

Directors' Report 董事會報告

The directors herein present their annual report together with the audited financial statements of the Company and the Group for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company consists of investment holding. Details of the principal activities of the principal subsidiaries are set out in note 13 to the financial statements.

FINANCIAL STATEMENTS

The profit and cash flows of the Group for the year ended 31 December 2005 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 31 to 136.

DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years is set out below.

董事會謹此向各股東提呈董事會報告及本公司與本集團截至二零零五年十二月三十一日止年度之經審核財務報表。

主要業務

本公司之主要業務為投資控股。主要附屬公司的主要業務之詳情載於財務報表附註13。

財務報表

本集團截至二零零五年十二月三十一日止年度之溢利及現金流量及本公司與本集團於該日之財務狀況載於第31頁至第136頁之財務報表。

股息

董事會不建議派發本年度股息。

財務資料概要

本集團最近五個財政年度之業績及資產、負債及少數股東權益概要如下。

Directors' Report 董事會報告

RESULTS

業績

		Year ended 31 December 截至十二月三十一日止年度				
		2005 二零零五年	2004 二零零四年 (restated) (經重列)	2003 二零零三年	2002 二零零二年	2001 二零零一年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Turnover	營業額	128,349	46,441	46,692	62,631	77,869
Profit/(loss) before taxation	除稅前盈利／(虧損)	140,306	547,386	(38,499)	(113,327)	(46,500)
Income tax	所得稅	(28,244)	(93,025)	(1,533)	(2,671)	1,188
Profit/(loss) before minority interests	未計少數股東權益前盈利／(虧損)	112,062	454,361	(40,032)	(115,998)	(45,312)
Minority interests	少數股東權益	3,069	79	(1,094)	20	(754)
Profit/(loss) attributable to shareholders	股東應佔盈利／(虧損)	115,131	454,440	(41,126)	(115,978)	(46,066)

ASSETS, LIABILITIES AND MINORITY INTERESTS

資產、負債及少數股東權益

		As at 31 December 於十二月三十一日				
		2005 二零零五年	2004 二零零四年 (restated) (經重列)	2003 二零零三年	2002 二零零二年	2001 二零零一年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Total assets	總資產	2,406,180	2,397,915	1,831,110	1,866,391	1,751,340
Total liabilities	總負債	(713,620)	(817,441)	(603,446)	(605,482)	(520,789)
Minority interests	少數股東權益	—	(3,052)	(3,159)	(2,090)	(2,186)
Net assets	資產淨值	1,692,560	1,577,422	1,224,505	1,258,819	1,228,365

Directors' Report 董事會報告

FIXED ASSETS AND PROPERTY HELD FOR FUTURE DEVELOPMENT

Details of movements in the fixed assets of the Group are set out in note 12(A) to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons therefor, are set out in note 25 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 25 to the financial statements and in the consolidated summary statement of changes in equity.

DISTRIBUTABLE RESERVES

At 31st December, 2005, the Company's reserves available for distribution calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended) amounted to approximately HK\$1,368,503,000. In addition, the Company's share premium account, in the amount of approximately HK\$196,873,000, may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling approximately HK\$85,000 (2004: HK\$64,000).

固定資產及持作日後發展之物業

本集團固定資產之變動詳情載於財務報表附註12(A)。

股本

年內，本公司股本之變動詳情連同變動之理由載於財務報表附註25。

優先購股權

本公司之公司細則或百慕達之法例均無規定本公司必須按比例向現有股東優先配售新股之優先購股權條文。

儲備

年內本公司及本集團之儲備變動詳情載於財務報表附註25及綜合權益變動概要報表。

可分派儲備

於二零零五年十二月三十一日，根據百慕達一九八一年公司法（經修訂）計算之本公司之可供分派儲備約為1,368,503,000港元。此外，本公司之股份溢價賬約為196,873,000港元，可供以繳足紅股方式分派。

慈善捐款

本年度，本集團共捐出約85,000港元（二零零四年：64,000港元）作為慈善捐款。

Directors' Report 董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 73% (2004: less than 30%) of the total sales for the year.

