At 31st December, 2004 | 於二零零四年十二月三十一日 | 100,481 |
| Eliminated upon the application of HKFRS 3 (Note 2) | 於採用香港財務報告準則第3號時撇除(附註2) | (100,481) |
| At 1st January, 2005 and 31st December, 2005 | 於二零零五年一月一日及二零零五年十二月三十一日 | - |
| AMORTISATION AND IMPAIRMENT | 攤銷及折損 | |
| At 1st January, 2004 | 於二零零四年一月一日 | 122,883 |
| Write off or eliminated upon disposal of subsidiaries | 於撇除附屬公司時撇銷或撇除 | (22,402) |
| At 31st December, 2004 | 於二零零四年十二月三十一日 | 100,481 |
| Eliminated upon the application of HKFRS 3 (Note 2) | 於採用香港財務報告準則第3號時撇除(附註2) | (100,481) |
| At 1st January, 2005 and 31st December, 2005 | 於二零零五年一月一日及二零零五年十二月三十一日 | - |

Goodwill was amortised for three years before 1st January, 2005.

二零零五年一月一日前，商譽乃經過三年攤銷。

19. INTANGIBLE ASSET

| | | Patent 專利權 HK\$'000 千港元 |
|--|----------------------------|--|
| COST | 成本 | |
| At 1st January, 2004 | 於二零零四年一月一日 | 30,600 |
| Written off | 撇銷 | (930) |
| At 31st December, 2004 and 31st December, 2005 | 於二零零四年十二月三十一日及二零零五年十二月三十一日 | 29,670 |
| AMORTISATION AND IMPAIRMENT | 攤銷及折損 | |
| At 1st January, 2004 | 於二零零四年一月一日 | 30,600 |
| Written off | 撇銷 | (930) |
| At 31st December, 2004 and 31st December, 2005 | 於二零零四年十二月三十一日及二零零五年十二月三十一日 | 29,670 |
| NET BOOK VALUE | 賬面淨值 | |
| At 31st December, 2004 and 31st December, 2005 | 於二零零四年十二月三十一日及二零零五年十二月三十一日 | - |

Patent was amortised over twenty years.

專利權乃按二十年攤銷。

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財務報表附註

截至二零零五年十二月三十一日止年度

20. INTERESTS IN ASSOCIATES

20. 聯營公司權益

| | | 2005 | 2004 |
|-----------------------------------|------------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Share of net assets of associates | 攤佔聯營公司資產淨額 | — | — |

Details of the Group's associates at 31st December, 2005 are set out in note 38.

本集團聯營公司於二零零五年十二月三十一日之詳情載於附註 38。

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

21. 共同控制實體權益

| | | 2005 | 2004 |
|--|--------------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Share of net assets of jointly controlled entities | 攤佔共同控制實體資產淨額 | — | — |

Details of the Group's jointly controlled entities at 31st December, 2005 are set out in note 39.

本集團於二零零五年十二月三十一日之共同控制實體之詳情載於附註 39。

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

22. 可供銷售之金融資產

| | | 2005 | 2004 |
|--------------------------------|-----------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Club debentures, at fair value | 會藉債券，按公平值 | 220 | 220 |

Notes to the Financial Statements

For the year ended 31st December, 2005

23. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables of the Group are trade receivables of HK\$182,000 (2004: HK\$594,000) comprising mainly rental receivables which are billed in advance and settlements are expected upon receipts of billings. Its aged analysis at the balance sheet date is as follows:

| | | 2005 | 2004 |
|----------------|-----------|------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Within 30 days | 30 日內 | 172 | 299 |
| 31 – 60 days | 31 – 60 日 | 3 | 219 |
| Over 60 days | 超過 60 日 | 7 | 76 |
| | | 182 | 594 |

The fair value of the Group's trade and other receivables at 31st December, 2005 approximates to the corresponding carrying amount.

24. SHORT-TERM LOANS RECEIVABLE

| | | 2005 | 2004 |
|--|---------|----------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Loans receivable | 應收貸款 | 3,530 | 7,371 |
| Less: Allowance for bad and doubtful debts | 減：呆壞賬準備 | (3,530) | (7,371) |
| | | - | - |

The Group maintained a defined credit policy in accordance with respective loan agreements. The age of loans receivable of the Group at the balance sheet date was over due.

