

董事會報告

Report of the Board of Directors



董事會現謹呈截至2005年12月31日止年度報告及經審核財務報告以供審覽。

The Board of Directors is pleased to submit its report together with the audited financial statements for the year ended 31 December 2005.

董事會日常工作情況

Day-to-day Operation of the Board of Directors

1. 本公司董事會於本報告期內共舉行四次董事會會議，並於會上討論並通過下列事項：

1. During the Reporting Period, the Company's Board of Directors held 4 board meetings to consider and approve the following issues:

- (1) 公司第五屆四次董事會於2005年4月28日在總部召開。會議通過了2004年年度報告及其摘要、董事會報告、經國際、國內核數師審核的財務報告及2004年度利潤不分配的預案。通過了續聘香港浩華會計師事務所和信永中和會計師事務所分別為公司2005年度之國際和國內核數師。通過了關於增補二名第五屆董事會董事候選人名單，關於修改公司章程的議案以及公司2005年第一季度報告。

- (1) On 28 April 2005, the Company held the 4th meeting of the fifth Board of Directors at its headquarters. The meeting approved the 2004 Annual Report and the summary thereof, Report of the Board of Directors, Financial Statements as audited respectively by the international and domestic auditors and the Proposal for Appropriating None of the Profit for 2004. Horwath Hong Kong CPA Limited and Shine Wing Certified Public Accountants were approved to be retained respectively as the international and PRC auditors of the Company for 2005. The candidate list for the election of two directors of the fifth Board of Directors, the resolution for the amendment to Articles of Association of the Company and 2005 first quarterly report of the company were also approved.

以上日期為2005年4月28日的董事會決議公告於2005年4月29日刊登於《上海證券報》、《中國證券報》、香港《大公報》和《The Standard》。

The aforesaid resolutions of the board meetings dated 28 April 2005 were published on Shanghai Securities News, China Securities Journal, Ta Kung Pao (Hong Kong) and The Standard on 29 April 2005.

- (2) 公司第五屆五次董事會於2005年7月25日在總部召開。會議通過公司《關於與控股股東資金往來及對外擔保的自查報告》及《清欠解保方案》。

- (2) On 25 July 2005, the Company held the 5th meeting of the fifth Board of Directors at its headquarters. In the meeting, documents of Self-verification Report Related to Capital Transactions with Connected Parties and Guarantees provided to Outside Companies and Proposal of Loans Repayment and Guarantee Release were approved.



董事會報告

Report of the Board of Directors

董事會日敘工作情況 (續)

1. 本公司董事會於本報告期內共舉行四次董事會會議，並於會上討論並通過下列事項：(續)

- (3) 公司第五屆六次董事會於2005年7月27日在公司總部召開。會議通過了公司2005年半年度報告及其摘要。
- (4) 公司第五屆七次董事會於2005年10月26日以接納書面議案形式召開。會議通過了公司2005年第三季度報告。

2. 本公司董事會於報告期內嚴格執行了股東大會的各項決議，並將繼續本着誠信和勤勉之原則，真誠地為公司及股東的最大利益服務。

信息披露報刊

報告期內，本公司信息披露的報刊為《上海證券報》、《中國證券報》、香港《大公報》及《The Standard》。

主要業務

本公司及其附屬公司的主要業務為開發、生產與銷售移動通信系統、衛星通信系統、機電儀和信息產品等。

Day-to-day Operation of the Board of Directors (Continued)

1. During the Reporting Period, the Company's Board of Directors held 4 board meetings to consider and approve the following issues: (Continued)

- (3) On 27 July 2005, the Company held the 6th meeting of the fifth Board of Directors at its headquarters. The meeting approved the 2005 interim report and the summary thereof.
- (4) On 27 October 2005, the Company held the 7th meeting of the fifth Board of Directors and approved in written resolutions. The meeting approved the 2005 third quarterly report of the Company.

2. During the Reporting Period, the Board of Directors of the Company strictly complied with any resolutions as approved at the general meeting and will diligently seek the best interest of the Company and shareholders pursuant to the principles of "honesty and industriousness".

Press for Information Disclosure

During the Reporting Period, discloseable information of the Company was published on Shanghai Securities News, China Securities Journal, Hong Kong Ta Kung Pao and The Standard.

Principal Activities

The principal activities of the Company and its subsidiaries are the development, production and sale of mobile telecommunications system, satellite communication system, electromechanical and IT products.