Purchases from the Group's five largest suppliers accounted for less than 30% (2004: less than 30%) of the total purchases for the year.

DIRECTORS

The directors who held office during the year and up to the date of this report were:-

Executive directors:-

Cheong Pin Chuan, Patrick

Cheong Kim Pong

Cheong Sim Eng

Cheong Pin Seng – resigned on 12 January 2005

Independent non-executive directors:-

Kan Fook Yee

Lai Hing Chiu, Dominic

Chan Yee Hoi, Robert

Non-executive director:-

Lim Ghee

Cheong Hooi Kheng (alternate to Madam Lim Ghee)

– appointed on 12 January 2005

In accordance with bye-law 87 of the Company's bye-laws, Mr. Lai Hing Chiu, Dominic and Madam Lim Ghee will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considered all of them to be independent.

主要客戶及供應商

於回顧年度內，本集團之五個最大客戶所佔之銷售額佔全年總銷售額73%（二零零四年：少於30%）。

本集團向五個最大供應商之購貨額佔全年總購貨額少於30%（二零零四年：少於30%）。

董事

於本年度及截至本報告日期止任職之董事為：

執行董事：

鍾斌銓

鍾金榜

鍾樂榮

鍾斌盛 – 於二零零五年一月十二日辭任

獨立非執行董事：

簡福飴

黎慶超

陳以海

非執行董事：

林義

鍾惠卿（林義女士之替任董事）

– 於二零零五年一月十二日獲委任

根據本公司細則第87條，黎慶超先生及林義女士將會告退，惟願於即將舉行之股東週年大會上膺選連任。

本公司已收到每位獨立非執行董事根據上市規則第3.13條作出之年度獨立性確認，本公司認為彼等均為獨立。

Directors' Report 董事會報告

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS

At 31 December 2005, the interests and short positions of directors and chief executive in shares, underlying shares and debentures of the Company and its associated corporations as required to be disclosed under and within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") were as follows:-

(i) Long positions in shares and underlying shares of the Company:-

Name of director 董事姓名		Type of interests and number of shares held 權益類別及所持股份數目		Number of share options held 所持 購股權數目		Total 總額	Percentage 百分比
		Corporate 公司	Family 家族				
		(Note (a)) (附註 (a))					
Cheong Pin Chuan, Patrick	鍾斌銓	602,645,787	3,397,000	13,260,000	606,042,787	41%	
Cheong Kim Pong	鍾金榜	602,645,787	–	13,260,000	602,645,787	40%	
Cheong Sim Eng	鍾樂榮	602,645,787	–	13,260,000	602,645,787	40%	
Cheong Hooi Kheng	鍾惠卿	602,645,787	2,000,000	13,260,000	604,645,787	41%	
(Note (b))	(附註(b))						

Notes:

(a) These directors were deemed to have corporate interests in the shares in the Company by virtue of their beneficial interests in the shares in Hong Fok Corporation Limited ("HFC"), a substantial shareholder of the Company. The 602,645,787 shares represented the same interests and were duplicated amongst these directors.

(b) Ms. Cheong Hooi Kheng's directorship is alternate to Mdm. Lim Ghee.

董事之服務合約

建議於即將舉行之股東週年大會候選連任之董事並無與本公司訂立不可由本公司於一年內無需支付賠償(法定賠償除外)而終止之服務合約。

董事之權益

於二零零五年十二月三十一日，董事及主要行政人員於本公司及其聯營公司之股份、相關股份及債券中，擁有根據證券及期貨條例(「證券及期貨條例」)第XV部之涵義及按此須予披露之權益及淡倉如下：

(i) 於本公司股份及相關股份之長倉

附註：

(a) 由於該等董事實益擁有本公司主要股東鴻福實業有限公司(「鴻福實業」)的股份權益，故被視為持有本公司股份之公司權益。該602,645,787股股份乃指同一項權益，而在該等董事之間重複呈列。

(b) 鍾惠卿女士為林義女士之替任董事。

Directors' Report 董事會報告

DIRECTORS' INTERESTS (CONTINUED)