財務報表附註

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23. 貿易及其他應收款項

本集團之貿易及其他應收款項已計入 182,000 港元（二零零四年：594,000 港元）之應收貿易款項，主要為預先簽發之賬單而預期於收到賬單後會支付之應收租金。以下為於結算日之賬齡分析：

| | 2005 | 2004 |
|----------------|------------|----------|
| | HK\$'000 | HK\$'000 |
| | 千港元 | 千港元 |
| Within 30 days | 172 | 299 |
| 31 – 60 days | 3 | 219 |
| Over 60 days | 7 | 76 |
| | 182 | 594 |

本集團之貿易及其他應收款項於二零零五年十二月三十一日之公平值與其賬面值相約。

24. 應收短期貸款

| | 2005 | 2004 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| | 千港元 | 千港元 |
| Loans receivable | 3,530 | 7,371 |
| Less: Allowance for bad and doubtful debts | (3,530) | (7,371) |
| | - | - |

本集團因應個別之貸款協議而採用既定之信貸政策。本集團於結算日之應收貸款賬齡為已到期。

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財務報表附註

截至二零零五年十二月三十一日止年度

25. TRADE AND OTHER PAYABLES

Included in trade and other payables of the Group are trade creditors of HK\$146,000 (2004: HK\$227,000). Its aged analysis at the balance sheet date is as follows:

| | |
|----------------|-----------|
| Within 30 days | 30 日內 |
| 31 – 60 days | 31 – 60 日 |
| Over 60 days | 超過 60 日 |

The fair value of the Group's trade and other payables at 31st December, 2005 approximates to the corresponding carrying amount.

26. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts are unsecured, non-interest bearing and repayable on demand. The fair value of the Group's amount due to fellow subsidiaries at 31st December, 2005 approximates to the corresponding carrying amount.

27. SECURED BORROWINGS FROM A FELLOW SUBSIDIARY

The secured borrowings from a fellow subsidiary are repayable as follows:

| | |
|--|-------------------|
| Within one year or on demand | 一年內或按通知 |
| Between one and two years | 一年至兩年內 |
| Between two and five years | 兩年至五年內 |
| Over five years | 五年後 |
| Less: Amount due within one year included in current liabilities | 減：一年內到期並列作流動負債之款額 |
| Amount due after one year | 一年後到期之款額 |

At 31st December, 2004, the borrowings were repayable by instalments over a period of 16 years, secured by the investment properties of the Company and bore interest at market rates. The amount was fully repaid during the year.

25. 貿易及其他應付款項

本集團之貿易及其他應付款項已計入 146,000 港元（二零零四年：227,000 港元）之應付貿易款項。以下為於結算日之賬齡分析：

| 2005 HK\$'000 千港元 | 2004 HK\$'000 千港元 |
|-------------------------|-------------------------|
| 28 | 30 |
| 10 | 29 |
| 108 | 168 |
| 146 | 227 |

本集團之貿易及其他應付款項於二零零五年十二月三十一日之公平值與其賬面值相若。

26. 應付同系附屬公司款項

有關款額為無抵押、免息及須按通知償還。本集團之應付同系附屬公司款項於二零零五年十二月三十一日之公平值與其賬面值相若。

27. 同系附屬公司之有抵押借貸

| 2005 HK\$'000 千港元 | 2004 HK\$'000 千港元 |
|-------------------------|-------------------------|
| - | 969 |
| - | 1,019 |
| - | 3,381 |
| - | 17,780 |
| - | 23,149 |
| - | (969) |
| - | 22,180 |

於二零零四年十二月三十一日，有關借貸按十六年分期償還，由本公司之投資物業作抵押，按市場息率計息。有關款額已於年內悉數償還。

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

28. SHARE CAPITAL

28. 股本

| | | Number of ordinary shares | Amount |
|---|--|--------------------------------------|---------------|
| | | 普通股數目 | 款額 |
| | | | HK\$'000 |
| | | | 千港元 |
| Ordinary share of HK\$0.01 each | 每股面值 0.01 港元之普通股 | | |
| Authorised: | 法定股本： | | |
| At 1st January, 2004, 31st December 2004 and 31st December, 2005 | 於二零零四年一月一日、 二零零四年十二月三十一日 及二零零五年十二月三十一日 | 80,000,000,000 | 800,000 |
| Issued and fully paid: | 已發行及繳足股本： | | |
| At 1st January, 2004 | 於二零零四年一月一日 | 182,641,386 | 1,826 |
| Issue of shares | 發行股份 | 508,616,414 | 5,086 |
| At 1st January, 2005 | 於二零零五年一月一日 | 691,257,800 | 6,912 |
| Issue of shares (note) | 發行股份（附註） | 102,800,000 | 1,028 |
| At 31st December, 2005 | 於二零零五年 十二月三十一日 | 794,057,800 | 7,940 |

Note: Pursuant to a share placing agreement dated 1st February, 2005, the Company issued 102,800,000 ordinary shares at a price of HK\$0.255 per share in February, 2005. The proceeds was mainly used to repay the secured borrowings from a fellow subsidiary. The new shares issued during the year rank pari passu with the then existing shares in all respects.