董事會報告

Report of the Board of Directors



營業額及按業務分類之貢獻

根據香港普遍採納會計準則編製並按業務分類之綜合營業額及其對本集團盈利(虧損)影響之分析如下：

Turnover and Contribution by Business Segment

An analysis of consolidated turnover by business activities and their contribution to profit (loss) of the Group under the accounting principles generally accepted in Hong Kong is as follows:

產品門類	Type of products	營業額	對本集團盈利 (虧損)影響
		Turnover 人民幣千元 RMB'000	Contribution to Group's operating profit/(loss) 人民幣千元 RMB'000
電子製造產品	Electronic manufacturing products	222,806	16,636
衛星通信產品	Satellite communication products	176,710	26,281
機電儀產品	Electromechanical products	198,464	(612)
電子信息產品	Electronic information products	215,281	(3,054)
其他產品	Others product	37,556	(24,506)
不分部的支出	Unallocated expense		(131,647)
利息收入	Interest income		2,216
經營虧損	Operating loss		(114,686)
財務開支	Finance costs		(57,687)
出售聯營公司權益之利潤	Gain on disposal of interests in associates		15,157
應佔聯營公司業績	Share of results of associates		257,381
除稅前盈利	Profit before taxation		100,165

財務摘要

本集團過往五個財政年度按香港普遍採納之會計準則編制之業績資產負債摘要列載於本年報「二.會計資料與業務資料摘要」部分。

Financial Summary

A summary of the Group's results and assets and liabilities for the last five financial years, prepared in accordance with accounting standards generally accepted in Hong Kong, is set out on "II. Accounting Figures and Financial Highlights".



董事會報告

Report of the Board of Directors

每股淨資產

截至2005年12月31日止之三個年度的每個資產負債表日，每股淨資產情況如下。

(1) 按香港普遍採納會計準則編製：

		2005年 2005	2004年 2004	2003年 2003
每股淨資產	Net assets per share	1.96	1.82	1.72
(淨資產 / 股份總數)	(Net assets / Total number of shares)			
(人民幣：元)	(Unit: RMB)			
增幅	Rate of increase	7.69%	5.81%	8.18%

(2) 按中國會計準則編製：

		2005年 2005	2004年 2004	2003年 2003
每股淨資產	Net assets per share	1.92	1.80	1.72
(淨資產 / 股份總數)	(Net assets / Total number of shares)			
(人民幣：元)	(Unit: RMB)			
增幅	Rate of increase	6.67%	4.65%	9.56%

購買、出售或贖回本公司上市股份

本報告期內，本公司及其附屬公司概無購買、出售或贖回任何本公司之股票。

優先購股權

根據中國有關法律及本公司之章程，並無優先購股權之條款。

Net Assets Per Share

The details of the net assets per share at the balance sheet date for each of the three years ended 31 December 2005 are as follows:

(1) As prepared in accordance with accounting principles generally accepted in Hong Kong:

(2) As prepared in accordance with PRC accounting standards:

Purchase, Sale or Redemption of the Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Pre-emptive Rights

There is no provision for pre-emptive rights according to the relevant laws of the People's Republic of China and the Company's Articles of Association.

董事會報告

Report of the Board of Directors



董事及監事酬金

本年度，本公司給予董事酬金總額為人民幣128.3萬元，給予監事酬金總額為人民幣33萬元。上述酬金未包括董事及監事之退休金計劃供款。除上述酬金外，本公司無付予董事、監事其他的酬金、津貼或花紅。

每位董事及監事本年度所獲得本公司給予的酬金均在人民幣24萬元以下，執行董事和監事的退休金計劃已並入公司員工退休金計劃範疇，無其他特別安排。

最高酬金人事

本年度內，本公司獲最高酬金的前五名人士皆為本公司之科技研究人員和銷售人員。

董事、監事及高級管理人員購買股份或債券之安排

於本年度任何時間，本公司概無訂立任何安排，致使本公司董事、監事及高級管理人員及其配偶或18歲以下子女可藉以購買本公司或任何其他法人團體之股份或債券而受益。

董事、監事及高級管理人員之合約權益

於本年度任何時間，本公司或其附屬公司概無訂立重大合約，致使本公司董事、監事及高級管理人員享有重大利益。

Directors' and Supervisors' Remuneration

During the year, the aggregate remuneration of the Directors and Supervisors amounted to RMB1,283,000 and RMB330,000 respectively, exclusive of their pension scheme contributions. Save as disclosed above, the Company did not offer any emoluments, allowances, or bonuses to the directors and supervisors.