(ii) Long positions in shares of an associated corporation – HFC

		Type of interests and number of shares held					Percentage
		權益類別及所持股份數目					
Name of director		Personal	Family	Corporate	Other	Total	
董事姓名		個人	家族	公司	其他	總額	百分比
				(Note (a))	(Note (b))		
				(附註(a))	(附註(b))		
Cheong Pin Chuan, Patrick	鍾斌銓	5,163,140	1,125,300	94,098,912	121,336,000	221,723,352	36.98%
Cheong Kim Pong	鍾金榜	2,571,980	503,000	94,098,912	121,336,000	218,509,892	36.44%
Cheong Sim Eng	鍾榮榮	60,279,000	207,000	27,921,512	121,336,000	209,743,512	34.98%
Cheong Hooi Kheng	鍾惠卿	9,234,820	–	–	121,336,000	130,570,820	21.78%
(Note (c))	(附註(c))						

Notes:

- (a) These shares were beneficially held by a number of companies in which the directors had beneficial interests.
- (b) These shares were beneficially held by Winfoong Holding Limited, a wholly-owned subsidiary of the Company. The directors were deemed to have interests in the shares in HFC by virtue of their direct and indirect interests in the Company.
- (c) Ms. Cheong Hooi Kheng's directorship is alternate to Mdm. Lim Ghee.

附註：

- (a) 該等股份由董事擁有實益權益之多間公司實益擁有。
- (b) 該等股份由本公司之全資附屬公司榮豐控股集團有限公司實益擁有。由於董事直接及間接持有本公司之權益，故被視為擁有鴻福實業股份之權益。
- (c) 鍾惠卿女士為林義女士之替任董事。

Save as disclosed above, as at 31 December 2005, none of the directors and the chief executive of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations, that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

除上文所披露者外，於二零零五年十二月三十一日，根據證券及期貨條例第XV部第7及8分部，概無本公司之董事及主要行政人員被當作或視作於本公司及其聯營公司之股份、相關股份及債券中，擁有任何其他權益或淡倉而須於本公司根據證券及期貨條例第352條所置存之登記冊中記錄或根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）上市公司董事進行證券交易的標準守則須知會本公司及聯交所。

Directors' Report 董事會報告

SHARE OPTION SCHEMES

The Company operates a share option scheme, further details of which are set out in note 23 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the sections headed "Directors' interests" and "Share option schemes" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest subsisted at the end of year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, except as disclosed under part (ii) of "Directors' Interests" section above, none of the directors have any interests in competing business of the Group.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

At 31 December 2005, the following persons (not being directors or chief executive of the Company) had an interest in the following long positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

購股權計劃

本公司設有一項購股權計劃，有關詳情載於財務報表附註23。

董事購入股份之權利

除根據上文「董事之權益」及「購股權計劃」兩節作出之披露外，本公司或其任何附屬公司於本年度並無參與任何安排，致令本公司任何董事、彼等各自之配偶或年齡未滿十八歲之子女可藉購入本公司或任何其他法人團體之股份或債券而獲得利益。

董事於合約之權益

概無訂立於年終或年內任何時間有效，對本公司或其任何附屬公司為訂約方及對彼等屬重大，且本公司董事擁有重大權益之合約。

董事於競爭業務之權益

除上文「董事之權益」第(iii)部分作出之披露外，於本年度並無董事於與本集團構成競爭之業務中擁有權益。

主要股東及其他人士之權益

於二零零五年十二月三十一日，下列人士(本公司董事或主要行政人員除外)按照本公司根據證券及期貨條例第336條之規定所置存之登記冊所記錄，於本公司之股份或相關股份中之長倉中擁有權益。

Directors' Report 董事會報告

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS (Continued)

主要股東及其他人士之權益 (續)