附註：根據日期為二零零五年二月一日之股份配售協議，本公司於二零零五年二月按每股 0.255 港元之價格發行 102,800,000 股普通股。所得款項主要用於償還同系附屬公司之有抵押借貸。年內發行之所有新股在各方面均與當時之現有股份享有同等權益。

Notes to the Financial Statements

For the year ended 31st December, 2005

29. SHARE OPTION SCHEME

The Company has adopted a share option scheme on 15th February, 2002 (the "2002 Scheme") for the primary purpose of providing incentives to directors and eligible employees. Details are as set out below:

Pursuant to the terms of the 2002 Scheme which will expire on 14th February, 2012, the Company may grant options to directors and full time employees of the Company or its subsidiaries to subscribe for shares in the Company at a consideration of HK\$10 per grant. The subscription price for the shares under the 2002 Scheme shall be a price determined by the directors of the Company being at least the higher of the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, or the average closing price of the shares stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant. Options granted are exercisable at any time during a period to be notified by the board of directors of the Company but limited to a maximum period of ten years after the date the options are granted. Options granted should be accepted within 21 days from the date of offer.

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme and the other schemes shall not exceed 10% of the shares in issue at the date on which the 2002 Scheme becomes unconditional (the "Mandate Limit"). Options lapsed will not be counted for the purpose of calculating the Mandate Limit. For the avoidance of doubt, the share underlying the options which have been cancelled and have not lapsed will be counted as part of the Mandate Limit.

The Mandate Limit may be refreshed at any time by the approval of the shareholders in general meeting provided that the total number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme and the other share option schemes must not exceed 10% of the shares in issue at the date of such shareholders' approval. For the avoidance of doubt, options previously granted under the 2002 Scheme and the other share option schemes (including those outstanding, cancelled, lapsed in accordance with the 2002 Scheme and the other share option schemes of the Company or exercised options) will not be counted for the purpose of calculating the refreshed 10%.

財務報表附註

截至二零零五年十二月三十一日止年度

29. 購股權計劃

本公司於二零零二年二月十五日採納一項購股權計劃（「二零零二年計劃」），主要目的是獎勵董事及合資格僱員，詳情載列如下：

根據將於二零一二年二月十四日屆滿之二零零二年計劃，本公司可按 10 港元之代價向本公司或其附屬公司之董事及全職僱員授出可認購本公司股份之購股權。二零零二年計劃之股份認購價由本公司董事決定，惟最低為股份於授出日期在聯交所每日報價表所示之收市價或股份於緊接授出日期前五個交易日在聯交所每日報價表所示之收市價平均值（以較高者為準）。已授出之購股權於本公司董事會知會之期間內可隨時行使，惟該期間最多以購股權授出日期起計十年為限。所授出之購股權於提呈日期起計 21 天內可供接納。

因行使按二零零二年計劃及其他計劃將予獲授之所有購股權而可予發行之股數上限，不得超過於二零零二年計劃成為無條件當日已發行股份之 10%（「授權限額」）。於計算授權限額時，已作廢之購股權不會計入。為免混淆，已註銷但未有作廢之購股權涉及之股份，將計入作為授權限額之一部份。

授權限額經股東在股東大會上批准後可隨時更新，惟因行使按二零零二年計劃及其他購股權計劃授出之所有購股權可予發行之股份總數，不得超過取得上述股東批准當日之已發行股份之 10%。為免混淆，過往按二零零二年計劃及其他購股權計劃授出之購股權（包括未行使、已註銷、按二零零二年計劃及本公司其他購股權計劃作廢之購股權或已行使之購股權），於計算更新之 10% 時不會計入。

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29. SHARE OPTION SCHEME (cont'd)

The Company may, by the approval of the shareholders in general meeting, grant options beyond the 10% limit provided that the options in excess of the 10% limit are granted only to employees specifically identified by the Company before shareholders' approval is sought.

Unless approved by the shareholders as set out herein, the total number of shares issued and to be issued upon exercise of the options granted to each employee (including both exercised and outstanding options) in any twelve month period must not exceed 1% of the shares of the Company in issue. Where any further grant of options to an employee would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by the shareholders in general meeting with such employee and his associates abstaining from voting.

However, the overall limit on the number of shares which may be issued upon exercise of all options granted under all share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

No options were outstanding at 31st December, 2005 and 31st December, 2004 under the 2002 Scheme. No options were granted, exercised, cancelled or lapsed during the two years.