The emoluments paid or payable by the Company to each of the directors and supervisors was less than RMB240,000. The pension scheme for executive directors and supervisors was included as part of the staff pension scheme of the Company as there was no other special arrangement.

Highest Paid Individuals

The five highest paid individuals of the Company during the year were technology specialists and marketing staff of the Company.

Arrangements to Purchase Shares or Debentures by Directors, Supervisors and Senior Management

At no time during the year 2005 was the Company a party to any arrangements to enable the Directors, Supervisors or Senior Management Staff or any of their spouses or children under 18 to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other corporate body.

Directors' or Supervisors' and Senior Management Staff's Interests in Contracts

There has been no contract of significance at the end of the year or at any time during the year to which the Company or its subsidiaries was a party and in which a director, supervisor or senior management had a material interest, either directly or indirectly.



董事會報告

Report of the Board of Directors

董事及監事服務合約

所有董事、監事已與本公司訂立了服務合約，服務合約期限為三年。

各董事、監事均無與本公司簽定任何一年內若由本公司終止合約時須作出賠償之服務合約(法定賠償除外)。

董事、監事及高級管理人員之特殊待遇

本報告期內，本公司董事、監事及高級管理人員概無享受任何特殊待遇。

與熊貓電子集團有限公司訂立重大合約

本公司與熊貓電子集團有限公司除2000年度訂立的關於資產重組及2005年有關財務資助等協議外，於報告期內，並無訂立任何重大合約。

可換股證券、購股權、認股證券或類似權利

截至2005年12月31日止，本公司並無發行任何可換股證券、購股權、認股證券或類似權利。

Service Agreement for Directors and Supervisors

New agreements have been signed between the Company and all Directors and Supervisors. The term of service of each agreement is for a term of three years.

None of the directors or supervisors has entered into any contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Privilege of Directors, Supervisors and Senior Management

During the year, no privileges were enjoyed by the directors, supervisors or senior management of the Company.

Material Contracts with PEGL

Save for the agreement on asset reorganisation entered into between Panda Electronics Group Limited and the Company in 2000 and the agreements relating to financial assistance in 2005, the Company was not involved in any material contract during the Reporting Period.

Convertible Securities, Options, Warrants or Similar Rights

The Company had not issued or granted any convertible securities, options, warrants or similar rights up to 31 December 2005.

董事會報告

Report of the Board of Directors



退休金計劃

本公司參與政府設立的退休金計劃，按該計劃規定每年之供款額為員工薪金的20%。根據該計劃，現職及退休的員工的退休金受南京社會勞動保險統籌委員會保障。

除每年供款外，本公司再無其他責任。

管理合約

於本年度，本公司沒有簽訂任何關於本公司全部或大部分業務的管理和行政合同，亦無此等合同存在。

業績及分配

本集團截至2005年12月31日止年度的業績以及公司與集團當日的財政狀況，俱詳列於按香港普遍採納會計準則及中國會計準則編製帳項。

經岳華會計師事務所和香港浩華會計師事務所審核，按中國會計準則，2005年度公司實現除稅後利潤人民幣89,700,521.97元，按香港普遍採納之會計準則，2005年度公司實現股東應佔淨溢利人民幣92,761千元。但至本報告期末，可供股東分配的利潤仍為負數。根據公司章程關於利潤分配的有關規定，公司2005年度實現的除稅後利潤全部用於彌補公司以前年度的虧損。

因此，董事會建議，不派發截至2005年12月31日止之末期股息，也不進行資本公積金轉股本。本預案需經股東大會審議通過。

Pension Scheme

The Company participated in a pension scheme established by the government. In accordance with the terms of the scheme, the annual contribution should be equivalent to 20% of the salary of the employees. The pension of present and retired employees of the Company is protected by the Nanjing Social Labour Insurance System Co-ordinating Committee.

Except for the annual contribution, the Company has no further obligation in relation to the pension scheme.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of this business were entered into by the Company or existed during the year.

Results and Distribution of Profit

The operating results of the Group for the year ended 31 December 2005 and the financial status of the Company and the Group on that date are set out in the financial statements prepared in accordance with accounting principles generally accepted in Hong Kong and PRC accounting standards.

After the approval by Yue Hau Certified Public Accountants Co., Ltd. and Horwath Hong Kong CPA Limited under the PRC accounting standards, the Company realized net profit after tax of RMB89,700,512.97 in 2005; under the accounting principle generally accepted in Hong Kong, the Company realized net profit attributable to shareholders of RMB92.761 million in 2005. However, at the end of the Reporting Period, the profit distributable to the shareholders was still negative in amount. In accordance with the related stipulations of profit distribution in the Articles of Association of the Company, the profit after tax realized in 2005 of the Company was all used to compensate for the losses of the Company in prior years.