Name	名稱	Note 附註	Number of shares held 所持股份數目		Total 總額	Percentage 百分比
			Direct 直接	Indirect 間接		
HFL International Consortium Limited ("HFL")	HFL International Consortium Limited ("HFL")		555,202,784	–	555,202,784	37%
Hong Fok Enterprises Limited ("HFE")	鴻福貿易有限公司 (「鴻福貿易」)	(i)	–	555,202,784	555,202,784	37%
Hong Fok Investment Holding Company, Limited ("HFIH")	鴻福有限公司 (「鴻福」)	(ii)	47,443,003	555,202,784	602,645,787	40%
Hong Fok Corporation Limited ("HFC")	鴻福實業有限公司 (「鴻福實業」)	(iii)	–	602,645,787	602,645,787	40%
Barragan Trading Corp.	Barragan Trading Corp.		285,312,566	–	285,312,566	19%
Praise Time Co Limited	Praise Time Co Limited		136,000,000	–	136,000,000	9%

Notes:

附註：

- (i) HFE was deemed to have the same beneficial interests as its wholly-owned subsidiary, HFL, did in the issued share capital of the Company by virtue of HFE's interest in HFL.
- (ii) HFIH was deemed to have the same beneficial interests as its wholly-owned subsidiary, HFE, did in the issued share capital of the Company by virtue of HFIH's interest in HFE. In addition, HFIH was directly interested in approximately 3% of the issued share capital of the Company.
- (iii) HFC was deemed to have the same beneficial interests as its wholly-owned subsidiary, HFIH, did in the issued share capital of the Company by virtue of HFC's interest in HFIH.

- (i) 由於鴻福貿易持有HFL之權益，故鴻福貿易擁有本公司已發行股本之實益權益被視為與其全資附屬公司HFL所擁有者相同。
- (ii) 由於鴻福持有鴻福貿易之權益，故鴻福擁有本公司已發行股本之實益權益被視為與其全資附屬公司鴻福貿易所擁有者相同。此外，鴻福直接持有本公司已發行股本約3%之權益。
- (iii) 由於鴻福實業持有鴻福之權益，故鴻福實業擁有本公司已發行股本之實益權益被視為與其全資附屬公司鴻福所擁有者相同。

Save as disclosed above, no other person was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position in the shares and underlying shares of the Company as at 31 December 2005.

除上文所披露者外，於二零零五年十二月三十一日，按照本公司根據證券及期貨條例第336條之規定所置存之登記冊所記錄，概無其他人士於本公司之股份及相關股份擁有權益或淡倉。

Directors' Report 董事會報告

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

SUBSEQUENT EVENTS

There is no significant event subsequent to the balance sheet date as at 31 December 2005.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this report as required under the Listing Rules.

AUDITORS

In 2003, Ernst & Young retired and Messrs. PKF were appointed as auditors of the Company. Messrs. PKF have acted as auditors of the Company for the years ended 31 December 2003 and 2004. On 14 November 2005, PKF resigned as auditors of the Company. At a special general meeting of the Company held on 3 January 2006, an ordinary resolution was duly passed by the shareholders of the Company approving the appointment of CCIF CPA Limited as auditors of the Company to fill the casual vacancy.

CCIF CPA Limited retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Cheong Pin Chuan, Patrick
Chairman

Hong Kong, 23 March 2006

購買、出售及贖回本公司上市證券

本公司及其任何附屬公司於年內概無購入、出售或贖回任何本公司上市證券。

結算日後事項

於二零零五年十二月三十一日，概無重大結算日後事項。

公眾持股量

根據本公司可公開獲得之資料，及據董事所知，本公司於年內及截至本報告日期已維持上市規則規定之公眾持股量水平。

核數師

於二零零三年，安永會計師事務所任滿告退，並委任梁學廉會計師事務所為本公司核數師。梁學廉會計師事務所於截至二零零三年及二零零四年十二月三十一日止年度擔任本公司核數師。於二零零五年十一月十四日，梁學廉會計師事務所辭任本公司核數師。於本公司在二零零六年一月三日舉行之股東特別大會上，本公司股東已通過一項普通決議案，批准陳葉馮會計師事務所有限公司為本公司之核數師，以填補臨時空缺。

陳葉馮會計師事務所有限公司任滿告退，在即將舉行之股東週年大會上將提呈決議案，續聘其為本公司之核數師。

代表董事會

主席
鍾斌銓

香港，二零零六年三月二十三日