財務報表附註

截至二零零五年十二月三十一日止年度

29. 購股權計劃 (續)

本公司可在股東於股東大會批准之情況下，授出超過 10% 限額之購股權，惟超過 10% 限額之購股權只可授予本公司於尋求股東批准前列明之僱員。

除非按本文所述獲得股東批准，否則，因行使於任何十二個月期間內向各僱員授出之購股權（包括已行使及未行使購股權）而已獲及將獲發行之股份總數，不得超過本公司已發行股份之 1%。如向任何僱員進一步授出購股權會導致因其行使於截至進一步授出購股權之日期（該日期包括在內）止之任何十二個月期間內經已及將會獲授之所有購股權（包括已行使、已註銷及未行使之購股權）而已獲及將獲發行之股份，合共超過已發行股份之 1%，則進一步授出購股權之事宜須在股東大會上獲股東另行批准，而有關僱員及其聯繫人士均不得投票。

然而，因行使本公司所有購股權計劃授出之全部購股權而可予發行之股份之整體限制，不得超過不時之已發行股份之 30%。

於二零零五年十二月三十一日及二零零四年十二月三十一日，概無二零零二年計劃之購股權尚未行使。該兩個年度內，概無購股權授出、行使、註銷或失效。

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財務報表附註

截至二零零五年十二月三十一日止年度

30. DEFERRED TAX LIABILITIES (ASSETS)

The following are the major deferred tax liabilities (assets) provided (recognised) by the Group and movements thereon during the current and prior reporting periods:

30. 遞延稅項負債（資產）

以下為本報告期間及上一個報告期間本集團提撥（確認）之主要遞延稅項負債（資產）及有關變動：

| | | Revaluation of investment properties | Accelerated tax depreciation | Tax losses | Total |
|---|----------------------|---|---|-----------------------|--------------|
| | | 重估 投資物業 | 加速 稅項折舊 | 稅項虧損 | 總額 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 |
| At 1st January, 2004, as originally stated | 於二零零四年一月一日 (原先呈列) | – | 3,623 | (3,040) | 583 |
| Effect of changes in accounting policies (note 3) | 會計政策變動之影響 (附註3) | (2,409) | – | 1,042 | (1,367) |
| At 1st January, 2004, as restated | 於二零零四年 一月一日 (重列) | (2,409) | 3,623 | (1,998) | (784) |
| Charge (credit) to income statement for the year | 扣自 (計入) 年度 收益表 | 88 | (448) | 51 | (309) |
| At 1st January, 2005 | 於二零零五年 一月一日 | (2,321) | 3,175 | (1,947) | (1,093) |
| Charge to income statement for the year | 扣自年度收益表 | 858 | 305 | 807 | 1,970 |
| Realised on disposal of investment property | 出售投資 物業時變現 | 264 | (110) | – | 154 |
| | | 1,122 | 195 | 807 | 2,124 |
| At 31st December, 2005 | 於二零零五年 十二月三十一日 | (1,199) | 3,370 | (1,140) | 1,031 |

At 31st December, 2005, the Group has unused tax losses of HK\$709,059,000 (2004: HK\$700,408,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$6,516,000 (2004: HK\$11,129,000) of such losses. No deferred tax assets have been recognised in respect of the remaining tax losses of HK\$702,543,000 (2004: HK\$689,279,000) due to the unpredictability of future profit streams. All unused tax losses may be carried forward indefinitely.

於二零零五年十二月三十一日，本集團可用作對銷未來溢利但尚未動用之稅項虧損為709,059,000港元（二零零四年：700,408,000港元）。本公司已將6,516,000港元（二零零四年：11,129,000港元）之稅項虧損確認為遞延稅項資產。由於未能預測日後溢利來源，故本公司並無將餘下之702,543,000港元（二零零四年：689,279,000港元）之稅項虧損確認為遞延稅項資產。所有未動用之稅項虧損可無限期結轉。

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31. DISPOSAL OF SUBSIDIARIES

| | | 2005 | 2004 |
|---|-------------------------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Net liabilities disposed of: | 撇除淨負債： | | |
| Property, plant and equipment | 物業、廠房及設備 | - | 39 |
| Bank balances and cash | 銀行結存及現金 | - | 58 |
| Trade and other payables | 貿易及其他應付款項 | - | (2,905) |
| Obligations under finance leases | 財務租約承擔 | - | (971) |
| Net liabilities | 淨負債 | - | (3,779) |
| Provision for guarantee given to financial institutions in respect of facilities granted to a disposed subsidiary | 就財務機構向已撇除附屬公司授出信貸提供擔保 | - | 343 |
| Gain on disposal of subsidiaries | 撇除附屬公司收益 | - | 3,436 |
| Total consideration | 代價總額 | - | - |
| Net outflow of cash and cash equivalents in connection with the disposal of subsidiaries: | 有關撇除附屬公司之現金及現金等值項目流出淨額： | | |
| Bank balances and cash disposed of | 已撇除之銀行結存及現金 | - | (58) |