Therefore, the Board of Directors was in the view that final dividend as at 31 December 2005 would not be distributed and no capital reserve would be transferred to increase share capital and this proposal needed to be approved in the shareholders' meeting.



董事會報告 Report of the Board of Directors

業績及分配 (續)

獨立董事的獨立意見：公司章程第十五章第170條規定，「公司稅後利潤按下列順序分配：(一)彌補虧損；(二)提取法定公積金；(三)提取法定公益金；(四)經股東大會決議提取任意公積金；(五)支付普通股股利。」因此，公司董事會關於2005年度利潤分配的預案符合公司章程規定。

銀行貸款及其它借貸

於2005年12月31日，本公司及本集團之銀行貸款及其它借貸詳情列載於根據香港普遍採納會計準則編製之帳目附註。

本年度資本化之利息列載於根據香港普遍採納會計準則編製之帳目附註。

儲備

本年度內，本集團之儲備變動詳情載列於根據香港普遍採納會計準則編製之帳目及根據中國會計準則編製之會計報表附註。

Results and Distribution of Profit (Continued)

The opinion of independent directors: As Article 170 of Chapter 15 of the Articles of Association of the Company states, "the profit after tax will be distributed according to the following order: (1) compensation of losses; (2) appropriate of statutory public reserve; (3) appropriate of statutory public welfare fund; (4) appropriate of discretionary public reserve after approval by shareholders' meeting; (5) payment for dividends of ordinary shares". Therefore, the proposal for profit distribution of 2005 of the Board of Directors of the Company is in compliance with the regulations of Articles of Association.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group, as at 31 December 2005, are set out in note to the financial statements prepared under accounting principles generally accepted in Hong Kong.

Interest which was capitalised during the year is set out in note to the financial statements prepared under accounting principles generally accepted in Hong Kong.

Reserves

The changes in the reserves of the Group for the year are set out in the Consolidated Statement of Changes in Equity prepared under accounting principles generally accepted in Hong Kong and notes to the financial statements prepared under PRC accounting standards.

董事會報告

Report of the Board of Directors



固定資產

本年度內，本集團固定資產變動詳情載列於根據香港普遍採納會計準則編製之帳目附註17及根據中國會計準則編製之會計報表附註9。

Fixed Assets

Details of the movements in fixed assets during the year are set out in note 17 to the financial statements prepared under accounting principles generally accepted in Hong Kong and note 9 to the financial statements prepared under PRC accounting standards.

根據上市規則13.13條所作出的披露

Disclosure pursuant to Rules 13.13 of the Listing Rules

		資產比率 所佔百分比 於2005年12月 31日止 人民幣 RMB	代價比率 所佔百分比 於2005年12月 31日止 公司總市值 Asset ratio Consideration ratio Percentage to the total assets as of 31 December 2005	代價比率 所佔百分比 於2005年12月 31日止 公司總市值 Consideration ratio Percentage to the total assets as of 31 December 2005
熊貓電子集團有限公司	Panda Electronics Group Limited			
應收賬款	Trade receivable	68,043,000		
其他應收款	Other receivable	292,624,000		
應付賬款	Trade payable	(6,653,000)		
其他應付款	Other payable	(66,782,000)		
預收賬款	Trade receivable in advance	(3,066,000)		
計提壞賬前總結欠	Total outstanding before provision for bad debt	284,166,000	14.63%	41.98%
江蘇省投資管理有限責任公司	Jiangsu Investment and Management Company Limited			
其他應收款	Other receivable	500,000,000	25.74%	73.86%
南京市國土資源局	State-owned Land Resources Bureau of Nanjing City			
其他應收款	Other receivable	80,000,000	4.12%	11.82%

附註：

- 有關熊貓電子集團有限公司計提壞賬前總結欠之賬款，為無抵押及計息。
- 有關江蘇省投資管理有限責任公司之其他應收款，為無抵押及免息。
- 有關南京市國土資源局之其他應收款，為無抵押及免息。

Note:

- Total trade payable balance before the provision of bad debt of PEGE is unsecured and bears interest.
- Other receivable of Jiangsu Investment and Management Company Limited is unsecured and interest-free.
- Other receivable of State-owned Land Resource Bureau is unsecured and interest-free.