32. OPERATING LEASE ARRANGEMENTS

The Group as lessee

| | | 2005 | 2004 |
|--|--------------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Minimum lease payments paid under operating leases | 按經營租約支付之最低租金 | 42 | 42 |

31. 撇除附屬公司

| | | 2005 | 2004 |
|---|-------------------------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Net liabilities disposed of: | 撇除淨負債： | | |
| Property, plant and equipment | 物業、廠房及設備 | - | 39 |
| Bank balances and cash | 銀行結存及現金 | - | 58 |
| Trade and other payables | 貿易及其他應付款項 | - | (2,905) |
| Obligations under finance leases | 財務租約承擔 | - | (971) |
| Net liabilities | 淨負債 | - | (3,779) |
| Provision for guarantee given to financial institutions in respect of facilities granted to a disposed subsidiary | 就財務機構向已撇除附屬公司授出信貸提供擔保 | - | 343 |
| Gain on disposal of subsidiaries | 撇除附屬公司收益 | - | 3,436 |
| Total consideration | 代價總額 | - | - |
| Net outflow of cash and cash equivalents in connection with the disposal of subsidiaries: | 有關撇除附屬公司之現金及現金等值項目流出淨額： | | |
| Bank balances and cash disposed of | 已撇除之銀行結存及現金 | - | (58) |

32. 經營租約安排

本集團（以承租人身份）

| | | 2005 | 2004 |
|--|--------------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Minimum lease payments paid under operating leases | 按經營租約支付之最低租金 | 42 | 42 |

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32. OPERATING LEASE ARRANGEMENTS (cont'd)

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

| | | 2005 | 2004 |
|---------------------------------------|------------------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Within one year | 一年內 | 7 | 42 |
| In the second to fifth year inclusive | 第二至第五年（包括首尾兩年在內） | - | 7 |
| | | 7 | 49 |

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

The Group as lessor

Property rental income earned during the year was HK\$4,189,000 (2004: HK\$4,140,000) with a rental yields of approximately 3.89% (2004: 3.83%). Certain properties have committed tenants for the next two years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

32. 經營租約安排（續）

於結算日，本集團按不可撤銷經營租約之日後最低租金承擔之到期日如下：

| | 2005 | 2004 |
|---------------------------------------|-----------------|----------|
| | HK\$'000 | HK\$'000 |
| | 千港元 | 千港元 |
| Within one year | 7 | 42 |
| In the second to fifth year inclusive | - | 7 |
| | 7 | 49 |

經營租約款項指本集團就辦公室物業應付之租金。租期及租金之有效期固定為兩年。

本集團（以出租人身份）

年內賺取之物業租金收入為4,189,000港元（二零零四年：4,140,000港元），其租金收益率約為3.89%（二零零四年：3.83%）。若干物業在未來兩年擁有已訂約之租戶。

於結算日，本集團與租戶已訂有租約之日後最低租金如下：

| | | THE GROUP | |
|---------------------------------------|------------------|------------------|----------|
| | | 本集團 | |
| | | 2005 | 2004 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Within one year | 一年內 | 1,627 | 2,229 |
| In the second to fifth year inclusive | 第二至第五年（包括首尾兩年在內） | 455 | 642 |
| | | 2,082 | 2,871 |

33. PLEDGE OF ASSETS

At 31st December, 2004, the Group's investment properties amounting to HK\$73,100,000 were pledged for certain loan facilities provided by a fellow subsidiary of the Group. The pledge was released upon the repayment of loans during the year.

33. 資產抵押

於二零零四年十二月三十一日，本集團73,100,000港元之投資物業已用作本集團一間同系附屬公司提供之若干信貸之抵押。有關抵押已於年內償還貸款時解除。

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34. RETIREMENT BENEFITS SCHEMES

The Group operates defined contribution schemes for all eligible employees. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The retirement benefit cost charged to the consolidated income statement represents contributions payable to those schemes by the Group for the year.

The total cost charged to consolidated income statement of HK\$40,000 (2004: HK\$46,000) after forfeited contribution of HK\$8,000 (2004: Nil) represents contributions payable to these schemes by the Group for the year.

35. RELATED PARTY TRANSACTIONS AND BALANCES

(I) Transactions

During the year ended 31st December, 2005:

- (a) The Group paid interest of HK\$159,000 (2004: HK\$1,180,000) to Oriental Ford Finance Limited, a fellow subsidiary of the Company. This interest was charged at prevailing market rates based on outstanding balances during the year.
- (b) The Group paid rent of HK\$42,000 (2004: HK\$42,000) to Chinese Estates, Limited, a fellow subsidiary of the Company, for the lease of office premises to the Group. The amount paid was based on terms agreed by both parties.
- (c) The Group received rental income of HK\$118,000 (2004: HK\$82,000) from The House of Kang Sang Hong Limited, an associated company of Chinese Estates. The rental was charged at a fixed amount of approximately HK\$10,000 per month, which was based on terms agreed by both parties.

(II) Balances

Details of balances with related parties at the balance sheet date are set out in the consolidated balance sheet.

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截至二零零五年十二月三十一日止年度

34. 退休福利計劃

本集團為所有合資格僱員設立定額供款計劃。該等計劃之資產由受託人控制之基金持有，並獨立於本集團之資產。退休福利成本自綜合收益表扣除，有關款額相當於本集團年內向該等計劃應付之供款。

沒收供款 8,000 港元（二零零四年：無）後於綜合收益表扣除之成本總額 40,000 港元（二零零四年：46,000 港元）乃本集團於年內向該等計劃作出之供款。

35. 有關連人士交易及結餘

(I) 交易

於截至二零零五年十二月三十一日止年度：

- (a) 本集團向本公司之同系附屬公司 Oriental Ford Finance Limited 支付利息 159,000 港元（二零零四年：1,180,000 港元）。該項利息按年內尚未償還餘款以通行市場利率計算。
- (b) 本集團向本公司之同系附屬公司華人置業有限公司就租賃辦公室予本集團支付租金 42,000 港元（二零零四年：42,000 港元）。已付之款額乃按雙方協定之年期計算。
- (c) 本集團向華人置業之聯營公司廣生堂有限公司收取租金收入 118,000 港元（二零零四年：82,000 港元）。該項租金乃按每月約 10,000 港元之固定款額收取，條款乃經雙方同意協定。

(II) 結餘

於結算日之有關連人士交易結餘詳情載於綜合資產負債表。

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36. BALANCE SHEET OF THE COMPANY

The Company's balance sheet at the balance sheet dates are as follows:

| | | 2005 | 2004 |
|-----------------------------------|------------|-----------------|----------|
| | Notes | HK\$'000 | HK\$'000 |
| | 附註 | 千港元 | 千港元 |
| Non-current Assets | 非流動資產 | | |
| Interests in subsidiaries | 附屬公司權益 | 89,309 | 74,346 |
| Club debenture | 會藉債券 | 100 | 100 |
| | | 89,409 | 74,446 |
| Current Assets | 流動資產 | | |
| Trade and other receivables | 貿易及其他應收款項 | 280 | 275 |
| Bank balances and cash | 銀行結存及現金 | 26,575 | 14,881 |
| | | 26,855 | 15,156 |
| Current Liabilities | 流動負債 | | |
| Trade and other payables | 貿易及其他應付款項 | 487 | 598 |
| Amount due to a fellow subsidiary | 應付同系附屬公司款項 | 109 | 66 |
| | | 596 | 664 |
| Net Current Assets | 流動資產淨額 | 26,259 | 14,492 |
| | | 115,668 | 88,938 |
| Capital and Reserves | 股本及儲備 | | |
| Share capital | 股本 | 7,940 | 6,912 |
| Share premium and reserves | 股份溢價及儲備 | 107,663 | 81,919 |
| | | 115,603 | 88,831 |
| Non-current Liability | 非流動負債 | | |
| Amounts due to subsidiaries | 應付附屬公司款項 | 65 | 107 |
| | | 115,668 | 88,938 |

本公司於結算日之資產負債表如下：

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36. BALANCE SHEET OF THE COMPANY (cont'd)

Note:

(a) Share premium and reserves

| | | Share premium | Share deemed to be issued | Contributed surplus | Retained profits | Total |
|---|---------------|--------------------------|--|--------------------------------|-----------------------------|--------------|
| | | 股份溢價 | 被視為 已發行 之股本 | 繳入盈餘 | 保留溢利 | 總額 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| THE COMPANY | 本公司 | | | | | |
| At 1st January, 2004 | 於二零零四年一月一日 | 16,300 | 5,086 | – | 62,522 | 83,908 |
| Effect of capital reduction | 削減股本之影響 | (16,300) | – | 16,300 | – | – |
| Transfer | 轉撥 | – | – | (16,300) | 16,300 | – |
| Shares issued under debt restructuring | 根據債務重組發行之股份 | – | (5,086) | – | – | (5,086) |
| Profit for the year | 年度溢利 | – | – | – | 3,097 | 3,097 |
| At 1st January, 2005 | 於二零零五年一月一日 | – | – | – | 81,919 | 81,919 |
| Shares placement | 配售股份 | 24,764 | – | – | – | 24,764 |
| Profit for the year | 年度溢利 | – | – | – | 980 | 980 |
| At 31st December, 2005 | 於二零零五年十二月三十一日 | 24,764 | – | – | 82,899 | 107,663 |