董事會報告

Report of the Board of Directors

附屬公司

本公司之附屬公司的資料載列於根據香港普遍採納會計準則編製之帳目附註20。

公司管理守則及標準守則

詳見公司管治報告內有關遵守《企業管治常規守則》及《上市發行人董事進行證券交易的標準守則》。

由獨立非執行董事就關聯交易作出之確認

本公司獨立非執行董事已於職責內審核載列於根據香港普遍採納會計準則編製之帳目附註及根據中國會計準則編製之會計報表附註關聯交易帳目，並確認下列事宜：

1. 該等交易由本公司於其正常及一般業務過程中訂立；
2. 該等交易乃(1)按一般商業條款或(2)在無適用比較時，按就本公司股東而言，屬公平合理的條款訂立；及
3. 該等交易已根據(1)監管此等交易之有關協議或(2)(如無此協議)其他比給予第三者更有利之條款訂立。

Subsidiaries

Information on the subsidiaries of the Company is set out in note 20 to the financial statements prepared under accounting principles generally accepted in Hong Kong.

Code of Corporate Governance Practices and Model Code

Please refer to Corporate Governance Report for details of compliance with Code of Corporate Governance Practices and Model Code for Security Transactions by Directors of Listed Issuers.

Confirmation by Independent Non Executive Directors on Connected Transactions

The independent non-executive directors of the Company have, in such capacity, reviewed the connected transactions referred to in note 8 to the financial statements prepared under accounting principles generally accepted in Hong Kong and note 8 to the financial statements prepared under PRC accounting standards and confirmed that :

1. such transactions have been entered into by the Company in the ordinary and usual course of its business;
2. the transactions have been entered into either (1) on normal commercial terms; or (2) where there is no available comparison, on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
3. such transactions have been entered into either (1) in accordance with the terms of the relevant agreement governing such transactions; or (2) (where there is no such agreement) on terms no less favourable than terms available to third parties.

董事會報告

Report of the Board of Directors



對核數師出具的有保留意見的說明

本公司截止2005年12月31日之財務報告經香港浩華會計師事務所和岳華會計師事務所審計，岳華會計師事務所出具了無保留意見的審計報告，香港浩華會計師事務所出具了有保留意見的審計報告。董事會就保留意見涉及的問題說明如下：

由於南京唯特投資管理有限責任公司執行2005年3月10日南京市玄武區人民法院判決將本公司所持有的南京熊貓移動通信設備有限公司(「能貓移動」)和南京熊貓通信發展有限公司(「能貓通發」)的股權強制執行後，公司無法取得該兩公司的詳細財務資料，亦無法進行合併。本公司已按抵債金額12,001.74萬元調整了這兩家公司2004年12月31日長期投資股權價值，並將其財務影響準確地反映在公司2004年度財務帳目中，故不將這兩家公司2005年1月1日至股權轉移日的財務報表納入合併報表的範圍，且對本年度業績沒有影響。

股東周年大會

董事會決定股東周年大會於2006年6月30日或之前舉行，具體事項將另行公告。

承董事會命
李安建
董事長

中國，南京
2006年4月21日

Explanations of unqualified auditors' report

The financial reports as for 31 December 2005 was audited by Howarth Hong Kong CPA Limited and Yue Hua Certified Public Accountants Co., Ltd. An unqualified auditors' report was issued by Yue Hua Certified Public Accountants Co., Ltd. and a qualified auditors' report was issued by Howarth Hong Kong CPA Limited. The explanations of the Board for the related matters are as follows:

As Nanjing We Te Investment Management Co. Ltd enforced the ruling of judicial forceful execution made by the People's Court of Xuan Wu Qu of Nanjing City on 10 March 2005 on the equity interests in Nanjing Panda Mobile Communication Equipment Co., Ltd. ("Panda Mobile") and Nanjing Panda Communication Development Co., Ltd. ("Panda Communication") held by the Company on 10 March 2005, the Company could not obtain the detailed financial information of the two companies nor incorporate their accounts into that of the Company's. The Company had adjusted the book value of long-term equity investment as on 31 December 2004 in accordance with the repayment amount of RMB120.0174 million and reflected accurately the financial impact in the financial statement 2004. Therefore, the Company would not include the financial statements from 1 January 2005 up to the date of transfer of share rights of these two companies into the scope of consolidated statements. Further, it has no impact to the results of this year.

Annual General meeting

The Board decided to hold the Annual General meeting on or before 30 June 2006. Details of the which will be announced later.

By Order of the Board
Li Anjian
Chairman

Nanjing, the PRC
21 April 2006