36. 本公司資產負債表 (續)

附註：

(a) 股份溢價及儲備

| | | Share premium | Share deemed to be issued | Contributed surplus | Retained profits | Total |
|---|---------------|--------------------------|--|--------------------------------|-----------------------------|--------------|
| | | 股份溢價 | 被視為 已發行 之股本 | 繳入盈餘 | 保留溢利 | 總額 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| THE COMPANY | 本公司 | | | | | |
| At 1st January, 2004 | 於二零零四年一月一日 | 16,300 | 5,086 | – | 62,522 | 83,908 |
| Effect of capital reduction | 削減股本之影響 | (16,300) | – | 16,300 | – | – |
| Transfer | 轉撥 | – | – | (16,300) | 16,300 | – |
| Shares issued under debt restructuring | 根據債務重組發行之股份 | – | (5,086) | – | – | (5,086) |
| Profit for the year | 年度溢利 | – | – | – | 3,097 | 3,097 |
| At 1st January, 2005 | 於二零零五年一月一日 | – | – | – | 81,919 | 81,919 |
| Shares placement | 配售股份 | 24,764 | – | – | – | 24,764 |
| Profit for the year | 年度溢利 | – | – | – | 980 | 980 |
| At 31st December, 2005 | 於二零零五年十二月三十一日 | 24,764 | – | – | 82,899 | 107,663 |

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37. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31st December, 2005 are as follows:

| Name of subsidiary 附屬公司名稱 | Place of incorporation 註冊成立地點 | Nominal value of issued and fully paid ordinary share capital 已發行及繳足 普通股本之面值 | Attributable proportion of nominal value of issued share capital held by the Company 本公司所持已發行 股本面值比率 | | Principal activity 主要業務 |
|--|-----------------------------------|--|--|------------------|-----------------------------|
| | | | Directly 直接 | Indirectly 間接 | |
| Boria Enterprises Limited 博永企業有限公司 | Hong Kong 香港 | HK\$20 20 港元 | — | 100% | Property investment 物業投資 |
| Gold Concept Limited 金朗有限公司 | Hong Kong 香港 | HK\$2 2 港元 | — | 100% | Property investment 物業投資 |
| Great King Limited 東帝有限公司 | Hong Kong 香港 | HK\$2 2 港元 | — | 100% | Property investment 物業投資 |
| Legend Power Ltd. (note) (附註) | British Virgin Islands 英屬維爾京群島 | US\$2,000 2,000 美元 | — | 100% | Investment holding 投資控股 |
| Superkey Development Limited 偉祺發展有限公司 | Hong Kong 香港 | HK\$2 2 港元 | — | 100% | Property investment 物業投資 |

Note: Pursuant to the debt restructuring in July, 2003, Koga Limited (a creditor of the Group previously) was granted a call option to acquire 50% interest in Legend Power Ltd., within the next 5 years from the date of the completion (January, 2004) of the transfer of the equity interest in Legend Power Ltd. from Koga Limited to the Group under the debt restructuring, at a consideration of the higher of HK\$150,000 and 50% of the consolidated net tangible assets of Legend Power Ltd. when the call option is exercised. Such option has not been exercised during the year.

All the above subsidiaries operate in Hong Kong.

37. 主要附屬公司

本公司主要附屬公司於二零零五年十二月三十一日之詳情如下：

| Name of subsidiary 附屬公司名稱 | Place of incorporation 註冊成立地點 | Nominal value of issued and fully paid ordinary share capital 已發行及繳足 普通股本之面值 | Attributable proportion of nominal value of issued share capital held by the Company 本公司所持已發行 股本面值比率 | | Principal activity 主要業務 |
|--|-----------------------------------|--|--|------------------|-----------------------------|
| | | | Directly 直接 | Indirectly 間接 | |
| Boria Enterprises Limited 博永企業有限公司 | Hong Kong 香港 | HK\$20 20 港元 | — | 100% | Property investment 物業投資 |
| Gold Concept Limited 金朗有限公司 | Hong Kong 香港 | HK\$2 2 港元 | — | 100% | Property investment 物業投資 |
| Great King Limited 東帝有限公司 | Hong Kong 香港 | HK\$2 2 港元 | — | 100% | Property investment 物業投資 |
| Legend Power Ltd. (note) (附註) | British Virgin Islands 英屬維爾京群島 | US\$2,000 2,000 美元 | — | 100% | Investment holding 投資控股 |
| Superkey Development Limited 偉祺發展有限公司 | Hong Kong 香港 | HK\$2 2 港元 | — | 100% | Property investment 物業投資 |

附註：根據於二零零三年七月進行之債務重組，Koga Limited（本集團之前債權人）獲授認購期權，於Koga根據債務重組完成向本集團完成轉讓Legend Power Ltd. 股權（二零零四年一月）起計五年內，可於行使認購期權時以150,000港元或Legend Power Ltd.之綜合有形資產淨值50%（以較高者為準）之代價，購入Legend Power Ltd.之50%權益。

所有上述附屬公司均在香港營運。

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37. PRINCIPAL SUBSIDIARIES (cont'd)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affects the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

38. ASSOCIATES

Details of the Group's associates which are held indirectly by the Company at 31st December, 2005 are as follows:

| Name of associate | Form of business structure | Place of incorporation | Proportion of nominal value of issued share capital held | Principal activities |
|----------------------------|-----------------------------------|-----------------------------------|---|--|
| | | | 所持已發行股本面值比率 | |
| 聯營公司名稱 | 業務組建形式 | 註冊成立地點 | 股本面值比率 | 主要業務 |
| Legend GP (Canada) Limited | Incorporated 註冊成立 | British Virgin Islands 英屬維爾京群島 | 50% | Investment holding 投資控股 |
| Legend Power System Inc. | Incorporated 註冊成立 | Canada 加拿大 | 50% | Trading of energy saving machines 買賣能源節省器 |

The above associates operate in Canada.

37. 主要附屬公司 (續)

上表所列為董事認為主要影響本集團業績或資產之本公司附屬公司。董事認為，詳列其他附屬公司之資料將令篇幅冗長。

目前概無附屬公司於年終時或年內任何時間擁有任何未償還債務證券。

38. 聯營公司

本公司間接持有之本集團主要聯營公司於二零零五年十二月三十一日之詳情如下：

上述聯營公司均在加拿大營運。

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39. JOINTLY CONTROLLED ENTITIES

Details of the Group's jointly controlled entities which are held indirectly by the Company at 31st December, 2005 are as follows:

| Name of jointly controlled entity | Form of business structure | Place of incorporation | Proportion of nominal value of issued share capital held | Principal activities |
|--|----------------------------|-----------------------------------|--|-----------------------------|
| 共同控制實體名稱 | 業務組建形式 | 註冊成立地點 | 所持已發行股本面值比率 | 主要業務 |
| Golden Royce Investment Limited 金萊斯投資有限公司 | Incorporated 註冊成立 | Hong Kong 香港 | 40% | Property investment 物業投資 |
| Top Grade Assets Limited | Incorporated 註冊成立 | British Virgin Islands 英屬維爾京群島 | 50% | Property investment 物業投資 |
| Upgrade Properties Limited | Incorporated 註冊成立 | British Virgin Islands 英屬維爾京群島 | 50% | Property investment 物業投資 |

The above jointly controlled entities operate in the PRC.

40. POST BALANCE SHEET EVENT

On 27th February, 2006, Great King Limited and Gold Concept Limited, being wholly owned subsidiaries of the Company, entered into a preliminary sale and purchase agreement with an independent third party to dispose of investment properties with carrying value at 31st December, 2005 of HK\$68.10 million at an aggregate consideration of HK\$67.80 million. The formal sale and purchase agreement was signed on 13th March, 2006.

The transaction has not been completed at the date of this report.

39. 共同控制實體

本公司間接持有之本集團主要共同控制實體於二零零五年十二月三十一日之詳情如下：

| Name of jointly controlled entity | Form of business structure | Place of incorporation | Proportion of nominal value of issued share capital held | Principal activities |
|--|----------------------------|-----------------------------------|--|-----------------------------|
| 共同控制實體名稱 | 業務組建形式 | 註冊成立地點 | 所持已發行股本面值比率 | 主要業務 |
| Golden Royce Investment Limited 金萊斯投資有限公司 | Incorporated 註冊成立 | Hong Kong 香港 | 40% | Property investment 物業投資 |
| Top Grade Assets Limited | Incorporated 註冊成立 | British Virgin Islands 英屬維爾京群島 | 50% | Property investment 物業投資 |
| Upgrade Properties Limited | Incorporated 註冊成立 | British Virgin Islands 英屬維爾京群島 | 50% | Property investment 物業投資 |

上述共同控制實體均在中國營運。

40. 結算日後事項

於二零零六年二月二十七日，東帝有限公司及金朗有限公司（本公司之全資附屬公司）與一名獨立第三方訂立臨時買賣協議，以出售於二零零五年十二月三十一日賬面值為 68,100,000 港元之投資物業，總代價為 67,800,000 港元。正式買賣協議已於二零零六年三月十三日簽署。

於本報告日期，該等交易尚未完成。